As filed with the Securities and Exchange Commission on October 14, 1999

Registration No. 333-32099

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 7 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 Its Governing Instruments)

3885 Holcomb Bridge Road
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
Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
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
One Atlantic Center, Suite 2000
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3400

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. [ ]

[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 January 30, 1998, Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998, Supplement No. 6 dated January 12, 1999 (which supersedes Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998), Supplement No. 7 dated April 15, 1999, Supplement No. 8 dated June 15, 1999 and Supplement No. 10 dated October 10, 1999 (which supersedes Supplement No. 9 dated September 1, 1999) (the Supplements are contained inside the back cover page of the Prospectus). Supplement No. 1 includes updated Prior Performance Tables and certain revisions to the Prospectus. Supplement No. 2 includes descriptions of the acquisition of ownership interests in certain real properties and revisions to the Prospectus to reflect the increase in the size of the Board of Directors. Supplement No. 3 includes descriptions of transactions involving joint ventures with Affiliates and acquisitions of certain real properties. Supplement No. 6 includes descriptions of certain co-tenancy arrangements with Affiliates, acquisitions of certain real properties and revisions to the Prospectus to decrease the minimum purchase requirements for participants in other real estate programs. Supplement No. 7 includes updated Prior Performance Tables and financial statements and descriptions of the acquisition of an office building in Harrisburg, Pennsylvania and the development of an office building in Lake Forest, California. Supplement No. 8 includes descriptions of transactions involving joint ventures with Affiliates and an acquisition of an industrial building in Fountain Inn, South Carolina. Supplement No. 10 includes descriptions of acquisitions of certain real properties and various revisions to the Prospectus.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SHARES OF COMMON STOCK
$1,250,000 MINIMUM

Wells Real Estate Investment Trust, Inc. (the "Company") is a newly organized Maryland corporation which intends to qualify as a real estate investment trust ("REIT"). The Company has been formed to acquire and operate commercial properties, including properties which are under development or construction, are newly constructed or have been constructed and have operating histories and some of which may have tenants subject to "triple net" leases (individually, a "property," collectively, "properties"). The Company's operations will be managed by Wells Capital, Inc., a Georgia corporation (the "Advisor"), an Affiliate (as defined herein) of the Company.

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

An investment in Shares involves significant risks (See Risk Factors at page 8), including the following:

. The Company's Articles of Incorporation impose restrictions on ownership and transfers of Shares, and no public market for the Shares currently exists, and there is no assurance that one will develop.

. The Company may purchase properties from its Affiliates (generally without profit to such selling Affiliates), and enter into joint venture agreements with its Affiliates and with the Prior Wells Public Programs (as defined herein) for the acquisition and development of properties. Accordingly, because such transactions will not be on an arm's-length basis, the Company will face inherent conflicts of interest based on such relationships.

. The Advisor and other Affiliates of the Company are involved in partnerships with investment objectives similar to the Company's, and therefore will face conflicts of interest in managing the Company's operations and those of such other activities. Accordingly, such conflicts may affect negatively the Company's financial performance and Cash Available for Distribution to Investors (as defined herein).

. If the Company sells only the minimum amount of Shares required to close the Offering, the Company may be able to acquire only an estimated three or fewer properties, and thus the Company would have very limited asset diversification and possibly no geographic diversification.

. Certain real estate investment programs previously sponsored by the Advisor and distributions to investors therein have experienced fluctuating financial performance based on varying occupancy levels, amounts of capital improvements and other necessary expenses for each property owned by such other programs.

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

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

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

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

The Company has registered an offering of 16,500,000 Shares, with 1,500,000 of such Shares available only to shareholders purchasing Shares in this initial public offering who receive a copy of this Prospectus and who elect to Any than By participating in this Offering must be made pursuant to a separate prospectus. See "Summary of Reinvestment Plan" and Exhibit C hereto.

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

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

	Price to Public (1)	Selling Commissions	Proceeds to Company (2)(3)
Per Share	$10.00	$ 0.70	$ 9.30
Total Minimum	$1,250,000	$ 87,500	$ 1,162,500
Total Maximum (4)	$165,000,000	$11,550,000	$153,450,000

(See footnotes on following page)

WELLS INVESTMENT SECURITIES, INC.

The date of this Prospectus is January 30, 1998.

(Cover Page Continued From Previous Page)

Footnotes:

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

(2) These figures are before deducting other expenses of the Offering to be paid by the Company in an estimated amount equal to 3% of Gross Offering Proceeds -- $4,500,000 if the maximum amount under the Offering is sold and $37,500 if the minimum amount is sold -- which amount does not include Selling Commissions or amounts reimbursed for due diligence expenses. Includes Selling Commissions equal to 7% of the aggregate Gross Offering Proceeds (which commissions may be reduced under certain circumstances), but excludes the Marketing and Due Diligence Fee of up to 2.5% of Gross Offering Proceeds, both of which are payable to the Dealer Manager, an Affiliate of the Company. The Dealer Manager, in its sole discretion, may reallow Selling Commissions of up to 7% of Gross Offering Proceeds to other broker-dealers participating in this Offering attributable to shares sold by them, and may reallow the Marketing and Due Diligence Fee (up to 2.5% of Gross Offering Proceeds) as reimbursements to the Dealer Manager and broker-dealers participating in this Offering based on such factors as the volume of shares sold by such participating broker-dealers, marketing support provided by such participating broker-dealers and bona fide conference fees incurred. See "Estimated Use of Proceeds" and "Plan of Distribution."

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

(4) The maximum number of Shares to be sold hereunder is 16,500,000, which includes 1,500,000 Shares that may be issued pursuant to the Company's Dividend Reinvestment Plan (the "Reinvestment Plan"), and 600,000 shares that may be issued upon exercise of the Soliciting Dealer Warrants. Those shareholders who elect to participate in the Reinvestment Plan will have their dividends reinvested in additional Shares. The Soliciting Dealer

Warrants may not be exercised for one year from the date of issuance, and are subject to restrictions on transfer. See "Description of Capital Stock-Soliciting Dealer Warrants."

The Offering will commence upon the effective date of this Prospectus and will continue until and terminate upon the earlier of (i) January 30, 2000 (two years after the initial date of this Prospectus), or (ii) the date on which an aggregate of 15,000,000 Shares (excluding any Shares sold pursuant to the Reinvestment Plan) (the "Maximum Offering") have been sold. Subscription proceeds will be placed in an interest-bearing escrow account with NationsBank, N.A., Atlanta, Georgia (the "Escrow Agent"), until subscriptions for at least 125,000 Shares (the "Minimum Offering") have been received and accepted by the Company, at which time the proceeds will be released to the Company to be held in trust for the benefit of investors. If the Minimum Offering is not met by January 30, 1999 (one year after the date of this Prospectus), the Offering will be terminated and subscriber's funds (plus interest and without deducting for escrow expenses) will be promptly refunded.

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

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SUMMARY OF THE OFFERING

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

THE COMPANY: Wells Real Estate Investment Trust, Inc. was incorporated in July 1997 as a Maryland corporation, and intends to qualify as a REIT. The Company's principal

	place of business and registered office is located at the office of the Advisor: 3885 Holcomb Bridge Road, Norcross, Georgia 30092, and its telephone number at that office is 800-448-1010. The Company intends to operate as an "Up-REIT" through the use of the Operating Partnership for acquisitions of properties.
ADVISOR:	Wells Capital, Inc., incorporated in Georgia in April 1984, is the Advisor and will make all investment decisions for the Company, subject to approval by the Board of Directors in certain circumstances. See "The Advisor and the Advisory Agreement." The Advisor is an affiliate of the Company. See "Conflicts of Interest." For information regarding the previous experience of the Advisor and its Affiliates in the management of real estate limited partnerships, see "Prior Performance Summary."
SECURITIES OFFERED:	A Minimum Offering of 125,000 Shares and a Maximum Offering of 16,500,000 Shares (the "Maximum Offering"). The Maximum Offering includes up to 1,500,000 Shares to be issued pursuant to the Reinvestment Plan and up to 600,000 shares to be issued pursuant to the Soliciting Dealer Warrants. The Shares issued in this Offering and under the Reinvestment Plan are offered at a price of $10 per share.
RISK FACTORS:	An investment in the Shares involves various risks including the following:

. To ensure that the Company will not fail to qualify as a REIT, the Articles of Incorporation, subject to certain exceptions, will limit any person from owning, directly or indirectly, more than 9.8% of the outstanding Shares or more than 9.8% of the number of outstanding shares of any class of the Company's preferred stock.

. Initially, the Shares will not be listed (and therefore not traded) on a securities exchange or any over-the-counter market. However, the Board of Directors may elect to so list the Shares in the future (the "Listing") though there can be no assurances that the Company will ever qualify for such a Listing. Listing does not assure liquidity. There can be no assurance that a market for the Shares will develop. In the event that Listing does not occur by January 30, 2008 (ten years after the initial date of this Prospectus), the Company will be dissolved. See "Description of Capital Stock--Articles of Incorporation and Bylaw Provisions."

. Shareholders must rely on the Advisor and the Board of Directors, who will have full responsibility for the day-to-day management of the Company.

. The number of properties that the Company will acquire and the diversification of its investments will be reduced to the extent that less than the maximum number of Shares are sold. Lack of diversification of

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

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

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

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

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

- A portion of the proceeds available for Investment in properties may be invested in the acquisition and construction of undeveloped properties, which involve risks relating to the builder's ability to control construction costs, failure to perform, or failure to build in conformity with plan specifications and timetables, thus potentially subjecting the Company to cost overruns and time delays for properties under construction. Increased costs of newly constructed properties may have the effect of reducing Cash Available for Distribution, while construction delays may have the effect of delaying cash flow from the operation of such properties.

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

- The Company intends to borrow money in connection with the construction and development of properties. Accordingly, the Company will be subject to risks normally associated with debt financing, including

the risk that the Company will not be able to meet its debt service obligations, and, to the extent that it cannot, the risk that the Company may lose its investment in any properties encumbered by debt.

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

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

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

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

ESTIMATED USE OF PROCEEDS OF OFFERING: It is anticipated that approximately 84% of the proceeds of this Offering will actually be invested

in properties, and the remainder will be used to pay selling commissions and fees and expenses relating to the selection and acquisition of properties and the costs of organizing the Company and the Offering. See "Estimated Use of Proceeds" for a more detailed discussion of the Company's estimated use of the proceeds of the Offering, which includes proceeds from shares

sold pursuant to the Reinvestment Plan, but excludes proceeds from shares sold pursuant to the Soliciting Dealer Warrants. See also "Management Compensation" regarding the compensation and fees to be paid to the Advisor and other Affiliates.

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

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

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

deciding which entity will acquire a particular property.

- The Company may acquire properties in the same geographic areas where other properties owned or managed by the Advisor or other Affiliates are located, resulting in potential conflicts in the leasing or resale of the Company's properties in the event that the Company and another program managed by the Advisor were to attempt to compete for the same tenants in negotiating leases or to sell similar properties at the same time.

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

- The Company is likely to enter into one or more joint ventures for the acquisition and operation of specific properties with one or more real estate limited partnerships sponsored by the Advisor and other Affiliates,

resulting in potential conflicts of interest in determining which program should enter into a particular joint venture, in structuring the terms of the relationship and in managing the joint venture. In addition, the Company may purchase properties from the Advisor and other Affiliates (with no profit to the Advisor or such selling Affiliate), resulting in conflicts of the Advisor based on its relationship with both parties to such transactions. See "Conflicts of Interest."

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

- The conflicts of interest created at the time of a sale of a property by: (a) the loss of management fees by the Management Company conflicting with the brokerage fee which may be received by the Advisor, and (b) the receipt of brokerage fees by the Advisor conflicting with the advisability of such a sale.

- The Company's Affiliates include Wells Capital, Inc.--the Advisor, Wells Investment Securities, Inc.--the Dealer Manager, Wells Management Company, Inc.--the Management Company, Wells Operating Partnership, L.P.--the Operating Partnership, and Wells Development Corporation--the Development Company.

See "Conflicts of Interest" for a discussion of the various conflicts of interest relating to an investment in the Shares.

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

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

Offering Stage: Selling Commissions of 7% ($10,500,000 at the Maximum Offering and $87,500 at the Minimum Offering) payable to the Dealer Manager; one Soliciting Dealer Warrant for every 25 Shares sold, issuable to the Dealer

Manager, all or a part of which may be reallowed to unaffiliated participating broker-dealers; a Marketing and Due Diligence Fee for marketing support and due diligence reimbursements of up to 2.5%, comprised of .5% for due diligence reimbursements and 2% for marketing support ($3,750,000 at the Maximum Offering and $31,250 at the Minimum Offering); and up to 3% ($4,500,000 at the Maximum Offering and $37,500 at the Minimum Offering) of Gross Offering Proceeds as a reimbursement of costs and expenses of organizing the Company, including legal, accounting, printing, marketing and other offering expenses (the "Organization and Offering Expense Fee"), a majority of which will be paid to third parties unaffiliated with the Advisor.

Acquisition Stage: A fee of up to 3% ($4,500,000) of Gross Offering Proceeds in connection with the selection, valuation and acquisition of properties (subject to certain overall limitations) (the "Acquisition and Advisory Fees"), which is payable to the Advisor (an Affiliate of the Company)

regardless of the quality of the properties acquired by the Company; and reimbursement of costs and expenses for the acquisition of properties.

Operational Stage: Property management fee (the "Management Fee") payable to the Management Company in an amount equal to 4.5% of the gross rental income from each property, approximately 2% to 3% of which is expected to be generated from direct tenant chargebacks, resulting in a net amount payable by each property of approximately 1.5% to 2.5%; and in the case of leases to new tenants, an initial leasing fee equal to the lesser of (i) the first month's rent under the applicable lease or (ii) the amounts charged by unaffiliated persons rendering comparable services in the same geographic area. A real estate brokerage commission of up to 3% of the sale price of properties sold by the Company will be payable to the Advisor.

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

Liquidation Stage: After all shareholders have received a return of their Invested Capital and an 8% per annum cumulative, noncompounded return on their Invested Capital from inception until the date of the property sale (the "Common Return"), then the Advisor is entitled to receive (a) a return of contributed capital in Liquidating Distributions, and (b) 10% of remaining amounts of Nonliquidating Net Sale Proceeds and Liquidating Distributions available for distribution. Payment of certain fees is subject to conditions and restrictions or to change under certain specified circumstances. The Advisor and other Affiliates also may receive reimbursement for out-of-pocket expenses that they incur on behalf of the Company, subject to certain expense limitations, and a subordinated incentive fee if Listing occurs.

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

DIVIDEND REINVESTMENT PLAN: The Company will establish the Reinvestment Plan pursuant to which shareholders who elect to participate may have their dividends from the Company automatically invested in Shares. Shareholders who participate in the Reinvestment Plan will be

allocated their share of the Company's taxable income even though such shareholders will receive no cash distributions from the Company, which may result in tax liability for such participants even though they would receive no cash distributions with which to pay such tax liability. The Company may terminate the Reinvestment Plan for any reason at any time with ten days' prior notice to participants. See "Dividend Reinvestment Plan" and

"Risk Factors--Fed eral Income Tax Risks."

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

TAX STATUS: The Company intends to qualify and will elect to be taxed as a REIT under sections 856 through 860 of the Code, commencing with the taxable year ending December 31 of the year in which the Offering is closed. If the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed to its shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 95% of its annual taxable income. Although the Company does not intend to request a ruling from the Internal Revenue Service (the "Service) as to its REIT status, the Company has received an opinion of Hunton & Williams, its legal counsel, that the Company will qualify as a REIT for its taxable year ending December 31 of the year in which the Offering is closed, and the Company's organization and proposed method of operation will enable it to continue to qualify as a REIT, which opinion is based on certain assumptions and representations about the Company's ongoing businesses and investment activities and other matters. No complete assurance can be given that the Company will be able to comply with such assumptions and representations in the future. Furthermore, such opinion is not binding on the Service or on any court. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain federal state and local taxes on its income and property. Failure to qualify as a REIT would render the Company subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates and distributions to the Company's shareholders in any such year would not be deductible. See "Risk Factors--Legal Risks--Tax Risks" and "Federal Income Tax Considerations -- Taxation of the Company."

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

LISTING:	Initially, the Company's Shares will not be listed, but the Board of Directors may elect to effect the Listing of the Shares at any time following the completion of the Offering, though there can be no assurances that the Board of Directors will make such election or that the Company will ever qualify for Listing. In the event that the Listing does not occur on or before January 30, 2008 (ten years after the date of the Prospectus), the Company will automatically terminate and dissolve, unless the shareholders holding a majority of the Common Shares vote to extend the duration of the Company.

RISK FACTORS

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

INVESTMENT RISKS

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

TOTAL RELIANCE ON THE ADVISOR. All decisions with respect to the management of the Company will be made by the Advisor, with oversight from the Board of Directors. The shareholders will have no right or power to take part in the management of the Company except through the exercise of their voting rights, which are limited. The Advisor may be removed under certain conditions, as set forth in the Advisory Agreement, subject to payment and release from all obligations incurred by the Advisor in connection with its role as advisor. Further, the Advisor has the ability to assign the Advisory Agreement to an affiliate, subject to approval by the Company's Independent Directors. In such case, the shareholders will not be able to vote on such new Advisor, and there can be no assurances that such new Advisor will perform satisfactorily. See "Management," "Management Compensation" and "The Advisor and the Advisory Agreement."

CONFLICTS OF INTEREST RELATED TO THE COMPANY'S AFFILIATES. In connection with its relationship with the Advisor and other Affiliates, the Company has several conflicts of interest, including the following: (a) The Advisor and certain of its Affiliates serve as general partners of real estate limited partnerships that have objectives similar to the Company's and expect that they will organize additional real estate partnerships in the future. As a result, investors should be aware that the Advisor will have to allocate its time between the Company and such partnerships and activities and may have conflicts of interest in deciding which entity will acquire a particular property; (b) The Company may acquire properties in the same geographic areas where other properties owned or managed by the Advisor or other Affiliates are located, resulting in potential conflicts in the leasing or resale of the Company's properties in the event that the Company and another program managed by the Advisor were to attempt to compete for the same tenants in negotiating leases or

to sell similar properties at the same time; (c) Since it is anticipated that the Company's properties will be managed by the Management Company, an Affiliate of the Advisor, the Company will not have the benefit of independent property management, and investors must rely on the Advisor and the Management Company, for management of the Company's properties; (d) The Company is likely to enter into one or more joint ventures for the acquisition and operation of specific properties with one or more real estate limited partnerships sponsored by the Advisor and other Affiliates, resulting in potential conflicts of interest in determining which program should enter into a particular joint venture, in structuring the terms of the relationship and in managing the joint venture. In addition, the Company may purchase properties from the Advisor and other Affiliates (without profit to such selling Affiliates) resulting in conflicts of the Advisor based on its relationship with both parties to such transactions; (e) Fees payable to the Advisor and other Affiliates in connection with Company transactions involving the purchase, management and sale of Company properties are not the result of arm's-length negotiations and will be payable regardless of the quality of the property acquired or the services provided to the Company; (f) The conflicts of interest created at the time of a sale of a property by: (i) the loss of management fees by the Management Company conflicting with the brokerage fee which may be received by the Advisor, and (ii) the receipt of brokerage fees by the Advisor conflicting with the advisability of such a sale. The Company's Affiliates include Wells Capital, Inc.--the Advisor, Wells Investment Securities, Inc.--the Dealer Manager, Wells Management Company, Inc. --the Management Company, Wells Operating Partnership, L.P.--the Operating Partnership, and Wells Development Corporation--the Development Company. Collectively, these several

relationships among the Company and the Affiliates reduce substantially the presence of independent, arm's length managerial and advisory influence on the operations of the Company. Consequently, such affiliated relationships and conflicts of interest have the potential to reduce the Company's financial performance and return to investors. See "Conflicts of Interest" and "The Advisor and Advisory Agreement."

POSSIBLE LACK OF DIVERSIFICATION RESULTING FROM SUBSCRIPTIONS FOR LESS THAN THE MAXIMUM NUMBER OF SHARES. To the extent that less than the Maximum Offering is sold, the diversification of the Company's investments will be decreased and the extent to which the Company's profitability will be affected by any one of its investments will increase. Specifically, the various types of real estate assets in which the Company invests and the geographic diversity of such assets will be reduced proportionally. Consequently, the effects of the financial performance of such fewer assets will be concentrated and thus the risks of poor financial performance will be increased. Further, reduced geographic diversity of the Company's properties will increase the Company's reliance on (and therefore risks) related to regional economic conditions. Accordingly, lack of diversification of the Company's investments will have the effect of increasing the risks associated with an investment in the Shares. See "Estimated Use of Proceeds" and "Investment Objectives and Criteria."

SUBSTANTIAL MANAGEMENT COMPENSATION; PROCEEDS TO BENEFIT AFFILIATED PARTIES. The Advisor and the other Affiliates will perform services for the Company in connection with the offer and sale of Shares, the selection and acquisition of the Company's properties, and the management and leasing of the Company's properties, and will receive substantial compensation from the Company in consideration for these services. In connection with the Offering, the Dealer Manager will receive 7% ($10,500,000 at the Maximum Offering) of the Gross Offering Proceeds as a Selling Commission and a Marketing and Due Diligence Fee equal to 2.5% ($3,750,000 at the Maximum Offering) for marketing and due diligence reimbursements, substantially all of which is expected to be reallowed to participating broker-dealers. In connection with the review and evaluation of potential acquisitions, the Advisor will receive Acquisition and Advisory Fees equal to 3% ($4,500,000 at the Maximum Offering) of the Gross Offering Proceeds. In connection with the management and leasing of properties, the Management Company will receive a fee equal to 4.5% of the gross rental income from each property as well as certain leasing fees, though approximately

2% to 3% of such 4.5% fee is expected to be generated from direct chargebacks to tenants of such properties, resulting in a net fee payable by the properties of 1.5% to 2.5%. The amount of such compensation has not been determined in arm's-length negotiations, and such amounts will be payable regardless of the quality of services provided to the Company. Further, the Selling Commission, Marketing and Due Diligence Fee, Organization and Offering Expense Fee and the initial Acquisition and Advisory Fees will be paid to Affiliates prior to any distributions to shareholders. See "Management Compensation" and "Conflicts of Interest."

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

JOINT VENTURES MAY NEGATIVELY AFFECT THE COMPANY. The Company is likely to enter into one or more joint ventures with Affiliates for the acquisition, development or improvement of properties. In this regard, the Company may enter into joint ventures with future programs sponsored by the Advisors or other Affiliates or with one or more Prior Wells Public Programs. The Company may purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the Advisor or other Affiliates, the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may, under certain circumstances, involve risks not otherwise present, including, for example, the possibility that the Company's co-venturer, co-tenant or partner in an investment might become bankrupt, that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are inconsistent with the business interests or goals of the Company, or that such co-venturer, co-tenant or partner may be in a position to take action contrary to the instructions or the requests of the Company or contrary to the Company's policies or objectives. Actions by such a co-venturer, co-tenant or partner might

have the result of subjecting the applicable property to liabilities in excess of those otherwise contemplated and may have the effect of reducing Cash Available for Distribution. In the event a co-venturer has a right of first refusal to buy out the other co-venturer, it may be unable to finance such buy-out at that time. It may also be difficult for the Company to sell its interest in any such joint venture or partnership or as a co-tenant in such property. In addition, to the extent that the Company's co-venturer or partner is the Advisor or one of its Affiliates, certain conflicts of interest will exist. See "Conflicts of Interest--Joint Ventures with the Advisor and other Affiliates."

ANTI-TAKEOVER EFFECTS OF GOVERNING DOCUMENTS AND MARYLAND LAW. Certain provisions of the Company's Articles of Incorporation, including the ownership limitations, transfer restrictions and ability to issue preferential preferred stock, may have the effect of preventing, delaying or discouraging takeovers of the Company by third parties. In addition, certain provisions of the Maryland General Corporation Law ("MGCL"), including the restrictions on certain business combinations and control share acquisitions, may have a similar effect. See "Description of Capital Stock."

REINVESTMENT PLAN PROCEEDS MAY NOT BE USED TO ACQUIRE PROPERTIES. Proceeds from sale of Shares in the Reinvestment Plan may, in the Advisor's discretion, be used to fund the Share Repurchase Program rather than for the funding of real

estate investment. In such case, the Company's real estate investments, and therefore the underlying value of the Shares and potential distributions to shareholders, will not be increased by the amount of net proceeds so directed into the Share Repurchase Program. See "Summary of Reinvestment Plan."

REAL ESTATE RISKS

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

POTENTIAL ADVERSE ECONOMIC AND REGULATORY CHANGES. The Company will be subject to risks generally incident to the ownership of real estate, including changes in general economic or local conditions, changes in supply of or demand for similar or competing properties in an area, changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive, and changes in tax, real estate, environmental and zoning laws. Periods of high interest rates and tight money supply may make the sale of properties more difficult. For these and other reasons, no assurance of profitable operation or realization of gains from the sales of the Company's properties can be given. See "Investment Objectives and Criteria."

"BLIND POOL" OFFERING; LACK OF PROPERTIES REQUIRES TOTAL RELIANCE ON ABILITIES OF ADVISOR. This Offering is commonly referred to as a "blind pool" offering in that the Advisor has not identified any properties in which there is a reasonable probability that the Company will invest. Investors must rely upon the ability of the Advisor and the Board of Directors with respect to the investment of the proceeds of this Offering and the management of the unspecified properties and will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the specific properties in which the proceeds of this Offering will be invested. Accordingly, the

risk of investing in the Shares may be increased. No assurance can be given that the Company will be successful in obtaining suitable investments or that, if investments are made, the objectives of the Company will be achieved. See "Estimated Use of Proceeds," "The Advisor and Advisory Agreement" and "Investment Objectives and Criteria."

INDEBTEDNESS ON PROPERTIES BRINGS RISKS. The Company intends to borrow

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

POTENTIAL INCREASED COSTS AND DELAYS RELATED TO PROPERTY DEVELOPMENT. The Company may invest some or all of the net proceeds of this Offering in the acquisition and development of properties upon which it will develop and construct improvements at a fixed contract price, provided that the Company may not invest more than 10% of is total assets in properties which are not expected to produce income within two years of their acquisition. In this regard, the Company will be subject to risks relating to the builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. The builder's failure to perform may necessitate legal action by the Company to rescind its purchase or the construction contract or to compel performance. Performance also may be affected or delayed by conditions beyond the builder's control. Delays in completion of construction could also give lessees the right to terminate preconstruction leases for space at a newly developed project. Additional risks may be incurred where the Company makes periodic progress payments or other advances to such builders prior to completion of construction. However, the Company will make such payments only after having received a certification from an independent architect or an independent engineer, or both, as to the percentage of the project which has been completed and as to the dollar amount of the construction then completed. Factors such as those discussed above can result in increased costs of a project and a corresponding depletion of the Company's working capital reserves or loss of the Company's investment. In addition, the Company will be subject to normal lease-up risks relating to newly constructed projects. Furthermore, the price to be paid for a property upon which improvements are to be constructed or completed, which price is normally agreed upon at the time of acquisition, of necessity must be based upon projections of rental income and expenses or fair market value of the property upon completion of construction, which are not certain until after a number of months of actual operation. See "Investment Objectives and Criteria--Development and Construction of Properties."

COMPETITION FOR INVESTMENTS. The Company will experience competition for real property investments from individuals, corporations and bank and insurance company investment accounts, as well as other real estate investment partnerships, including the Prior Wells Public Programs, real estate investment trusts and other entities engaged in real estate investment activities. For example, one Prior Wells Public Program has approximately $11,000,000 available for real estate investments, and another will be seeking up to $35,000,000 in investments, both of which will compete with the Company for real estate investment opportunities and both of which are managed by the Advisor. Competition for investments may have the effect of increasing costs and reducing Cash Available for Distribution. See "Conflicts of Interest."

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

FAILURE TO LIST AND RESULTING LIQUIDATION MAY ADVERSELY AFFECT RETURNS TO STOCKHOLDERS. The Company intends, to the extent consistent with its objective of qualifying as a REIT, to reinvest Net Sales Proceeds from the sale of its

properties in additional properties for at least the first five to ten years after commencement of the Offering.

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

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

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

TAX RISKS

FAILURE TO QUALIFY AS A REIT. The Company intends to operate so as to qualify as a REIT for federal income tax purposes. Although the Company has not requested, and does not expect to request, a ruling from the Service that it qualifies as a REIT, it has received an opinion of its counsel that, based on certain assumptions and representations, it so qualifies. Investors should be aware, however, that opinions of counsel are not binding on the Service or any court. The REIT qualification opinion only represents the view of counsel to the Company based on counsel's review and analysis of existing law, which includes no controlling precedent. Furthermore, both the validity of the opinion and the qualification of the Company as a REIT will depend on the Company's continuing ability to meet various requirements concerning, among other things, the ownership of its outstanding stock, the nature of its assets, the sources of its income, and the amount of its distributions to its shareholders. See "Federal Income Tax Considerations--Taxation of the Company."

If the Company were to fail to qualify as a REIT for any taxable year, the Company would not be allowed a deduction for distributions to its shareholders

in computing its taxable income and would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, the Company also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, Cash Available for Distribution would be reduced for each of the years involved. Although the Company intends to operate in a manner intended to allow it to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Board of Directors to revoke the Company's REIT election. See "Federal Income Tax Considerations."

REIT MINIMUM DISTRIBUTION REQUIREMENTS; POSSIBLE INCURRENCE OF ADDITIONAL DEBT. In order to qualify as a REIT, the Company generally will be required each year to distribute to its shareholders at least 95% of its net taxable

income (excluding any net capital gain). In addition, the Company will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by it with respect to any calendar year are less than the sum of (i) 85% of its ordinary income for that year, (ii) 95% of its capital gain net income for that year, and (iii) 100% of its undistributed taxable income from prior years.

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

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

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

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

Regulations of the Department of Labor that define "plan assets" (the "Plan Asset Regulations") provide that in some situations, when a Plan acquires an equity interest in an entity, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless one or more exceptions specified in the Plan Asset Regulations are satisfied. In such a case, certain transactions that the Company might enter into in the ordinary course of its business and operations might constitute "prohibited transactions" under ERISA and the Code. The assets of the Company should not be deemed to be "plan assets" of any Plan that invests in the Shares. See "ERISA Considerations --Status of the Company and the Operating Partnership under ERISA."

INVESTOR SUITABILITY STANDARDS

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

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

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

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

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

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

an investor has purchased the minimum investment, any additional investments must be made in increments of at least 10 Shares ($100), except for (i) those made by investors in Maine, who must still meet the minimum investment requirement for Maine residents of $1,000 for IRAs and $2,500 for non-IRAs, (ii) purchases of Shares pursuant to the Reinvestment Plan, which may be in lesser amounts, and (iii) minimum purchase for Minnesota investors is 250 Shares ($2,500), however, the minimum investment for Minnesota IRAs and qualified plans may be 200 Shares ($2,000).

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

ARIZONA, IOWA, MASSACHUSETTS, MISSOURI, NORTH CAROLINA AND TENNESSEE -- The investor has either (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least $60,000 and an annual gross income of at least $60,000, or (ii) a net worth (exclusive of home, furnishings, and personal automobiles) of at least $225,000.

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

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

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

NEW YORK -- The investor has either (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least $35,000 and an annual gross income of at least $35,000, or (ii) a net worth (exclusive of home, furnishings, and personal automobiles) of at least $100,000.

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

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

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

In order to assure adherence to the suitability standards described above, requisite suitability standards must be met as set forth in the Subscription Agreement and Subscription Agreement Signature Page (collectively, the "Subscription Agreement"), which is attached as Exhibit B to this Prospectus. The Company and each person selling Shares on behalf of the Company are required to (i) make reasonable efforts to assure that each person purchasing Shares in the Company is suitable in light of such person's age, educational level, knowledge of investments, financial means and other pertinent factors and (ii) maintain records for at least six years of the information used to determine that an investment in Shares is suitable and appropriate for each investor. The

agreements with the selling broker-dealers require such broker-dealers to (i) make inquiries diligently as required by law of all prospective investors in order to ascertain whether a purchase of the Shares is suitable for the investor, and (ii) transmit promptly to the Company all fully completed and duly executed Subscription Agreements.

ESTIMATED USE OF PROCEEDS

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

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

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

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

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

(4) These amounts represent the Advisor's best estimates of the Organization and Offering Expenses to be incurred in connection with the Offering. Organization and Offering Expenses consist of estimated legal, accounting, printing and other accountable offering expenses (other than Selling Commissions and the Marketing and Due Diligence Fee). The Advisor and other Affiliates will be responsible for the payment of Organization and Offering Expenses (other than Selling Commissions and the marketing support and due

diligence reimbursement fee) to the extent they exceed 3% of Gross Offering Proceeds, without recourse against or reimbursement by the Company.

(5) All or a portion of the Marketing and Due Diligence Fee may be reallowed to the non-affiliated Dealers which will assist the Dealer Manager in the distribution of Shares (the "Soliciting Dealers") for bona fide due diligence expenses. Up to .5% of the Marketing and Due Diligence Fee may be paid as a reimbursement of due diligence expenses and up to 2% of the Marketing and Due Diligence Fee may be paid as a reimbursement of marketing support expenses in connection with the Offering.

(6) Until required in connection with the acquisition and development of properties, substantially all of the net proceeds of the Offering and, thereafter, the working capital reserves of the Company, may be invested in short-

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

(7) The Company will pay Acquisition and Advisory Fees to the Advisor or other Affiliates in connection with the acquisition of properties up to a maximum amount of 3% of Gross Offering Proceeds. Acquisition and Advisory Fees do not include Acquisition Expenses.

(8) Includes legal fees and expenses, travel and communication expenses, costs of appraisals, nonrefundable option payments, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the selection, acquisition and development of properties that ultimately are not acquired by the Company. With respect to successful acquisitions, such costs generally will be included in the purchase price of the applicable property. It is anticipated that substantially all of such items will be directly related to the acquisition of specific properties and will be capitalized rather than currently deducted by the Company.

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

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

MANAGEMENT COMPENSATION

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

FORM OF COMPENSATION	DETERMINATION	ESTIMATED MAXIMUM

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

Subordinated Incentive fee upon Listing - The Advisor	Upon Listing, a fee equal to 10% of the amount by which (i) the market value of the Company plus the total distributions made to shareholders from the Company's inception until the date of Listing exceeds (ii) the sum of (A) 100% of Invested Capital and (B) the total distributions required to pay the Common Return to the shareholders from inception through the date on which the market value is determined.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
	LIQUIDATION/TERMINATION STAGE	
Subordinated Participation in Nonliquidating Net Sale Proceeds and Liquidating Distributions - The Advisor	After all shareholders have received a return of their Invested Capital and their Common Return, then the Advisor is entitled to receive the following amounts: (a) an amount equal to the capital contributed by the Advisor to the Operating Partnership, (b) then, 10% of remaining Residual Proceeds available for distribution. The Company may not make reimbursements to any entity for operating expenses in excess of 2% of Average Invested Assets or 25% of Net Income for such year.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

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

(2) The Company may not make reimbursements to any entity for operating expenses in excess of 2% of Average Invested Assets or 25% of Net Income for such year.

In addition, the Advisor and its Affiliates will be reimbursed only for the actual cost of goods, services and materials used for or by the Company as set

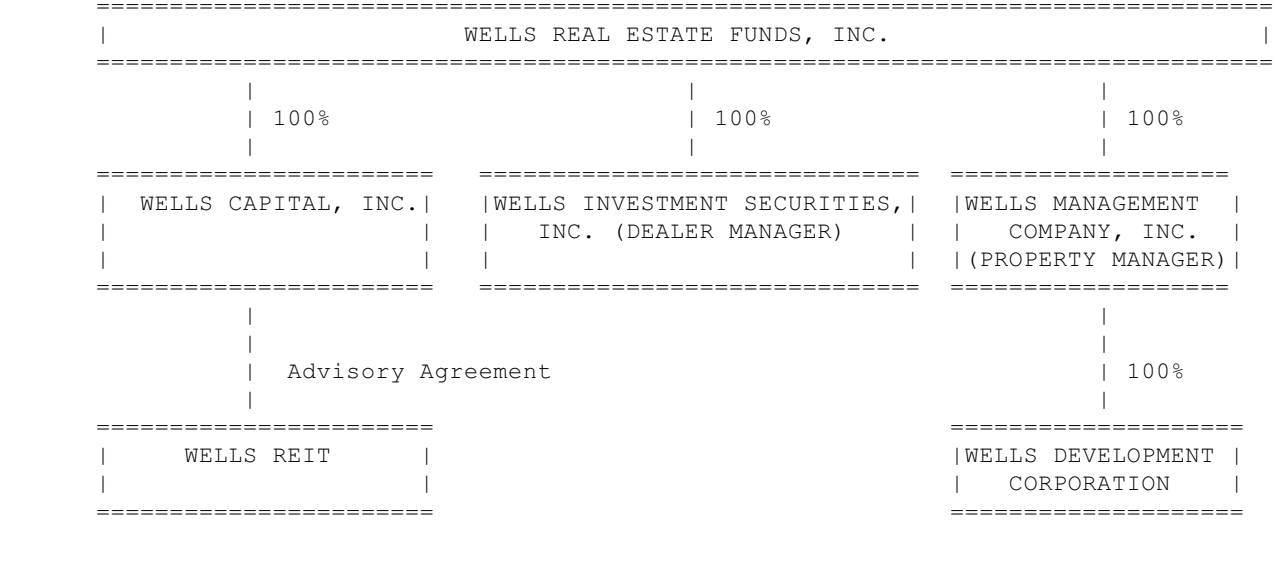
forth in Section 10 of the Advisory Agreement. The Advisor may be reimbursed for the administrative services, including personnel costs, necessary to the prudent operation of the Company, provided that the reimbursement shall be at the lower of the Advisor's actual cost or the amount the Company would be required to pay to independent parties for comparable administrative services in the same geographic location. No payment or reimbursement will be made for services or personnel costs for which the Advisor is entitled to compensation by way of a separate fee. If the Subordinated Incentive Fee is paid to the Advisor, no other performance fee will be paid to the Advisor; if the Subordinated Participation Fee is paid to the Advisor, no Net Sales Proceeds will be paid to the Advisor.

Since the Advisor and its Affiliates are entitled to differing levels of compensation for undertaking different transactions on behalf of the Company, such as the property management fees for operating the Company's properties and the subordinated participation in proceeds from the sale of the Company's properties, the Advisor has the ability to affect the nature of the compensation it receives by undertaking different transactions. However, the Advisor is obligated to exercise good faith and integrity in all its dealings with respect to Company affairs pursuant to its fiduciary duties to the shareholders. See "The Advisor and the Advisory Agreement." As noted above, there are ceilings on certain categories of fees or expenses payable to the Advisor and its Affiliates. Because these fees or expenses are payable only with respect to certain transactions or services, they may not be recovered by the Advisor or their Affiliates by reclassifying them under a different category. The Company may not make reimbursements to any entity for operating expenses in excess of 2% of Average Invested Assets or 25% of Net Income for such year.

CONFLICTS OF INTEREST

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

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



INTERESTS IN OTHER COMPANIES

The Advisor and its Affiliates are also general partners of other real estate limited partnerships, including partnerships which have investment objectives substantially identical to those of the Company, and it is expected

that they will organize other such partnerships in the future.

As described in the "Prior Performance Summary," the Advisor and its Affiliates have sponsored the following twelve public partnerships with substantially identical investment objectives as those of the Company: (i) Wells Real Estate Fund I ("Wells Fund I"), (ii) Wells Real Estate Fund II ("Wells Fund II"), (iii) Wells Real Estate Fund II-OW ("Wells Fund II-OW"), (iv) Wells Real Estate Fund III, L.P. ("Wells Fund III"), (v) Wells Real Estate Fund IV, L.P. ("Wells Fund IV"), (vi) Wells Real Estate Fund V, L.P. ("Wells Fund V"), (vii) Wells Real Estate Fund VI, L.P. ("Wells Fund VI"), (viii) Wells Real Estate Fund VII, L.P. ("Wells Fund VII"), (ix) Wells Real Estate Fund VIII, L.P. ("Wells Fund VIII"), (x) Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), (xi) Wells Real Estate Fund X, L.P. ("Wells Fund X") and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). All of the proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW, Wells Fund III, Wells Fund IV, Wells Fund V and Wells Fund VI available for investment in real properties have been invested. In addition, all of the proceeds of the offering of Wells Fund VII available for investment in real properties have been invested in properties. In addition, all of the proceeds of the offering of Wells Fund VIII available for investment in real properties have been either invested or are committed for investment in properties. As of August 31, 1997, approximately 74% and 50% of the proceeds of the offerings of Wells Fund IX and Wells Fund X, respectively, available for investment in real properties had either been invested in properties or were committed for investment in properties. Wells Fund XI began to offer its securities in January 1998.

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

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

OTHER ACTIVITIES OF THE ADVISOR AND ITS AFFILIATES

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

The Company may (i) purchase or lease any property in which the Advisor or any of its Affiliates have an interest, (ii) temporarily enter into contracts relating to investment in properties to be assigned to the Company prior to closing or may purchase property in their own name and temporarily hold title for the Company, and (iii) enter into joint ventures with Affiliates of the Advisor to acquire properties held by such Affiliates, provided that in any case such transaction shall be made upon a finding by a majority of Directors

(including a majority of Independent Directors) not otherwise interested in the transaction that such transaction is competitive and commercially reasonable to the Company and at a price to the Company no greater than the cost of the asset to the Advisor or such Affiliate (including acquisition and carrying costs), or, if the price to the Company is in excess of such cost, that substantial justification for such excess exists and such excess is reasonable and only if the possibility of such acquisition(s) is disclosed, and there is appropriate disclosure of the material facts concerning each such investment. In no event shall the cost of such asset to the Company exceed its current appraised value. The Advisor or such Affiliate may not hold title to any such property on behalf of the Company or an Affiliated joint venture for more than 12 months, and further the Advisor or its Affiliates shall not sell property to the Company or an Affiliated joint venture if the cost of the property exceeds the funds reasonably anticipated to be available for the Company to purchase any such property, and that all profits and losses during the period any such property is held by the Advisor or the Affiliate will accrue to the Company or the Affiliated joint venture, as applicable. In no event may the Company (i) sell or lease real property to the Advisor or any of its Affiliates (unless a majority of the Independent Directors determine that the transaction is fair and reasonable to the Company); (ii) loan Company funds to the Advisor or any of its Affiliates; (iii) obtain appraisals of real properties from the Advisor or any of their Affiliates; or (iv) enter into agreements with the Advisor or its Affiliates for the provision of insurance covering the Company or any property owned by the Company.

COMPETITION

Conflicts of interest will exist to the extent that the Company may acquire properties in the same geographic areas where other properties owned by the Advisor and its Affiliates are located. In such a case, a conflict could arise in the leasing of the Company's properties in the event that the Company and another program managed by the Advisor or its Affiliates were to compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of the Company's properties in the event that the Company and another program managed by the Advisor or its Affiliates were to attempt to sell similar properties at the same time. Conflicts of interest may also exist at such time as the Company or Affiliates of the Advisor managing property on behalf of the Company seek to employ developers, contractors or building managers as well as under other circumstances. The Advisor will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In addition, the Advisor will seek to reduce conflicts which may arise with respect to properties available for sale or rent by making prospective purchasers or lessees aware of all such properties. However, these conflicts cannot be fully avoided in that the Advisor may establish differing compensation arrangements for employees at different properties or differing terms for resales or leasing of the various properties.

AFFILIATED DEALER MANAGER

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

AFFILIATED PROPERTY MANAGER

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

AFFILIATED DEVELOPER

It is expected that Wells Development, an Affiliate of the Advisor, will

serve as the developer of certain unimproved properties acquired by the Company, but will not receive any profit from the development of such properties.

LACK OF SEPARATE REPRESENTATION

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

JOINT VENTURES WITH AFFILIATES OF THE ADVISOR

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

RECEIPT OF FEES AND OTHER COMPENSATION BY ADVISOR AND AFFILIATES

Company transactions involving the purchase and sale of the Company's properties may result in the receipt of commissions, fees and other compensation by the Advisor and its Affiliates, including Acquisition and Advisory Fees, property management and leasing fees, real estate brokerage commissions, and participation in distributions of Nonliquidating Net Sale Proceeds and Liquidating Distributions. However, the fees and compensation payable to the Advisor and its Affiliates relating to sale of the Company's properties are subordinated to the return to the shareholders of their Invested Capital plus cumulative returns thereon. Subject to the oversight of the Board of Directors, the Advisor has considerable discretion with respect to all decisions relating to the terms and timing of all Company transactions. Therefore, the Advisor may have conflicts of interest concerning certain actions taken on behalf of the Company, particularly due to the fact that such fees will generally be payable to the Advisor and its Affiliates regardless of the quality of the properties acquired or the services provided to the Company. See "Management Compensation."

CERTAIN CONFLICT RESOLUTION PROCEDURES

In order to reduce or eliminate certain potential conflicts of interest, the Articles of Incorporation contain a number of restrictions relating to (i) transactions between the Company and the Advisor or its Affiliates, (ii) certain

future offerings, and (iii) allocation of properties among certain affiliated entities. These restrictions include, among others, the following:

1. No goods or services will be provided by the Advisor or its Affiliates to the Company except for transactions in which the Advisor or its Affiliates provide goods or services to the Company in accordance with the Articles of Incorporation which provides that a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transactions must approve such transactions as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties and not less favorable than those

available from the Advisor or its Affiliates in transactions with unaffiliated third parties.

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

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

4. The Board of Directors and the Advisor have agreed that, in the event than an investment opportunity becomes available which is suitable for both the Company and a public or private entity with which the Advisor or its Affiliates are affiliated, for which both entities have sufficient uninvested funds, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. An investment opportunity will not be considered suitable for a program if the requirements of Item 3 above could not be satisfied if the program were to make the investment. In determining whether or not an investment opportunity is suitable for more than one program, the Board of Directors and the Advisor will examine such factors, among others, as the cash requirements of each program, the effect of the acquisition both on diversification of each program's investments by types of commercial office properties and geographic area, and on diversification of the tenants of its properties (which also may affect the need for one of the programs to prepare or produce audited financial statements for a property or a tenant), the anticipated cash flow of each program, the size of the investment, the amount of funds available to each program, and the length of time such funds have been available for investment. If a subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of the Board of Directors and the Advisor, to be more appropriate for an entity other than the entity which committed to make the investment, however, the Advisor has the right to agree that the other entity affiliated with the Advisor or its Affiliates may make the investment. It shall be the duty of the Directors (including the Independent Directors) to insure that the method for the allocation of the acquisition of properties by two or more programs of the same Advisor seeking to acquire similar types of assets shall be reasonable. The Advisor and certain other Affiliates of the Company are affiliated with Wells Fund X, a prior public program which terminated its offering in December 1997. In addition, the Advisor and its Affiliates are affiliated with Wells Fund XI, a publicly registered partnership that has not offered any securities to date. As of August 31, 1997, Wells Fund X had approximately $ 10,979,538 available for investment.

SUMMARY OF REINVESTMENT PLAN

The Company has adopted the Reinvestment Plan pursuant to which stockholders may elect to have the full amount of their cash distributions from the Company reinvested in additional Shares of the Company. The following discussion summarizes the principal terms of the Reinvestment Plan. The Reinvestment Plan and the Prospectus to be used in connection with certain sales of the Company's stock are attached hereto as Exhibit C.

GENERAL

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

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

INVESTMENT OF DISTRIBUTIONS

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

At this time, Participants will not have the option to make voluntary contributions to the Reinvestment Plan to purchase Shares in excess of the amount of Shares that can be purchased with their distributions. The Board of Directors reserves the right, however, to amend the Reinvestment Plan in the future to permit voluntary contributions to the Reinvestment Plan by Participants, to the extent consistent with the Company's objective of qualifying as a REIT.

PARTICIPANT ACCOUNTS, FEE, AND ALLOCATION OF SHARES

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

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

Shares acquired pursuant to the Reinvestment Plan will entitle the

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

Ohio investors, the Company will pay only Acquisition and Advisory Fees of 3% of the purchase price of the Shares sold pursuant to the Reinvestment Plan. Thereafter, Acquisition and Advisory Fees will be paid by the Company only in the event that proceeds of the sale of Shares are used to acquire properties. As a result, aggregate fees payable to Affiliates of the Company will total between 9% and 12.5% of the proceeds of reinvested distributions, up to 7% of which may be reallowed to Soliciting Dealers.

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

REPORTS TO PARTICIPANTS

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

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

ELECTION TO PARTICIPATE OR TERMINATE PARTICIPATION

Stockholders of the Company who purchase Shares in this Offering may become Participants in the Reinvestment Plan by making a written election to participate on their Subscription Agreements at the time they subscribe for Shares. Any other stockholder who receives a copy of this Prospectus or a separate prospectus relating solely to the Reinvestment Plan and who has not previously elected to participate in the Reinvestment Plan may so elect at any time by completing the enrollment form attached to such prospectus or by other appropriate written notice to the Plan Administrator or Company of such stockholder's desire to participate in the Reinvestment Plan. Participation in the Reinvestment Plan will commence with the next distribution made after receipt of the Participant's notice, provided it is received at least ten days prior to the record date for such distribution. Subject to the preceding sentence, the election to participate in the Reinvestment Plan will apply to all distributions attributable to the fiscal quarter in which the stockholder made such written election to participate in the Reinvestment Plan and to all fiscal quarters thereafter, whether made (i) upon subscription or subsequently for stockholders who participate in this offering, or (ii) upon receipt of a separate prospectus relating solely to the Reinvestment Plan for stockholders who do not participate in this offering. Participants will be able to terminate their participation in the Reinvestment Plan at any time without penalty by delivering written notice to the Plan Administrator or Company no less than ten days prior to the next record date. The Company may also terminate the Reinvestment Plan for any reason at any time, upon 10 days' prior written notice to all Participants.

A Participant who chooses to terminate participation in the Reinvestment Plan must terminate his or her entire participation in the Reinvestment Plan and will not be allowed to terminate in part. If the Reinvestment Plan is

terminated, the Company will update its stock records to account for all whole shares purchased by the participant(s) in the Plan, and if any fractional shares exist, the Company may either (a) send you a check in payment for any fractional shares in your account based in the then-current market price for the shares, or (b) credit your stock ownership account with any such fractional shares. There are no fees associated with a Participant's terminating his interest in the Reinvestment Plan or the Company's termination of the plan. A Participant in the Reinvestment Plan who terminates his interest in the Reinvestment Plan will be allowed to participate in the Reinvestment Plan again by notifying the Company and completing any required forms.

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

FEDERAL INCOME TAX CONSIDERATIONS

Stockholders subject to federal income taxation who elect to participate in the Reinvestment Plan will incur a tax liability for distributions allocated to them even though they have elected not to receive their distributions in cash but rather to have their distributions held pursuant to the Reinvestment Plan. Specifically, stockholders will be treated as if they have received the distribution from the Company and then applied such Distribution to purchase Shares in the Reinvestment Plan. A stockholder designating a distribution for reinvestment will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless the Company has designated all or a portion of the distribution as a capital gain dividend. In such case, such designated portion of the distribution will be taxed as long-term capital gain.

AMENDMENTS AND TERMINATION

The Company reserves the right to amend any aspect of the Reinvestment Plan without the consent of stockholders, provided that notice of the amendment is sent to Participants at least 30 days prior to the effective date thereof. The Company also reserves the right to terminate the Reinvestment Plan for any reason at any time by ten days' prior written notice of termination to all Participants. The Company may terminate a Participant's participation in the Plan immediately if in the Company's judgment such Participant's participation jeopardizes in any way the Company's status as a real estate investment trust.

SHARE REPURCHASE PROGRAM

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

Repurchases under the SRP, when done, will be made quarterly by the Company in its sole discretion on a first-come, first-served basis, and will be limited in the following ways: (i) not more than $500,000 worth of the outstanding Shares will be repurchased in any given year; and (ii) the funds available for repurchase will be limited to available proceeds received by the Company from the sale of Shares under the Reinvestment Plan. The determination of available funds from sales under the Reinvestment Plan and the decision to repurchase Shares will be at the sole discretion of the Board. In making this determination, the Board will consider the need to use proceeds from the Share sales under the Reinvestment Plan for investment in additional properties, or

for maintenance or repair of existing properties. Such property-related uses will have priority over the need to allocate funds to the SRP. To be eligible to offer Shares for purchase to the SRP, the stockholder must have beneficially held the Shares for at least one year.

The Company cannot guarantee that funds will be available for repurchase. If no funds are available for the SRP at the time when repurchase is requested, the stockholder could: (i) withdraw his request for repurchase; or (ii) ask that the Company honor the request at such time, if any, when funds are available. Such pending requests will be honored on a first-come, first-served basis. There is no requirement that stockholders sell their Shares to the Company. The SRP is only intended to provide interim liquidity for stockholders until a secondary market develops for the Shares. No such market presently exists and no assurance can be given that one will develop. The SRP will exist during the Offering period and will be terminated following the close of the Offering period upon the Listing.

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

PRIOR PERFORMANCE SUMMARY

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

The Advisor serves as a general partner of a total of twelve real estate limited partnerships, eleven of which have completed offerings and one of which has commenced but not completed its public offering. A twelfth partnership is in registration with the Commission and thus has not commenced. These limited partnerships and the year in which their offerings were completed are as follows:

1. Wells Real Estate Fund I (1986)
2. Wells Real Estate Fund II (1988)
3. Wells Real Estate Fund II-OW (1988)
4. Wells Real Estate Fund III, L.P. (1990)
5. Wells Real Estate Fund IV, L.P. (1992)
6. Wells Real Estate Fund V, L.P. (1993)
7. Wells Real Estate Fund VI, L.P. (1994)
8. Wells Real Estate Fund VII, L.P. (1995)
9. Wells Real Estate Fund VIII, L.P. (1996)
10. Wells Real Estate Fund IX, L.P. (1996)
11. Wells Real Estate Fund X, L.P. (1997)
12. Wells Real Estate Fund XI, L.P. (offering commenced 12-31-97)

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

PRIOR WELLS PUBLIC PROGRAMS

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

total number of investors in such partnerships was approximately 24,000.

The investment objectives of the Prior Wells Public Programs are substantially identical to the investment objectives of the Company. All of the proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW, Wells Fund III, Wells Fund IV, Wells Fund V, Wells Fund VI and Wells Fund VII available for investment in real properties have been invested in properties. In addition, all of the proceeds of the offering of Wells Fund VIII available for investment in real properties have either been invested or are committed for investment in properties. As of August 31, 1997, approximately 74% and 50% of the proceeds of the offerings of Wells Fund IX and Wells Fund X, respectively, available for investment in real properties had either been invested in properties or were committed for investment in properties. Wells Fund XI commenced its offering in January 1998 and thus has no funds available for investment as of the date of this Prospectus. For the fiscal year ended December 31, 1996, approximately two-thirds of the aggregate gross rental income of ten of these eleven publicly offered partnerships was derived from tenants which are U.S. corporations, each of which the Company believes has net worth of at least $100,000,000 or whose lease obligations are guaranteed by another corporation with a net worth of at least $100,000,000.

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

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

The aggregate dollar amount of the acquisition and development costs of the properties purchased by the Prior Wells Public Programs, as of August 31, 1997, was approximately $196,419,519, of which $4,254,000 (or approximately 2.2%) had not yet been expended on the development of certain of the projects which are still under construction. Of the aggregate amount, approximately 65.0% was or will be spent on acquiring or developing office buildings, and approximately 35.0% was or will be spent on acquiring or developing shopping centers. Of the aggregate amount, approximately 4% was or will be spent on new properties, 38% on existing or used properties and 58% on construction properties. Following is a table showing a breakdown of the aggregate amount of the acquisition and development costs of the properties purchased by the eleven Prior Wells Public Programs as of October 31, 1997:

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

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

Wells Fund II and Wells Fund II-OW terminated their offerings on September 7, 1988, and received aggregate gross proceeds of $36,870,250 representing subscriptions from 4,659 limited partners. $28,829,000 of the gross proceeds were attributable to sales of Class A Units, and $8,041,250 of the gross proceeds were attributable to sales of

Class B Units. Limited partners in Wells Fund II and Wells Fund II-OW have no right to change the status of their Units from Class A to Class B or vice versa. Wells Fund II and Wells Fund II-OW own all of their properties through a joint venture, which owns interests in the following properties: (i) a shopping center in Cherokee County, Georgia; (ii) a project consisting of seven office buildings and a shopping center in Tucker, Georgia; (iii) a two story office building in Charlotte, North Carolina; (iv) a four story office building in Houston, Texas; (v) a restaurant in Roswell, Georgia; and (vi) a combined retail and office development in Roswell, Georgia.

Wells Fund III terminated its offering on October 23, 1990, and received gross proceeds of $22,206,310 representing subscriptions from 2,700 limited partners. $19,661,770 of the gross proceeds were attributable to sales of Class A Units, and $2,544,540 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund III have no right to change the status of their Units from Class A to Class B or vice versa. Wells Fund III owns interests in the following properties: (i) a four story office building in Houston, Texas; (ii) a restaurant in Roswell, Georgia; (iii) a combined retail and office development in Roswell, Georgia; (iv) a two story office building in Greenville, North Carolina; (v) a shopping center in Stockbridge, Georgia; and (vi) a two story office building in Richmond, Virginia.

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

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of $17,006,020 representing subscriptions from 1,667 limited partners. $15,209,666 of the gross proceeds were attributable to sales of Class A Units, and $1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their Units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their Units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for Units, as of October 31, 1997, $15,514,160 of Units of Wells Fund V were treated as Class A Units, and $1,491,860 of Units were treated as Class B Units. Wells Fund V owns interests in the following properties: (i) a four story office building in Jacksonville, Florida; (ii) two two-story office buildings in Stockbridge, Georgia; (iii) a four story office building in Hartford, Connecticut; (iv) two restaurants in Stockbridge, Georgia; and (v) a three story office building in Appleton, Wisconsin. Since its inception in 1992, Wells Fund V reported a net loss of $18,089 in 1992, and net income of $354,999, $561,721, $689,639 and $505,650 in years 1993 through 1996, respectively. In such years, Wells Fund V distributed a total of $151,336, $643,334, $969,011 and $1,007,107, respectively, to investors (excluding returns of capital and distributions from prior year operations). See "Exhibit A--Prior Performance Tables" attached to this Prospectus for further detail on the performance of Wells Fund V.

Wells Fund VI terminated its offering on April 4, 1994, and received gross proceeds of $25,000,000 representing subscriptions from 1,793 limited partners. $19,332,176 of the gross proceeds were attributable to sales of Class A Units, and $5,667,824 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VI are entitled to change the status of their Units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscription for Units, as of October 31, 1997, $21,538,950 of Units of Wells Fund VI were treated as Class A Units, and $3,461,050 of Units were treated as Class B Units. Wells Fund VI owns interests in the following properties: (i) a four story office building in Hartford, Connecticut; (ii) two restaurants in Stockbridge, Georgia; (iii) another restaurant and a retail building in Stockbridge, Georgia; (iv) a shopping center in Stockbridge, Georgia; (v) a three story office building in Appleton, Wisconsin; (vi) a shopping center in Cherokee County, Georgia; (vii) a combined retail and office development in Roswell, Georgia; (viii) a four story office building in Jacksonville, Florida; and (ix) a shopping center in Clemmons, North Carolina. Since its inception in 1993, Wells Fund VI reported net income of $31,428, $700,896, $901,828 and $589,053 in years 1993 through 1996, respectively. In such years, Wells Fund VI distributed a total of $0, $245,800, $1,044,940 and $1,042,175, respectively, to investors (excluding returns of capital and distributions from prior year operations). See "Exhibit A--Prior Performance Tables" attached hereto for further detail on the performance of Wells Fund VI.

Wells Fund VII terminated its offering on January 5, 1995, and received gross proceeds of $24,180,174 representing subscriptions from 1,910 limited partners. $16,788,095 of the gross proceeds were attributable to sales of Class A Units, and $7,392,079 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VII are entitled to change the status of their Units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for Units, as of October 31, 1997, $18,656,280 of Units in Wells Fund VII were treated as Class A Units, and $5,523,890 of Units were treated as Class B Units. Wells Fund VII owns interests in the following properties: (i) a three story office building in Appleton, Wisconsin; (ii) a restaurant and a retail building in Stockbridge, Georgia; (iii) a shopping center in Stockbridge, Georgia; (iv) a shopping center in Cherokee County, Georgia; (v) a combined retail and office development in Roswell, Georgia; (vi) a two story office building in Alachua County, Florida near Gainesville; (vii) a four story office building in Jacksonville, Florida; (viii) a shopping center in Clemmons, North

Carolina; and (ix) a retail development in Clayton County, Georgia. Since its inception in 1994, Wells Fund VII has reported net income of $203,263, $804,043 and $452,776 in years 1994 through 1996, respectively. In such years, Wells Fund VII distributed a total of $52,195, $856,032 and $781,511, respectively, to investors (excluding returns of capital and distributions from prior year operations). See "Exhibit A--Prior Performance Tables" attached to this Prospectus for further detail on the performance of Wells Fund VII.

Wells Fund VIII terminated its offering on January 4, 1996, and received gross proceeds of $32,042,689 representing subscriptions from 2,241 limited partners. $26,135,339 of the gross proceeds were attributable to sales of Class A Status Units, and $5,907,350 were attributable to sales of Class B Status Units. Limited partners in Wells Fund VIII are entitled to change the status of their Units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for Units, as of October 31, 1997, $26,353,280 of Units in Wells Fund VIII were treated as Class A Status Units, and $5,679,410 of Units were treated as Class B Status Units. Wells Fund VIII owns interests in the following properties: (i) a two story office building in Alachua County, Florida near Gainesville; (ii) a four story office building in Jacksonville, Florida; (iii) a shopping center in Clemmons, North Carolina; (iv) a retail development in Clayton County, Georgia; (v) a four story office building in Madison, Wisconsin; and (vi) a one-story office building in Farmers Branch, Texas; (vii) a two story office building in Orange County, California; and (viii) a two story office building in Boulder County, Colorado. Since its inception in 1995, Wells Fund VIII has reported net income of $273,914 and $936,590 in years 1995 and 1996, respectively. In such years, Wells Fund VIII distributed a total of $0 and $903,252, respectively (excluding returns of capital and distributions from prior year operations). See "Exhibit A--Prior Performance Tables" attached to this Prospectus for further detail on the performance of Wells Fund VIII.

Wells Fund IX terminated its offering on December 30, 1996, and received gross proceeds of $35,000,000 representing subscriptions from 2,095 limited partners. $29,359,270 of the gross proceeds were attributable to sales of Class A Units and $5,640,730 were attributable to sales of Class B Units. Wells Fund IX owns interests in (i) a four story office building in Madison, Wisconsin; (ii) a one story office building in Farmers Branch, Texas; (iii) a two story office building in Orange County, California; (iv) a two story office building in Boulder County, Colorado; and (v) an interest in a joint venture (in which Wells Fund X is a partner), which owns a tract of land in Knox County, Tennessee in the Knoxville metropolitan area, upon which a three story office building is being developed (the "Knoxville Joint Venture"). Wells Fund IX, which commenced operations in 1996, reported net income of $298,756 and distributed a total of $149,425 to investors in that year. See "Exhibit A--Prior Performance Tables" attached to this Prospectus for further detail on the performance of Wells Fund IX.

Wells Fund X commenced a public offering of up to $35,000,000 of limited partnership units on December 31, 1996, and terminated its offering on December 30, 1997. As of November 30, 1997, Wells Fund X had received gross proceeds of $23,058,019 representing subscriptions from 1,632 limited partners. $18,589,699 of the gross proceeds were attributable to sales of Class A Status Units, and $4,468,320 were attributable to sales of Class B Status Units. Wells Fund X owns an interest in the Knoxville Joint Venture.

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

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

The Advisor is the general partner of Wells Partners L.P., which is a

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

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

MANAGEMENT

GENERAL

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

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

Any Director may resign at any time and may be removed with or without cause by the stockholders upon the affirmative vote of at least a majority of all the Shares outstanding and entitled to vote at a meeting called for this purpose. The notice of such meeting shall indicate that the purpose, or one of the purposes, of such meeting is to determine if a Director shall be removed.

FIDUCIARY RESPONSIBILITY OF THE BOARD OF DIRECTORS

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

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

The Directors will monitor the administrative procedures, investment operations, and performance of the Company and the Advisor to assure that such policies are in the best interest of the stockholders and are fulfilled. Until

modified by the Directors, the Company will follow the policies on investments set forth in this Prospectus. See "Investment Objectives and Policies."

The Independent Directors are responsible for reviewing the fees and expenses of the Company at least annually or with sufficient frequency to determine that the total fees and expenses of the Company are reasonable in light of the Company's investment performance, Net Assets, Net Income, and the fees and expenses of other comparable unaffiliated real estate investment trusts. This determination shall be reflected in the minutes of the meetings of the Board of Directors. For purposes of this determination, Net Assets are the Company's total assets (other than intangibles), calculated at cost before deducting depreciation or other non-cash reserves, less total liabilities, and computed at least quarterly on a basis consistently applied. Such determination will be reflected in the minutes of the meetings of the Board of Directors. In addition, a majority of the Independent Directors and a majority of Directors not otherwise interested in the transaction must approve each transaction with the Advisor or its Affiliates. The Board of Directors also will be responsible for reviewing and evaluating the performance of the Advisor before entering into or renewing an advisory agreement. The Independent Directors shall determine from time to time and at least annually that compensation to be paid to the Advisor is reasonable in relation to the nature and quality of services to be performed and shall supervise the performance of the Advisor and the compensation paid to it by the Company to determine that the provisions of the Advisory Agreement are being carried out. Specifically, the Independent Directors will consider factors such as the capital, Net Assets and Net Income of the Company, amount of the fee paid to the Advisor in relation to the size, composition and performance of the Company's investments, the success of the Advisor in generating appropriate investment opportunities, rates charged to other comparable REITs and other investors by advisors performing similar services, additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, whether paid by the Company or by others with whom the Company does business, the quality and extent of service and advice furnished by the Advisor, the performance of the investment portfolio of the Company and the quality of the portfolio of the Company relative to the investments generated by the Advisor for its own account. Such review and evaluation will be reflected in the minutes of the meetings of the Board of Directors. The Board of Directors shall determine that any successor Advisor possesses sufficient qualifications to (i) perform the advisory function for the Company and (ii) justify the compensation provided for in its contract with the Company.

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

DIRECTORS AND EXECUTIVE OFFICERS

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

Name	Age	Positions
Leo F. Wells, III	53	President and Director
Brian M. Conlon	39	Executive Vice President, Treasurer, Secretary and Director
John L. Bell	57	Independent Director
Richard W. Carpenter	60	Independent Director
Walter W. Sessoms	63	Independent Director

LEO F. WELLS, III is the President and a Director of the Company and the President and sole Director of the Advisor. He is also the sole shareholder and Director of Wells Real Estate Funds, Inc., the parent corporation of the Advisor. In addition, he is President of Wells & Associates, Inc., a real estate brokerage and investment company formed in 1976 and incorporated in 1978, for which he serves as principal broker. He is also the sole Director and

President of Wells Management Company, Inc., a property management company he founded in 1983; the Dealer Manager, a registered securities broker-dealer he formed in 1984; and Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs. Mr. Wells was a real estate salesman and property manager from 1970 to 1973 for Roy D. Warren & Company, an Atlanta real estate company, and he was associated from 1973 to 1976 with

Sax Gaskin Real Estate Company, during which time he became a Life Member of the Atlanta Board of Realtors Million Dollar Club. From 1980 to February 1985, he served as Vice President of Hill-Johnson, Inc., a Georgia corporation engaged in the construction business. Mr. Wells holds a Bachelor of Business Administration degree in Economics from the University of Georgia. Mr. Wells is a member of the International Association for Financial Planning and a registered NASD principal.

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

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

JOHN L. BELL. From February 1971 to February 1996 Mr. Bell was the owner and Chairman of Bell-Mann, Inc., the largest commercial flooring contractor in the Southeast ("Bell-Mann"). Mr. Bell also served on the board of directors of Realty South Investors, a REIT on the American Stock Exchange and was the founder and served as a director of both the Chattahoochee Bank and the Buckhead Bank. In 1997 Mr. Bell initiated and implemented Shaw Industries' Dealer Acquisition Plan which included the acquisition of Bell-Mann.

Mr. Bell currently serves on the advisory boards of Windsor Capital, Mountain Top Boys Home and the Eagle Ranch Boys Home. Mr. Bell is also extensively involved in buying and selling real estate individually and in partnership with others. Mr. Bell graduated from Florida State University majoring in Accounting and Marketing.

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

Mr. Carpenter is presently President and director of Realmark Holdings Corp., a residential and commercial developer, and has served in that position

since October 1983. He is also President and director of Leisure Technology, Inc., a retirement community developer, a position which he has held since March 1993, Managing Partner of Carpenter Properties, L.P., a real estate limited partnership and President and director of the oil refining companies Wyatt Energy, Inc. and Commonwealth Oil Refining Company, Inc., positions which he has held since 1995 and 1984 respectively.

Mr. Carpenter is a director of both Tara Corp., a steel manufacturing company, and Environmental Compliance Corp., an environmental firm. Mr. Carpenter also serves as Vice Chairman and director of both First Liberty Financial Corp. and Liberty Savings Bank, F.S.B. He has been a member of The National Association of Real Estate Investment Trusts and served as President and Chairman of the Board of Southmark Properties, an Atlanta based real estate investment trust investing in commercial properties, until 1981. Mr. Carpenter is a past Chairman of the American Bankers Association Housing and Real Estate Finance Division Executive Committee. Mr. Carpenter holds a Bachelor of Science degree from Florida State University, where he was named the outstanding alumni of the School of Business in 1973.

WALTER W. SESSOMS was employed by BellSouth Telecommunications, Inc. ("BellSouth") from 1971 until his retirement in June 1997. While at BellSouth Mr. Sessoms served in a number of key positions including Vice President-Residence for the State of Georgia from June 1979 to July 1981, Vice President-Transitional Planning Officer from July 1981 to February 1982, Vice President-Georgia from February 1982 until June 1989, Senior Vice President-Regulatory and External Affairs from June 1989 until November 1991 and Group President-Services from December 1991 until his retirement on June 30, 1997.

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

COMMITTEES

The Audit Committee will consist of a majority of Independent Directors. If the Listing occurs, the Audit Committee will consist entirely of Independent Directors. The Audit Committee will make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the plans and results of the audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Company's internal accounting controls.

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

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

COMPENSATION OF DIRECTORS AND OFFICERS

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

THE ADVISOR AND THE ADVISORY AGREEMENT

THE ADVISOR

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

The directors and officers of the Advisor are as follows:

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

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

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

KIM R. COMER (age 43) rejoined the Advisor as National Vice President of Marketing in April 1997, after working for the Company in similar capacities from January 1992 through September 1995. He is responsible for all investor, financial advisor, and broker-dealer communications and broker-dealer relations. In prior positions with the Advisor, Mr. Comer served as Vice President of Marketing for the southeast and northeast regions at the Advisor's' home office. He has ten years of experience in the securities industry and is a licensed registered representative and financial principal with the NASD. Additionally, he brings strong financial experience to his marketing position with the Advisor, including experience as controller and Chief Financial Officer of two regional broker-dealers. In 1976, Mr. Comer graduated with honors from Georgia State University with a BBA degree in accounting.

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

LINDA L. CARSON (age 54) is Vice President of Accounting for the Advisor. She is responsible for fund, property, and corporate accounting, SEC reporting and coordination of the audit with its independent auditors. Ms. Carson joined The Advisor in 1989 as Staff Accountant, became Controller in 1991, and assumed her current position in

1996. Prior to joining the Advisor, Ms. Carson was an accountant with an electrical distributor. She is a graduate of City College of New York and has completed additional accounting courses at Kennesaw State. She is a member of the National Society of Accountants.

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

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

THE ADVISORY AGREEMENT

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

The Company will reimburse the Advisor for all of the costs it incurs in connection with the services it provides to the Company, including, but not limited to: (i) Organizational and Offering Expenses, which are defined to include expenses attributable to preparing the documents relating to this Offering, the formation and organization of the Company, qualification of the Shares for sale in the states, escrow arrangements, filing fees and expenses attributable to the sale of the Shares, (ii) Selling Commissions, advertising expenses, expense reimbursements, and legal and accounting fees, (iii) the actual cost of goods and materials used by the Company and obtained from entities not affiliated with the Advisor, including brokerage fees paid in connection with the purchase and sale of securities, (iv) administrative services (including personnel costs; provided, however that no reimbursement shall be made for costs of personnel to the extent that such personnel perform services in transactions for which the Advisor receives a separate fee), and (v) Acquisition Expenses, which are defined to include expenses related to the selection and acquisition of properties, at the lesser of actual cost or 90% of the competitive rate charged by unaffiliated persons providing similar goods and services in the same geographic location.

The Company shall not reimburse the Advisor at the end of any fiscal quarter for operating expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year. If the Advisor receives an incentive fee, Net Income, for purposes of calculating operating expenses, shall exclude any gain from the sale of the Company's assets. Any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company within sixty (60) days after the end of the fiscal year.

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

Pursuant to the Advisory Agreement, the Advisor is entitled to receive certain fees and reimbursements, as listed in "Management Compensation." The

Subordinated Incentive Fee, which is payable to the Advisor under certain circumstances if Listing occurs, may be paid, at the option of the Company, in cash, in Shares, by delivery of a promissory note payable to the Advisor, or by any combination thereof. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee will be paid to the Advisor; and in the event the Subordinated Participation Fee is paid to the Advisor, no Net Sales Proceeds will be paid to the Advisor. The Acquisition Fees payable to the Advisor in connection with the selection or acquisition of any property shall be reduced

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

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

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

The Company also shall pay the Advisor a deferred, subordinated real estate disposition fee upon sale of one or more Properties, in an amount equal to the lesser of (i) one-half (1/2) of a Competitive Real Estate Brokerage Commission, or (ii) three percent (3%) of the sales price of such Property or Properties. In addition, the amount paid when added to the sums paid to unaffiliated parties in such a capacity shall not exceed the lesser of the Competitive Real Estate Brokerage Commission or an amount equal to 6% of the sales price of such Property or Properties. Payment of such fee shall be made only if the Advisor provides a substantial amount of services in connection with the Sale of a Property or Properties and shall be subordinated to receipt by the stockholders of distributions equal to the sum of (i) their aggregate Common Return and (ii) their aggregate invested capital. If, at the time of a sale of one or more Properties, payment of such disposition fee is deferred because the subordination conditions have not been satisfied, then the disposition fee shall be paid at such later time as the subordination conditions are satisfied. Upon Listing, if the Advisor has accrued but not been paid such real estate disposition fee, then for purposes of determining whether the subordination

conditions have been satisfied, Stockholders will be deemed to have received a Distribution in the amount equal to the product of the total number of Shares outstanding and the average closing price of the Shares over a period, beginning 180 days after Listing, of 30 days during which the Shares are traded.

The Advisory Agreement, which was entered into by the Company with the unanimous approval of the Board of Directors, including the Independent Directors, expires one year after the date hereof on January 30, 1999, subject to successive one-year renewals upon mutual consent of the parties. In the event that a new Advisor is retained, the previous Advisor has agreed to cooperate with the Company and the Directors in effecting an orderly transition of the advisory functions. The Board of Directors (including a majority of the Independent Directors) shall approve a successor Advisor only upon a determination that such successor Advisor possesses sufficient qualifications to perform the advisory functions for the Company and that the compensation to be received by the new Advisor pursuant to the new Advisory Agreement is justified.

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

Agreement. All other amounts payable to the Advisor in the event of a termination shall be evidenced by a promissory note and shall be payable from time to time.

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

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

WELLS MANAGEMENT

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

Leo F. Wells, III	President
Brian M. Conlon	Executive Vice President
Michael C. Berndt	Vice President and Chief Financial Officer
M. Scott Meadows	Vice President - Property Management
Michael L. Watson	Vice President - Construction
Robert H. Stroud	Vice President - Leasing

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

MICHAEL C. BERNDT (50), Vice President and Chief Financial Officer of the Management Company, joined in 1996. He is responsible for asset management of the Prior Wells Public Program portfolios. Mr. Berndt is an attorney and a Certified Public Accountant. From 1990 to 1995, Mr. Berndt was with the Investigations Unit of the Resolution Trust Corporation. From 1985 to 1989, Mr. Berndt was an independent real estate syndicator. From 1982 to 1985, he was

President of Phoenix Financial Corporation, an NASD broker-dealer. Previously, he served as an accountant, attorney and securities analyst for various firms. Mr. Berndt holds a B.S. in Accounting from Samford University, a J.D. from Cumberland Law School and an L.L.M. in Taxation from New York University School of Law.

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

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

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

INVESTMENT OBJECTIVES AND CRITERIA

GENERAL

The Company is a corporation that intends to elect to be taxed as a REIT for federal income tax purposes. The Company was organized to invest in commercial real properties, including properties which are under development or construction, are newly constructed or have been constructed and have operating histories. The Company's objectives are: (i) to maximize Cash Available for Distribution; (ii) to preserve, protect and return the Invested Capital of the shareholders; (iii) to realize capital appreciation upon the ultimate sale of the Company's properties; and (iv) to provide shareholders with liquidity of their investment, within 10 years after commencement of the Offering, through either (a) the listing of the Shares, or (b) if Listing does not occur within ten years following the commencement of the Offering, the dissolution of the Company and the orderly liquidation of its assets. No assurance can be given that these objectives will be attained.

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

ACQUISITION AND INVESTMENT POLICIES

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

While the Company will seek to invest in properties that will satisfy the primary objective of providing distributions of current cash flow to investors, due to the fact that a significant factor in the valuation of income-producing real properties is their potential for future income, the Advisor anticipates that the majority of properties

acquired by the Company will satisfy both attributes of providing potential for capital appreciation and providing distributions of current cash flow to investors. To the extent feasible, the Advisor will strive to invest in a diversified portfolio of properties that will satisfy the Company's investment objectives of maximizing Cash Available for Distribution, preserving investors' capital and realizing capital appreciation upon the ultimate sale of the Company's properties.

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

The Company may not invest more than 10% of its total assets in Unimproved Real Property. A property which is expected to produce income within two years of its acquisition will not be considered a non-income producing property.

Investment in property generally will take the form of fee title or of a leasehold estate having a term, including renewal periods, of at least 40 years, and may be made either directly or indirectly through investments in joint ventures, general partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties, Affiliates of the Advisor or other persons. See "Joint Venture Investments" below. In addition, the Company may purchase properties and lease them back to the sellers of such properties. While the Advisor will use its best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" and so that the Company will be treated as the owner of the property for federal income tax purposes, no assurance can be given that the Service will not challenge such characterization. In the event that any such sale-leaseback transaction is recharacterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed or significantly reduced. See "Federal Income Tax Considerations."

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

There are no specific limitations on the number or size of properties to be

acquired by the Company or on the percentage of net proceeds of this Offering which may be invested in a single property. The number and mix of properties acquired will depend upon real estate and market conditions and other circumstances existing at the time the Company is acquiring its properties and the amount of the net proceeds of this Offering.

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

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

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

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

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

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

DEVELOPMENT AND CONSTRUCTION OF PROPERTIES

The Company may invest substantially all of the net proceeds available for Investment in properties on which improvements are to be constructed or completed although the Company may not invest in excess of 10% of total assets in properties which are not expected to produce income within two years of their acquisition. To help ensure performance by the builders of properties which are under construction and completion of properties under construction, the Advisor may rely upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an Affiliate of the person entering into the construction or development contract, or, in certain circumstances, the Advisor may require an adequate completion bond or performance bond.

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

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

TERMS OF LEASES AND LESSEE CREDITWORTHINESS

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

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

BORROWING POLICIES

The Company may incur indebtedness in connection with the development or acquisition of properties, which indebtedness may be secured by one or more of the Company's properties. The Company also may borrow funds (a) for Company operating purposes in the event of unexpected circumstances in which the Company's working capital reserves and other cash resources available to the Company become insufficient for the maintenance and repair of its properties or for the protection or replacement of the Company's assets, and (b) in order to finance improvement of and improvements to its properties, when the Advisor deems such improvements to be necessary or appropriate to protect the capital previously invested in the properties, to protect the value of the Company's investment in a particular property, or to make a particular property more attractive for sale or lease. The aggregate borrowing of the Company, secured and unsecured, shall be reasonable in relation to Net Assets of the Company and shall be reviewed by the Board of Directors at least quarterly. Such indebtedness may be in the form of secured and unsecured bank borrowings, and publicly and privately placed debt offerings. Borrowings may be incurred through either the Operating Partnership or the Company. The Board of Directors anticipates that the aggregate amount of any borrowing will not exceed 50% of the aggregate value of the Company's aggregate properties, provided, however, that such level may be exceeded on an individual property basis.

JOINT VENTURE INVESTMENTS

The Company is likely to enter into one or more joint ventures with Affiliated entities for the acquisition, development or improvement of properties, under the conditions described below. The Company may invest some or all of the proceeds of the Offering in such joint ventures. In this connection, the Company may enter into joint ventures with future programs sponsored by the Advisor or its Affiliates or Prior Wells Public Programs. The Advisor also has the authority to enter into joint ventures, general partnerships, co-tenancies and other participations with real estate developers, owners and others for the purpose of developing, owning and operating properties in accordance with the Company's investment policies. See "Risk Factors" and "Conflicts of Interest." In determining whether to invest in a particular joint venture, the Advisor will evaluate the real property which such joint venture owns or is being formed to own under the same criteria described herein for the selection of real property investments of the Company. The Company shall not invest in joint ventures with the Advisor, any Directors or any Affiliate thereof, unless a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transactions, approve the transaction as being fair and reasonable to the Company and on substantially the same terms and conditions as those received by other joint venturers. See "--Acquisition and Investment Policies," "--Development and Construction of Properties," "--Terms of Leases and Lessee Creditworthiness," and "--Borrowing Policies."

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

The Company may enter into a partnership, joint venture or co-tenancy with unrelated parties if (i) the management of such partnership, joint venture or co-tenancy is under the control of the Company; (ii) the Company, as a result of such joint ownership or partnership ownership of a property, is not charged, directly or indirectly, more than once for the same services; (iii) the joint ownership, partnership or co-tenancy agreement does not authorize or require the Company to do anything as a partner, joint venturer or co-tenant with respect to the property which the Company or the Advisor could not do directly because of the Company's Articles of Incorporation; and (iv) the Advisor and its Affiliates are prohibited from receiving any compensation, fees or expenses which are not permitted to be paid under the Advisory Agreement. In the event that any such co-ownership arrangement contains a provision giving each party a right of first refusal to purchase the other party's interest, the Company may not have sufficient capital to finance any such buy-out. See "Risk Factors."

The Company intends to enter into joint ventures with other publicly registered Affiliated entities for the acquisition of properties, but may only do so provided that (i) each such co-venturer has substantially identical investment objectives as those of the Company; (ii) the Company, as a result of such joint ownership or partnership ownership of a property, is not charged, directly or indirectly, more than once for the same services; (iii) compensation payable to the Company by such Affiliate is substantially identical to that payable to the Advisor by the Company; (iv) the Company will have a right of

first refusal to buy if such co-venturer elects to sell its interest in the property held by the joint venture; and (v) the investment by the Company and such Affiliate are on substantially the same terms and conditions, and each such entity's ownership interest in such joint venture or partnership shall be based upon the respective proportion of funds invested in such joint venture or partnership by the Company and such Affiliate. In the event that the co-venturer were to elect to sell property held in any such joint venture, however, the Company may not have sufficient funds to exercise its right of first refusal to buy the other co-venturer's interest in the property held by the joint venture. In the event that any joint venture with an Affiliated entity holds interests in more than one property, the interest in each such property may be specially allocated based upon the respective proportion of funds invested by each co-venturer in each such property. Entering into such joint ventures with Affiliated entities will result in certain conflicts of interest. See "Risk Factors" and "Conflicts of Interest--Joint Ventures with Affiliates of the Advisor."

OTHER POLICIES

The Company will not invest as a limited partner in limited partnerships, except such investments acquired through the Operating Partnership. The Company may in the future issue senior securities. The Company may, pursuant to the Reinvestment Plan, repurchase or otherwise reacquire its common stock.

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

The Company will not: (i) make or invest in real estate mortgage loans (except in connection with the sale or other disposition of a property); (ii) make loans to the Advisor or other Affiliates, or to any director, officer or principal of the Company or any of its Affiliates; (iii) invest in commodities or commodity future contracts (does not apply to future contracts, when used solely for hedging purposes in connection with the Company's ordinary business of investing in real estate assets and mortgages); (iv) issue redeemable equity securities; (v) issue debt securities unless the historical debt service coverage (in the most recently completed fiscal year), as adjusted for known changes, is sufficient to properly service that higher level of debt; (vi) issue options or warrants to purchase its Shares to the Advisor, Directors, or any Affiliate thereof except on the same terms as such options or warrants may be sold to the general public, any such options or warrants issued to the Advisor, Directors, or any Affiliate shall not exceed an amount equal to 10% of the outstanding Shares of the Company on the date of grant; (vii) issue its shares on a deferred payment basis or other similar arrangement; (viii) invest in or underwrite the securities of other issuers, including any publicly offered or traded limited partnership interests, except for investments in joint ventures as described herein, and except for permitted temporary investments pending utilization of Company funds, provided that following one year after the commencement of operations of the Company no more than 45% of the value of the Company's total assets (exclusive of Government securities and cash items) will consist of, and no more than 45% of the Company's net income after taxes (for the last four fiscal quarters combined) will be derived from, securities other than (A) Government securities, or (B) securities in a corporation where real estate is the principal asset and the acquisition of such real estate can best be effected by the acquisition of the stock of such corporation, provided that any such corporation is either (x) a corporation which is a majority owned subsidiary of the Company and which is not an investment company as defined by the Investment Company Act of 1940, as amended, or (y) a corporation which is controlled primarily by the Company, through which corporation the Company engages in the business of acquisition and operation of real estate and which is not an investment company.

REAL PROPERTY INVESTMENTS

As of the date of this Prospectus, the Company has not acquired nor contracted to acquire any specific real properties. The Advisor is continually evaluating various potential property investments and engaging in discussions and negotiations with sellers, developers and potential tenants regarding the purchase and development of properties for the Company and prior programs. At such time during the negotiations for a specific property as the Advisor believes that a reasonable probability exists that the Company will acquire such property, this Prospectus will be supplemented to disclose the negotiations and pending acquisition. Based upon the Advisor's experience and acquisition methods, this will normally occur on the signing of a legally binding purchase agreement for the acquisition of a specific property, but may occur before or after such signing or upon the satisfaction or expiration of major contingencies in any such purchase agreement, depending on the particular circumstances surrounding each potential investment. A supplement to this Prospectus will describe any improvements proposed to be constructed thereon and other information considered appropriate for an understanding of the transaction. Further data will be made available after any pending acquisition is consummated, also by means of a supplement to this Prospectus, if appropriate. IT SHOULD BE UNDERSTOOD THAT THE INITIAL DISCLOSURE OF ANY PROPOSED ACQUISITION CANNOT BE RELIED UPON AS AN ASSURANCE THAT THE COMPANY WILL ULTIMATELY CONSUMMATE SUCH PROPOSED ACQUISITION NOR THAT THE INFORMATION PROVIDED CONCERNING THE PROPOSED ACQUISITION WILL NOT CHANGE BETWEEN THE DATE OF SUCH SUPPLEMENT AND ACTUAL PURCHASE.

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

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

DISTRIBUTION POLICY

REIT STATUS

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

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

stockholders' aggregate Invested Capital.

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

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

As of the date of this Prospectus, the Company had not yet commenced active operations. Subscription proceeds may be released to the Company as accepted and applied to investment in properties and the payment or reimbursement of Selling Commissions and other Organization and Offering Expenses. See "Estimated Use of Proceeds." The Company will experience a relative increase in liquidity as additional subscriptions for Shares are received, and a relative decrease in liquidity as net Offering proceeds are expended in connection with the acquisition, development and operation of properties.

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

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

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

DESCRIPTION OF CAPITAL STOCK

The following summary of certain provisions of the Company's Articles of Incorporation and Bylaws and Maryland law is subject to and qualified in its entirety by reference to such documents, copies of which are Exhibits to the Registration Statement of which this Prospectus is a part.

Under its Articles of Incorporation, the Company has authority to issue a total of 90,000,000 shares of capital stock, of which 40,000,000 shares are designated as common stock, $.01 par value per share (the "Common Stock"), 5,000,000 shares of which are designated are preferred stock, $.01 par value per share (the "Preferred Stock"), and 45,000,000 shares are designated as Shares-in-Trust (as described in "-- Articles of Incorporation and Bylaw Provisions."

COMMON STOCK

The holders of Shares are entitled to one vote per share on all matters voted on by shareholders, including elections of directors. Except as otherwise required by law or provided in any resolution adopted by the Board of Directors

with respect to any series of Preferred Stock, the holders of such shares exclusively possess all voting power. The Articles of Incorporation do not provide for cumulative voting in the election of directors. Subject to any preferential rights of any outstanding series of Preferred Stock, the holders of Shares are entitled to such dividends as may be declared from time to time by the Board of Directors from funds available therefor, and upon liquidation are entitled to receive pro rata all assets of the Company available for distribution to such holders. All Shares issued in the Offering will be fully paid and nonassessable and the holders thereof will not have preemptive rights.

PREFERRED STOCK

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

SOLICITING DEALER WARRANTS

The Company has agreed to issue and sell, and the Dealer Manager has agreed to purchase for the price of $.0008 per warrant, warrants (the "Soliciting Dealer Warrants") to purchase one Share per Soliciting Dealer Warrant for each Share sold by the Dealer Manager (and/or the Soliciting Dealers), up to a maximum of 600,000 Soliciting Dealer Warrants. The Soliciting Dealer Warrants will be issued on a quarterly basis commencing 60 days after the date on which the Shares are first sold pursuant to this Offering. The Dealer Manager may retain or reallow all Soliciting Dealer Warrants to the Soliciting Dealers (except Soliciting Dealers in Minnesota), unless such issuance of the Soliciting Dealer Warrants is prohibited by either federal or state securities laws. The Shares issuable upon exercise of the Soliciting Dealer Warrants are being registered as part of this Offering.

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

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

such a person. Exercise of these Soliciting Dealer Warrants will be under the terms and conditions detailed in this Prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

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

ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

Restrictions on Ownership and Transfer

For the Company to qualify as a REIT under the Code, it must meet certain requirements concerning the ownership of its outstanding shares of capital stock. Specifically, not more than 50% in value of the Company's outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year, and the Company must be beneficially owned by

100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. See "Federal Income Tax Considerations -- Requirements for Qualification." In addition, the Company must meet certain requirements regarding the nature of its gross income in order to qualify as a REIT. One such requirement is that at least 75% of the Company's gross income for each year must consist of "rents from real property" and income from certain other real property investments. No rent that the Company receives from a tenant in which it owns 10% or more of the ownership interests will qualify as "rents from real property." See "Federal Income Tax Considerations -- Requirements for Qualification -- Income Tests."

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

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

Subject to certain exceptions described below, any purported transfer of Shares that would (i) result in any person owning, directly or indirectly, Shares in excess of the Ownership Limitation, (ii) result in the Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in the Company being "closely held" within the meaning of section 856(h) of the Code, or (iv) cause the Company to own, actually or constructively, 10% or more of the ownership interests in a tenant of the Company's or the Operating Partnership's real property, within the meaning of section 856(d)(2)(B) of the Code, will be designated as "Shares-in-Trust" and will be transferred automatically to a trust (a "Trust"), effective on the day before the purported transfer of such Shares. The record holder of the Shares that are designated as Shares-in-Trust (the "Prohibited Owner") will be required to submit such number of Shares to the Company for registration in the name of the trustee of the Trust (the "Trustee"). The Trustee will be designated by the Company, but will not be affiliated with the Company. The beneficiary of a Trust (the "Beneficiary") will be one or more charitable organizations named by the Company.

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

The Prohibited Owner with respect to Shares-in-Trust will be required to repay to the Trustee the amount of any dividends or distributions received by the Prohibited Owner (i) that are attributable to any Shares-in-Trust and (ii) the record date of which was on or after the date that such shares became Shares-in-Trust. Within 20 days of receiving notice from the Company that shares of the Company's common stock have been transferred to the Trust, the Company shall, at its sole option, either (i) repurchase such Shares-in-Trust from the Prohibited Owner, or (ii) cause the Trustee to sell the Shares-in-Trust on behalf of the Prohibited Owner to a third party (the "Option"). The Prohibited Owner shall receive from the Trustee the lesser of (i) the price per share in the transaction that created such Shares-in-Trust (or, in the case of a gift or devise, the Market Price (as defined below) per share on the date of such transfer) or (ii) the Market Price per share on the date that the Company, or its designee, accepts such offer. Any amounts received by the Trustee in excess of the amounts to be paid to the Prohibited Owner will be distributed to the Beneficiary. Such purchase price amount shall be sent to the Prohibited Owner within five business days from the close of such sale transaction.

In connection with the Option described above, the Shares-in-Trust will be deemed to have been offered for sale to the Company, or its designee. The Company will have the right to accept such offer for a period of 20 days after

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

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

Any person who (a) acquires Shares in violation of the foregoing restrictions or who owned Shares that were transferred to a Trust is required to

give immediately written notice to the Company of such event, and (b) transfers or receives (or attempts to transfer or receive) Shares subject to such limitations is required to give the Company at least 15 days written notice prior to such transaction, and in both cases such persons shall provide to the Company such other information as the Company may request in order to determine the effect, if any, of such transfer on the Company's status as a REIT.

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

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

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

The Ownership Limitation could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority, of the Shares might receive a premium from their Shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

Number of Directors; Removal; Filling Vacancies

The Articles of Incorporation and Bylaws provide that the number of directors will consist of not less than 3 nor more than 15 persons, subject to increase or decrease by the affirmative vote of 80% of the members of the entire

Board of Directors. At all times a majority of the directors shall be Independent Directors, except that upon the death, removal or resignation of an Independent Director, such requirement shall not be applicable for 90 days. Upon completion of the Offering, there will be five directors, three of whom shall be Independent Directors. The shareholders shall be entitled to vote on the election or removal of directors, with each share entitled to one vote. The Articles of Incorporation provide that, subject to any rights of holders of any class of preferred stock, and unless the Board of Directors otherwise determines, any vacancies will be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, provided that Independent Directors shall nominate and approve directors to fill vacancies created by Independent Directors. Accordingly, the Board of Directors could temporarily prevent any shareholder from enlarging the Board of Directors and filling the new directorships with such shareholder's own nominees. Any directors so elected shall hold office until the next annual meeting of shareholders.

A director may be removed with or without cause by the vote of the holders of a majority of the outstanding shares of capital stock entitled to vote for the election of directors at a special meeting of the shareholders called for the purpose of removing such director.

LIMITATION OF LIABILITY AND INDEMNIFICATION

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

Subject to the conditions set forth below, the Articles of Incorporation provides that the Company shall indemnify and hold harmless a Director, Advisor or Affiliate against any or all losses or liabilities reasonably incurred by such Director, Advisor or Affiliate in connection with or by reason of any act or omission performed or omitted to be performed on behalf of the Company in such capacity.

Under the Company's Articles of Incorporation, the Company shall not indemnify its Directors, Advisor or any Affiliate for any liability or loss suffered by the Directors, Advisors or Affiliates, nor shall it provide that the Directors, Advisors or Affiliates be held harmless for any loss or liability suffered by the Company, unless all of the following conditions are met: (i) the Directors, Advisor or Affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Company; (ii) the Directors, Advisor or Affiliates were acting on behalf of or performing services of the Company; (iii) such liability or loss was not the result of (A) negligence or misconduct by the Directors, excluding the Independent Directors, Advisors or Affiliates; or (B) gross negligence or willful misconduct by the Independent Directors; (iv) such indemnification or agreement to hold harmless is recoverable only out of the Company's net assets and not from Shareholders. Notwithstanding the foregoing, the Directors, Advisors or Affiliates and any persons acting as a broker-dealer shall not be indemnified by the Company for any losses, liability or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which securities of the Company were offered or sold as to indemnification for violations of securities laws.

The Articles of Incorporation provides that the advancement of Company funds to the Directors, Advisors or Affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied: (i) the legal action relates to acts or omissions with respect to the performance of duties or services on behalf of the Company; (ii) the legal action is initiated by a third party who is not a Shareholder or the legal action is initiated by a Shareholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement; (iii) the Directors, Advisor or Affiliates undertake to repay the advanced funds to the Company together with the applicable legal rate of interest thereon, in cases in which such Directors, Advisor or Affiliates are found not to be entitled to indemnification.

The MGCL requires a Maryland corporation (unless its Articles of Incorporation provide otherwise, which the Company's Articles of Incorporation do not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among

others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (b) a written undertaking by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. Indemnification under the provisions of the MGCL is not deemed exclusive of any other rights, by indemnification or otherwise, to which an officer or director may be entitled under the Company's Articles of Incorporation or Bylaws, or under resolutions of stockholders or directors, contract or otherwise. It is the position of the Commission that indemnification of directors an officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

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

Causes of action resulting from violations of federal or state securities law shall be governed by such law.

BUSINESS COMBINATIONS

Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any person who beneficially owns 10% or more of the voting power of such corporation's shares or an affiliate of such corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting shares of such corporation (an "Interested Stockholder") or an affiliate thereof, are prohibited for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting shares of such corporation other than shares held by the Interested Stockholder with whom (or with whose affiliate) the business combination is to be effected, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the Interested Stockholder becomes an Interested Stockholder.

CONTROL SHARE ACQUISITION STATUTE

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter,

excluding shares owned by the acquiror, by officers or by directors who are employees of the corporation. "Control Shares" are voting shares which, if aggregated with all other such shares previously acquired by the acquiror, or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following

ranges of voting power: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control Shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

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

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

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

The Articles of Incorporation and Bylaws of the Company contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of the Company's capital stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future.

AMENDMENT TO THE ARTICLES OF INCORPORATION

The Articles of Incorporation of the Company may be amended by the affirmative vote by holders of a majority of the shares then outstanding and entitled to vote thereon, without the concurrence of the Board of Directors, provided, however, (i) no amendment may be made which would change any rights with respect to any outstanding class of securities by reducing the amount payable thereon upon liquidation or by diminishing or eliminating any voting rights pertaining thereto; (ii) the provisions pertaining to amending the Articles of Incorporation and reorganizations shall not be amended, (iii) no term or provision of the Articles of Incorporation may be added, amended or repealed in any respect that would, in the determination of the Board of Directors, cause the Company not to qualify as a REIT under the Code, (iv) certain provisions of the Articles of Incorporation, including provisions relating to the removal of directors, Independent Directors, preemptive rights of holders of stock and the indemnification and limitation of liability of officers and directors may not be amended or repealed and (v) provisions imposing cumulative voting in the election of directors may not be added to the Articles of Incorporation, unless, in each such case, such action is approved by

the affirmative vote of the holders of not less than a majority of all the votes entitled to be cast thereon. The Board of Directors may amend the Articles of Incorporation (without the concurrence by the stockholders) only to enable the Company to qualify as a real estate investment trust under the Code.

DISSOLUTION OF THE COMPANY

The dissolution of the Company must be approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter. Under the Articles of Incorporation, the Company will automatically terminate and dissolve on January 30, 2008 (ten years after the initial date of this Prospectus), unless the Listing occurs, in which event the Company will automatically become a perpetual life entity.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

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

MEETING OF STOCKHOLDERS

The Company's Bylaws provide that annual meetings of stockholders shall be held on a date and at the time set by the Board of Directors. The Board of Directors (including the Independent Directors) will take reasonable steps to ensure that the annual stockholders meeting shall be set within a reasonable period (not less than 30 days) following delivery of the annual report. Special meetings of the stockholders may be called by (i) the President of the Company, (ii) the Chief Executive Officer or (iii) the Board of Directors. As permitted by the MGCL, the Bylaws of the Company provide that special meetings must be called by the Secretary of the Company upon the written request of the holders of shares entitled to cast not less than a majority of all votes entitled to be cast at the meeting.

OPERATIONS

The Articles of Incorporation require the Board of Directors generally to use its best efforts to cause the Company to qualify as a REIT. Although the Company has opted to not be governed by Maryland's business combination and control share acquisition statutes, if the Company's Articles of Incorporation and Bylaws are amended to include them, such provisions of the MGCL could delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for holders of Shares or otherwise be in their best interests.

INSPECTION OF BOOKS AND RECORDS

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

and during normal business hours by a stockholder or his agent.

As a part of its books and records, the Company will maintain at its principal office an alphabetical list of names of stockholders, along with their addresses and telephone numbers and the number of Shares held by each stockholder. Such list shall be updated at least quarterly and shall be available for inspection at the Company's home office by a stockholder or his or her designated agent upon such stockholder's request. Such list also shall be mailed to any stockholder requesting the list within 10 days of a request. The Company may require the stockholder requesting the stockholder list to represent that the list is not requested for a commercial purpose unrelated to the stockholder's interest in the Company and that he or she will not make any commercial distribution of such list or the information disclosed through such inspection. The Company may impose a reasonable charge for expenses incurred in reproducing such list. The list may not be sold or used for commercial purposes.

RESTRICTIONS ON "ROLL-UP" TRANSACTIONS

In connection with a proposed "Roll-Up Transaction," which, in general terms, is any transaction involving the acquisition, merger, conversion, or consolidation, directly or indirectly, of the Company and the issuance of securities of

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

(i) accepting the securities of the Roll-Up Entity offered in the proposed Roll-Up Transaction; or

(ii) one of the following:

a. remaining stockholders of the Company and preserving their interests therein on the same terms and conditions as existed previously; or

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

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

(i) which would result in the stockholders having democracy rights in the Roll-Up Entity that are less than those provided in the Company's Articles of Incorporation and described elsewhere in this Prospectus, including rights with respect to the election and removal of Directors, annual reports, annual and special meetings, amendment of the Articles of Incorporation, and dissolution of

the Company;

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

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

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

FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

TAXATION OF THE COMPANY

The Company currently has in effect an election to be taxed as a pass-through entity under Subchapter S of the Code, but intends to revoke its S election on the day prior to the date on which the Offering commences. The Company plans to make an election to be taxed as a REIT under sections 856 through 860 of the Code, effective for its short taxable year beginning on the day prior to the date on which the Offering commences and ending on December 31, 1998. The Company believes that, commencing with such taxable year, it will be organized and will operate in such a manner as to qualify for taxation as a REIT under the Code, and the Company intends to continue to operate in such a manner, but no assurance can be given that the Company will operate in a manner so as to qualify or remain qualified as a REIT.

The sections of the Code relating to qualification and operation as a REIT are highly technical and complex. The following discussion sets forth the material aspects of the Code sections that govern the federal income tax treatment of a REIT and its shareholders. The discussion is qualified in its entirety by the applicable Code provisions, Treasury Regulations promulgated

thereunder, and administrative and judicial interpretations thereof, all of which are subject to change prospectively or retroactively.

Hunton & Williams has acted as counsel to the Company in connection with the Offering and the Company's election to be taxed as a REIT. In the opinion of Hunton & Williams, assuming that the elections and other procedural steps described in this discussion of "Federal Income Tax Considerations" are completed by the Company in a timely fashion, the Company's organization and proposed method of operation will enable it to qualify to be taxed as a REIT under the Code commencing with the Company's short taxable year beginning the day prior to the date on which the Offering commences and ending December 31, 1998, and for its future taxable years. Investors should be aware, however, that opinions of counsel are not binding upon the Service or any court. It must be emphasized that Hunton & Williams' opinion is based on various assumptions and is conditioned upon certain representations made by the Company as to factual matters, including representations regarding the nature of the Company's properties and the future conduct of its business. Such factual assumptions and representations are described below in this discussion of "Federal Income Tax Considerations" and are set out in the federal income tax opinion that has been delivered by Hunton & Williams. Moreover, such qualification and taxation as a REIT depends upon the Company's ability to meet on a

continuing basis, through actual annual operating results, distribution levels, and share ownership, the various qualification tests imposed under the Code discussed below. Hunton & Williams will not review the Company's compliance with those tests on a continuing basis. Accordingly, no assurance can be given that the actual results of the Company's operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of failure to qualify as a REIT, see "Failure to Qualify."

If the Company qualifies for taxation as a REIT, it generally will not be subject to federal corporate income tax on its net income that is distributed currently to its shareholders. That treatment substantially eliminates the "double taxation" (i.e., taxation at both the corporate and shareholder levels) that generally results from investment in a corporation. However, the Company will be subject to federal income tax in the following circumstances. First, the Company will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains. Second, under certain circumstances, the Company may be subject to the "alternative minimum tax" on its undistributed items of tax preference, if any. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or (ii) other nonqualifying income from foreclosure property, it will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business), such income will be subject to a 100% tax. Fifth, if the Company should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), and nonetheless has maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on the net income attributable to the greater of the amount by which the Company fails the 75% or 95% gross income test. Sixth, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, the Company may elect to retain and pay income tax on the net long-term capital gain it receives in a taxable year. Finally, if the Company acquires any asset from a C corporation (i.e., a corporation generally subject to full corporate-level tax) in a transaction in which the basis of the asset in the Company's hands is determined by reference to the basis of the asset (or any other asset) in the hands of the C corporation and the Company recognizes gain on the disposition of such asset during the 10-year period beginning on the date on which such asset

was acquired by the Company, then to the extent of such asset's "built-in-gain" (i.e., the excess of the fair market value of such asset at the time of acquisition by the Company over the adjusted basis in such asset at such time), such gain will be subject to tax at the highest regular corporate rate applicable (as provided in Treasury Regulations that have not yet been promulgated). The results described above with respect to the recognition of "built-in-gain" assume that the Company will make an election pursuant to IRS Notice 88-19 if it were to make any such acquisition.

REQUIREMENTS FOR QUALIFICATION

The Code defines a REIT as a corporation, trust, or association (i) that is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest; (iii) that would be taxable as a domestic corporation, but for sections 856 through 860 of the Code; (iv) that is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial ownership of which is held by 100 or more persons; (vi) not more than 50% in value of the outstanding shares of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of each taxable year (the "5/50 Rule"); (vii) that makes an election to be a REIT (or has made such election for a previous taxable year) and satisfies all relevant filing and other administrative requirements established by the Service that must be met in order to elect and maintain REIT status; (viii) that uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the Code and Treasury Regulations promulgated thereunder; and (ix) that meets certain other tests, described below, regarding the nature of its income and assets. The Code provides that conditions (i) to (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (v) and (vi) will not apply until after the first taxable year for which an election is made by the Company to be taxed as a REIT. For purposes of determining stock ownership under the 5/50 Rule, a supplemental unemployment compensation benefits plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes generally is considered an individual. A trust that is a qualified trust under Code section 401(a), however, generally is not considered an individual and beneficiaries of such

trust are treated as holding shares of a REIT in proportion to their actuarial interests in such trust for purposes of the 5/50 Rule.

The Company anticipates issuing sufficient Shares with sufficient diversity of ownership pursuant to the Offering to allow it to satisfy requirements (v) and (vi) after its 1998 taxable year. In addition, the Company's Articles of Incorporation provide for restrictions regarding transfer of Shares that are intended to assist the Company in continuing to satisfy the share ownership requirements described in clauses (v) and (vi) above. Such transfer restrictions are described in "Description of Capital Stock -- Articles of Incorporation and Bylaw Provisions -- Restrictions on Ownership and Transfer."

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

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

Income Tests

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

The rent received by the Company from its tenants ("Rent") will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based, in whole or in part, on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, the Code provides that rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the Company, or a direct or indirect owner of 10% or more of the Company, directly or constructively owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally, for the Rent to qualify as "rents from real property," the Company generally must not operate or manage its properties or furnish or render services to the tenants of such properties, other than through an "independent contractor" who is adequately compensated and from whom the Company derives no revenue. The "independent contractor" requirement, however, does not apply to the extent the services provided by the Company are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant." In addition, The Company may render a de minimus amount of

noncustomary services to its tenants, or manage or operate property, as long as the amount received with respect to the services or management does not exceed 1% of the Company's income from the property.

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

test.

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

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

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

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

The net income derived from any prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other

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

The Company will be subject to tax at the maximum corporate rate on any income from foreclosure property (other than income that would be qualified income under the 75% gross income test), less expenses directly connected with the production of such income. However, gross income from such foreclosure property will be qualifying income under the 75% and 95% gross income tests. "Foreclosure property" is defined as any real property (including interests in real property) and any personal property incident to such real property (i) that is acquired by a REIT as the result of such REIT having bid in such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of such property or on an indebtedness that such property secured and (ii) for which such REIT makes a proper election to treat such property as foreclosure property. However, a REIT will not be considered to have foreclosed on a property where such REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor. Under the Code, property generally ceases to be foreclosure property with respect to a REIT on the date that is two years after the date such REIT acquired such property (or longer if an extension is granted by the Secretary of the Treasury). The foregoing grace period is terminated and foreclosure property ceases to be foreclosure property on the first day (i) on which a lease is entered into with respect to such property that, by its terms, will give rise to income that does not qualify under the 75% gross income test or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify under the 75% gross income test, (ii) on which any construction takes place on such property (other than completion of a building, or any other improvement, where more than 10% of the construction of such building or other improvement was completed before default became imminent) or (iii) which is more than 90 days after the day on which such property was acquired by the REIT and the property is used in a trade or business that is conducted by the REIT (other than through an independent contractor from whom the REIT itself does not derive or receive any income).

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

If the Company fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it nevertheless may qualify as a REIT for such year

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

Asset Tests

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

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

If the Company should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause it to lose its REIT status if (i) it satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of the Company's assets and the asset test requirements arose from changes in the market values of its assets and was not wholly or partly caused by an acquisition of one or more nonqualifying assets. If the condition described in clause (ii) of the preceding sentence were not satisfied, the Company still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

Distribution Requirements

The Company, in order to avoid corporate income taxation of the earnings it distributes, is required to distribute with respect to each taxable year dividends (other than capital gain dividends and retained earnings) to its shareholders in an aggregate amount at least equal to (i) the sum of (A) 95% of its "REIT taxable income" (computed without regard to the dividends paid deduction and its net capital gain) and (B) 95% of the net income (after tax),

if any, from foreclosure property, minus (ii) the sum of certain items of noncash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its federal income tax return for such year and if paid on or before the first regular dividend payment date after such declaration. To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, it will be subject to tax thereon at regular ordinary and capital gains corporate tax rates. Furthermore, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% nondeductible excise tax on the excess of such required distribution over the amounts actually distributed. The Company may elect to retain and pay income on the net long-term capital gain it receives in a taxable year. Any such retained capital gain will be treated as if it had been distributed to the Company's shareholders for purposes of the 4% excise tax. The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements.

It is possible that, from time to time, the Company may experience timing differences between (i) the actual receipt of income and actual payment of deductible expenses and (ii) the inclusion of that income and deduction of such expenses in arriving at its REIT taxable income. Further, it is possible that, from time to time, the Company may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds its allocable share of cash attributable to that sale. Therefore, the Company may have less cash than is necessary to meet its annual 95%

distribution requirement or to avoid corporate income tax or the excise tax imposed on certain undistributed income. In such a situation, the Company may find it necessary to arrange for short-term (or possibly long-term) borrowings or to raise funds through the issuance of additional Shares.

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

Recordkeeping Requirements

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

Partnership Anti-Abuse Rule

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

economic agreement and clearly reflects the partners' income without incurring any entity-level tax. The purposes for structuring a transaction involving a partnership are determined based on all of the facts and circumstances, including a comparison of the purported business purpose for a transaction and the claimed tax benefits resulting from the transaction. A reduction in the present value of the partners' aggregate federal tax liability through the use of a partnership does not, by itself, establish inconsistency with the intent of the Partnership Provisions.

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

FAILURE TO QUALIFY

If the Company fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the Company will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to the Company's shareholders in any year in which the Company fails to qualify will not be deductible by the Company nor will they be required to be made. In such event, to the extent of current and

accumulated earnings and profits, all distributions to shareholders will be taxable as ordinary income and, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, the Company also will be disqualified from taxation as a REIT for the four taxable years following the year during which the Company ceased to qualify as a REIT. It is not possible to state whether in all circumstances the Company would be entitled to such statutory relief.

TAXATION OF TAXABLE U.S. SHAREHOLDERS

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

primary supervision over the administration of such trust and (B) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust.

Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the Company's actual net capital gain for the taxable year) without regard to the period for which the shareholder has held his Shares. However, corporate shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. The Company may elect to retain and pay income tax on the net long-term capital gain if received in a taxable year. In that case, the Company's shareholders would include in income as long-term capital gain their proportionate share of the Company's retained long-term capital gain. In addition, the shareholders would be deemed to have paid their proportionate share of the tax paid by the Company, which amount would be credited or refunded to the shareholders. Each shareholder's basis in his Shares would be increased by the amount of the undistributed long-term capital gain included in the shareholder's income, less the shareholder's share of the tax paid by the Company.

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

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

TAXATION OF SHAREHOLDERS ON THE DISPOSITION OF THE SHARES

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

CAPITAL GAINS AND LOSSES

A capital asset generally must be held for more than one year in order for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate is 39.6%. The maximum tax rate on net capital gains applicable to noncorporate taxpayers is 28% for sales and exchanges of assets held for more than one year, but not more than 18 months, and 20% for sales and exchanges of assets held for more than 18 months. The maximum tax rate applicable to noncorporate taxpayers on long-term capital gain from the sale of "Section 1250 property" (depreciable real property) is 25% to the extent such gain would have been treated as ordinary income if the property were "Section 1245 property." With respect to distributions designated by the Company as capital gain dividends and deemed distributions of retained capital gains, the Company may designate (subject to certain limits) whether such a distribution is taxable to shareholders at a 20%, 25% or 28% rate. Thus, the tax rate differential between capital gain and ordinary income for individuals may be significant. In addition, the characterization of income as capital or ordinary may affect the deductibility of capital losses. Capital losses not offset by capital gains may be deducted against an individual's ordinary income only up to a maximum annual amount of $3,000. Unused capital losses may be carried forward. All net capital gain of a corporate taxpayer is subject to tax at ordinary corporate rates. A corporate taxpayer can deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING

The Company will report to its U.S. shareholders and to the Service the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a shareholder may be subject to backup withholding at the rate of 31% with respect to distributions paid unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules. A shareholder who does not provide the Company with his correct taxpayer identification number also may be subject to penalties imposed by the Service. Any amount paid as backup withholding will be creditable against the shareholder's income tax liability. In addition, the Company may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their nonforeign status to the Company. The Service has issued final regulations regarding the backup withholding rules as applied to Non-U.S. shareholders. Those regulations would alter the current system of backup withholding compliance and will be effective for distributions made after December 31, 1998. See "--Taxation of Non-U.S. shareholders."

TAXATION OF TAX-EXEMPT SHAREHOLDERS

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts ("Exempt Organizations"), generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income ("UBTI"). While many investments in real estate generate UBTI, the Service has issued a published ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI, provided that the shares of the REIT are not otherwise used in an unrelated trade or business of the exempt employee pension trust. Based on that ruling, amounts distributed by the Company to Exempt Organizations generally should not constitute UBTI. However, if an Exempt Organization finances its acquisition of Shares with debt, a portion of its income from the Company will constitute UBTI pursuant to the "debt-financed property" rules. Furthermore, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17), and (20), respectively,

of Code section 501(c) are subject to different UBTI rules, which generally will require them to characterize distributions from the Company as UBTI. In addition, in certain circumstances, a pension trust that owns more than 10% of the Company's shares is required to treat a percentage of the dividends from the Company as UBTI (the "UBTI Percentage"). The UBTI Percentage is the gross income derived by the Company from an unrelated trade or business (determined as if the Company were a pension trust) divided by the gross income of the Company for the year in which the dividends are paid. The UBTI rule applies to a pension trust holding more than 10% of the Company's stock only if (i) the UBTI Percentage is at least 5%, (ii) the Company qualifies as a REIT by reason of the modification of the 5/50 Rule that allows the beneficiaries of the pension trust to be treated as holding shares of the Company in proportion to their actuarial interests in the pension trust, and (iii) either (A) one pension trust owns more than 25% of the value of the Company's shares or (B) a group of pension trusts individually holding more than 10% of the value of the Company's shares collectively owns more than 50% of the value of the Company's shares. Because the Ownership Limitation prohibits any shareholder from owning more than 9.8% of the number of outstanding Shares or more than 9.8% of the number of outstanding Shares of any class of preferred stock, no pension trust should hold more than 10% of the value of the Company's Shares.

TAXATION OF NON-U.S. SHAREHOLDERS

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

Distributions to Non-U.S. shareholders that are not attributable to gain from sales or exchanges by the Company of U.S. real property interests and are not designated by the Company as capital gains dividends or retained capital gains will be treated as dividends of ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions ordinarily will be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates that tax. However, if income from the investment in the Shares is treated as effectively connected with the Non-U.S. Shareholder's conduct of a U.S. trade or business, the Non-U.S. Shareholder generally will be subject to federal income tax at graduated rates, in the same manner as U.S. shareholders are taxed with respect to such distributions (and also may be subject to the 30% branch profits tax in the case of a Non-U.S. Shareholder that is a non-U.S. corporation). The Company expects to withhold U.S. income tax at the rate of 30% on the gross amount of any such distributions made to a Non-U.S. Shareholder unless (i) a lower treaty rate applies and any required form evidencing eligibility for that reduced rate is filed with the Company or (ii) the Non-U.S. Shareholder files an IRS Form 4224 with the Company claiming that the distribution is effectively connected income. The Service has issued regulations that modify the manner in which the Company complies with the withholding requirements. Those regulations are effective for distributions made after December 31, 1998. Distributions in excess of current and accumulated earnings and profits of the Company will not be taxable to a shareholder to the extent that such distributions do not exceed the adjusted basis of the shareholder's Shares, but rather will reduce the adjusted basis of such shares. To the extent that distributions in excess of current and accumulated earnings and profits exceed the adjusted basis of a Non-U.S. Shareholder's Shares, such distributions will give rise to tax liability if the Non-U.S. Shareholder would otherwise be subject to tax on any gain from the sale or disposition of his Shares, as described below. Because it generally cannot be determined at the time a distribution is made whether or not such distribution will be in excess of current and accumulated earnings and profits, the entire amount of any distribution normally will be subject to withholding at the same rate as a dividend. However, amounts so withheld are refundable to the extent it is determined subsequently that such distribution was, in fact, in excess of current and accumulated earnings and profits of the Company.

The Company is required to withhold 10% of any distribution in excess of its current and accumulated earnings and profits. Consequently, although the Company intends to withhold at a rate of 30% on the entire amount of any distribution, to the extent that the Company does not do so, any portion of a distribution not subject to withholding at a rate of 30% will be subject to withholding at a rate of 10%.

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

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

OTHER TAX CONSEQUENCES

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

TAX ASPECTS OF THE OPERATING PARTNERSHIP

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

Classification as a Partnership

The Company will be entitled to include in its income its distributive share of the Operating Partnership's income and to deduct its distributive share of the Operating Partnership's losses only if the Operating Partnership is

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

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

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

If for any reason the Operating Partnership were taxable as a corporation, rather than as a partnership, for federal income tax purposes, the Company would

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

Income Taxation of the Operating Partnerships and its Partners

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

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

and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

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

Under the Operating Partnership Agreement, depreciation or amortization deductions of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under Code section 704(c) to use a method for allocating tax depreciation deductions attributable to its properties that results in the Company receiving a disproportionately large share of such deductions. Depending on the allocation method elected under Code section 704(c), it is possible that the Company (i) may be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to the Company if such properties were to have a tax basis equal to their fair market

value at the time of contribution and (ii) may be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to the Company as a result of such sale. These allocations may cause the Company to recognize taxable income in excess of cash proceeds, which might adversely affect the Company's ability to comply with the REIT distribution requirements, although the Company does not anticipate that this event will occur. The foregoing principles also will affect the calculation of the Company's earnings and profits for purposes of determining which portion of the Company's distributions is taxable as a dividend. The allocations described in this paragraph may result in a higher portion of the Company's distributions being taxed as a dividend than would have occurred had the Company purchased such properties for cash.

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

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

Depreciation Deductions Available to the Operating Partnership. Assuming that the Minimum Offering is reached, immediately upon accepting a subscription, the Company will make a cash contribution to the Operating Partnership in exchange for a general partnership interest in the Operating Partnership. The Operating Partnership will use a portion of such contributions to acquire interests in properties. To the extent that the Operating Partnership acquires properties for cash, the Operating Partnership's initial basis in such properties for federal income tax purposes

generally will be equal to the purchase price paid by the Operating Partnership. The Operating Partnership plans to depreciate such depreciable property for federal income tax purposes under the alternative depreciation system of depreciation ("ADS"). Under ADS, the Operating Partnership generally will depreciate such buildings and improvements over a 40-year recovery period using a straight line method and a mid-month convention and will depreciate furnishings and equipment over a 12-year recovery period. To the extent that the Operating Partnership acquires properties in exchange for OP Units, the Operating Partnership's initial basis in each such property for federal income tax purposes should be the same as the transferor's basis in that property on the date of acquisition by the Operating Partnership. Although the law is not entirely clear, the Operating Partnership generally intends to depreciate such depreciable property for federal income tax purposes over the same remaining useful lives and under the same methods used by the transferors.

SALE OF THE OPERATING PARTNERSHIP'S PROPERTY

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

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

ERISA CONSIDERATIONS

The following is a summary of material considerations arising under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the prohibited transaction provisions of section 4975 of the Code that may be relevant to a prospective purchaser of Shares (including, with respect to the discussion contained in "ERISA Considerations--Status of the Company and the Operating Partnership under ERISA," to a prospective purchaser that is not an employee benefit plan, another tax-qualified retirement plan, or an individual retirement account or an individual retirement annuity ("IRA")). The discussion does not purport to deal with all aspects of ERISA or section 4975 of the Code or, to the extent not preempted, state law that may be relevant to particular shareholders (including plans subject to Title I of ERISA, other retirement employee benefit plans and IRAs subject to the prohibited transaction provisions of section 4975 of the Code, and governmental plans or church plans that are exempt from ERISA and section 4975 of the Code but that may be subject to state law requirements) in light of their particular circumstances.

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

A FIDUCIARY MAKING THE DECISION TO INVEST IN THE SHARES ON BEHALF OF A PROSPECTIVE PURCHASER THAT IS AN EMPLOYEE BENEFIT PLAN, A TAX-QUALIFIED RETIREMENT PLAN, OR AN IRA SHOULD CONSULT ITS OWN LEGAL ADVISOR REGARDING THE SPECIFIC

CONSIDERATIONS ARISING UNDER ERISA, SECTION 4975 OF THE CODE, AND STATE LAW WITH RESPECT TO THE PURCHASE, OWNERSHIP, OR SALE OF THE SHARES BY SUCH PLAN OR IRA.

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

Each fiduciary of a pension, profit-sharing, or other employee benefit plan

(an "ERISA Plan") subject to Title I of ERISA should consider carefully whether an investment in the Shares is consistent with his fiduciary responsibilities under ERISA. In particular, the fiduciary requirements of Part 4 of Title I of ERISA require an ERISA Plan's investments to be (i) prudent and in the best interests of the ERISA Plan, its participants, and its beneficiaries, (ii) diversified in order to minimize the risk of large losses, unless it is clearly prudent not to do so, and (iii) authorized under the terms of the ERISA Plan's governing documents (provided the documents are consistent with ERISA). In determining whether an investment in the Shares is prudent for purposes of ERISA, the appropriate fiduciary of an ERISA Plan should consider all of the facts and circumstances, including whether the investment is reasonably designed, as a part of the ERISA Plan's portfolio for which the fiduciary has investment responsibility, to meet the objectives of the ERISA Plan, taking into consideration the risk of loss and opportunity for gain (or other return) from the investment, the diversification, cash flow, and funding requirements of the ERISA Plan, and the liquidity and current return of the ERISA Plan's portfolio. A fiduciary also should take into account the nature of the Company's business, the management of the Company, the Company's lack of operating history, the fact that investment properties have not been identified yet, the possibility of the recognition of UBTI, and other matters described under "Risk Factors."

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

Fiduciaries of ERISA Plans and persons making the investment decision for an IRA or other Non-ERISA Plan should consider the application of the prohibited transaction provisions of ERISA and the Code in making their investment decision. A "party in interest" or "disqualified person" with respect to an ERISA Plan or with respect to a Non-ERISA Plan or IRA subject to Code section 4975 is subject to (i) an initial 15% excise tax on the amount involved in any prohibited transaction involving the assets of the plan or IRA and (ii) an excise tax equal to 100% of the amount involved if any prohibited transaction is not corrected. If the disqualified person who engages in the transaction is the individual on behalf of whom an IRA is maintained (or his beneficiary), the IRA will lose its tax-exempt status and its assets will be deemed to have been distributed to such individual in a taxable distribution (and no excise tax will be imposed) on account of the prohibited transaction. In addition, a fiduciary who permits an ERISA Plan to engage in a transaction that the fiduciary knows or should know is a prohibited transaction may be liable to the ERISA Plan for any loss the ERISA Plan incurs as a result of the transaction or for any profits earned by the fiduciary in the transaction.

STATUS OF THE COMPANY AND THE OPERATING PARTNERSHIP UNDER ERISA

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

If the assets of the Company are deemed to be "plan assets" under ERISA, (i) the prudence standards and other provisions of Part 4 of Title I of ERISA would be applicable to any transactions involving the Company's assets, (ii) persons who exercise any authority over the Company's assets, or who provide investment advice to the Company, would (for purposes of the fiduciary responsibility provisions of ERISA) be fiduciaries of each ERISA Plan that acquires Shares, and transactions involving the Company's assets undertaken at their direction or pursuant to their advice might violate their fiduciary responsibilities under ERISA, especially with regard to conflicts of interest, (iii) a fiduciary exercising his investment discretion over the assets of an

ERISA Plan to cause it to acquire or hold the Shares could be

liable under Part 4 of Title I of ERISA for transactions entered into by the Company that do not conform to ERISA standards of prudence and fiduciary responsibility, and (iv) certain transactions that the Company might enter into in the ordinary course of its business and operations might constitute "prohibited transactions" under ERISA and the Code.

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

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

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

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

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

PARTNERSHIP AGREEMENT

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

MANAGEMENT

The Operating Partnership has been organized as a Delaware limited partnership pursuant to the terms of the Partnership Agreement. Pursuant to the Partnership Agreement, the Company, as the sole general partner of the Operating Partnership (in such capacity, the "General Partner"), will have full, exclusive and complete responsibility and discretion in the management and control of the Operating Partnership, and the limited partners of the Operating Partnership (the "Limited Partners"), in their capacity as such, will have no authority to transact business for, or participate in the management activities or decisions of, the Operating Partnership. However, any amendment to the Partnership Agreement that would (i) affect the Redemption Rights (as defined below), (ii) adversely affect the Limited Partners' rights to receive cash distributions, (iii) alter the Operating Partnership's allocations of income and loss or (iv) impose on the Limited Partners any obligations to make additional contributions to the capital of the Operating Partnership, would require the consent of Limited Partners holding more than two-thirds of the OP Units.

TRANSFERABILITY OF INTERESTS IN THE OPERATING PARTNERSHIP

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

CAPITAL CONTRIBUTION

As the Company accepts subscriptions, it will contribute to the Operating Partnership substantially all of the net proceeds thereof, in consideration of which the Company will receive a general partnership interest in the Operating Partnership. The Advisor has contributed $200,000 to the Operating Partnership and is the sole initial Limited Partner. Although the Operating Partnership

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

REDEMPTION RIGHTS

Pursuant to the Partnership Agreement, the Limited Partners, other than the Advisor, will receive rights (the "Redemption Rights"), which will enable them to cause the Operating Partnership to redeem each OP Unit for cash equal to the value of one Share (or, at the Company's election, the Company may purchase each OP Unit offered for redemption for one Share). The Redemption Rights may not be exercised, however, if and to the extent that the delivery

of Shares upon exercise of such rights (regardless of whether the Company would exercise its rights to deliver Shares) would (i) result in any person owning, directly or indirectly, Shares in excess of the Ownership Limitation, (ii) result in shares of capital stock of the Company being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in the Company being "closely held" within the meaning of section 856(h) of the Code, (iv) cause the Company to own, actually or constructively, 10% or more of the ownership interests in a tenant of the Company's or the Operating Partnership's real property, within the meaning of section 856(d)(2)(B) of the Code, or (v) cause the acquisition of Shares by such redeeming Limited Partner to be "integrated" with any other distribution of Shares for purposes of complying with the Securities Act. The Redemption Rights may be exercised, at any time after one year following the date of issuance of the related OP Units, provided that not more than two redemptions may occur during each calendar year and each Limited Partner may not exercise the Redemption Right for less than 1,000 OP Units or, if such Limited Partner holds less than 1,000 OP Units, all of the OP Units held by such Limited Partner. The number of Shares issuable upon exercise of the Redemption Rights will be adjusted upon the occurrence of share splits, mergers, consolidations or similar pro rata share transactions, which otherwise would have the effect of diluting the ownership interests of the Limited Partners or the shareholders of the Company. As of the date hereof, the Company has not issued any OP Units other than to the Advisor and has no current intentions to issue OP Units.

OPERATIONS

The Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable the Company to satisfy the requirements for being classified as a REIT, to avoid any federal income or excise tax liability imposed under the Code and to ensure that the Operating Partnership will not be classified as a "publicly traded partnership" for purposes of section 7704 of the Code.

In addition to the administrative and operating costs and expenses incurred by the Operating Partnership, the Operating Partnership will pay all administrative costs and expenses of the Company (the "Company Expenses") and the Company Expenses will be treated as expenses of the Operating Partnership. The Company Expenses generally will include (i) all expenses relating to the formation and continuity of existence of the Company, (ii) all expenses relating to the public offering and registration of securities by the Company, (iii) all expenses associated with the preparation and filing of any periodic reports by

the Company under federal, state or local laws or regulations, (iv) all expenses associated with compliance by the Company with laws, rules and regulations promulgated by any regulatory body and (v) all other operating or administrative costs of the Company incurred in the ordinary course of its business on behalf of the Operating Partnership. The Company Expenses, however, will not include any administrative and operating costs and expenses incurred by the Company that are attributable to properties or partnership interests that are owned by the Company directly. The Company currently does not anticipate owning any properties directly.

DISTRIBUTIONS AND ALLOCATIONS

The Partnership Agreement will provide that the Operating Partnership will distribute cash from operations (including net sale or refinancing proceeds, but excluding net proceeds from the sale of the Operating Partnership's property in connection with the liquidation of the Operating Partnership) on a quarterly (or, at the election of the Company, more frequent) basis, in amounts determined by the Company in its sole discretion, to the partners in accordance with their respective percentage interests in the Operating Partnership. Upon liquidation of the Operating Partnership, after payment of, or adequate provision for, debts and obligations of the Operating Partnership, including any partner loans, any remaining assets of the Operating Partnership will be distributed to all partners with positive capital accounts in accordance with their respective positive capital account balances. If the Company has a negative balance in its capital account following a liquidation of the Operating Partnership, it will be obligated to contribute cash to the Operating Partnership equal to the negative balance in its capital account.

Profit and loss of the Operating Partnership for each fiscal year of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership. Taxable income and loss will be allocated in the same manner, subject to compliance with the provisions of Code sections 704(b) and 704(c) and Treasury Regulations promulgated thereunder.

TERM

The Operating Partnership will continue until December 31, 2050, or until sooner dissolved upon the sale or other disposition of all or substantially all the assets of the Operating Partnership, the redemption of all limited partnership interests in the Operating Partnership (other than those held by the Advisor), or by the election by the Company.

TAX MATTERS

Pursuant to the Partnership Agreement, the Company will be the tax matters partner of the Operating Partnership and, as such, will have authority to handle tax audits and to make tax elections under the Code on behalf of the Operating Partnership.

PLAN OF DISTRIBUTION

Of the total 16,5000,000 shares registered in the Offering, 1,500,000 are reserved for issuance pursuant to the Reinvestment Plan and 600,000 are reserved for issuance upon exercise of the Soliciting Dealer Warrants. Consequently, a maximum of 14,400,000 Shares are being offered to the public through the Dealer Manager, a registered broker-dealer affiliated with the Advisor, and certain unaffiliated broker-dealers. See "Conflicts of Interest" and "Management Compensation." The Shares are being offered at a price of $10.00 per share on a "best efforts" basis (which means generally that the Dealer Manager will be required to use only its best efforts to sell the Shares and has no firm commitment or obligation to purchase any of the Shares). The Company and the Dealer Manager have determined the Offering price of the Shares based on their analysis of other similar offerings and what they believe the investing market is willing to pay for the Shares.

Except as provided below, the Dealer Manager will receive commissions of 7% of the Gross Offering Proceeds. In addition, the Company may reimburse the expenses incurred by the Dealer Manager and nonaffiliated dealers for actual marketing support and due diligence purposes in the maximum amount of 2.5% of the Gross Offering Proceeds. The Company will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the Shares. Shareholders who elect to participate in the Reinvestment Plan will be charged Selling Commissions on Shares purchased pursuant to the Reinvestment Plan on the same basis as shareholders purchasing Shares other than pursuant to the Reinvestment Plan. Soliciting Dealers will also receive one Soliciting Dealer Warrant for each 25 Shares sold by such Soliciting Dealer during the Offering, subject to federal and state securities laws. The holder of a Soliciting Dealer Warrant will be entitled to purchase one Share from the Company at a price of $12 during the period commencing on the first anniversary of the effective date of this Offering and ending five years after the effective date of this Offering. Subject to certain limitations, the Soliciting Dealer Warrants may not be transferred, assigned, pledged or hypothecated for a period of one year following the effective date of this Offering. The Shares issuable upon exercise of the Soliciting Dealer Warrants are being registered as part of this Offering. For the life of the Soliciting Dealer Warrants, the holders are given, at nominal cost, the opportunity to profit from a rise in the market price for the Common Stock without assuming the risk of ownership, with a resulting dilution in the interest of other security holders. Moreover, the holders of the Soliciting Dealer Warrants might be expected to exercise them at a time when the Company would, in all likelihood, be able to obtain needed capital by a new offering of its securities on terms more favorable than those provided by the Soliciting Dealer Warrants. See "Description of Capital Stock -- Soliciting Dealer Warrants."

The Dealer Manager may authorize certain other broker-dealers who are members of the NASD to sell Shares. In the event of the sale of Shares by such other broker-dealers, the Dealer Manager may reallow its commissions in the amount of up to 7% of the Gross Offering Proceeds to such participating broker-dealers.

In no event shall the total underwriting compensation, including Selling Commissions and expense reimbursements, exceed 7% of Gross Offering Proceeds, except for the additional Marketing and Due Diligence Fee (2.5% of Gross Offering Proceeds), which may be paid by the Company in connection with marketing support and due diligence activities, which is comprised of .5% for due diligence activities and 2% for marketing support activities.

The Company has agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act of 1933, as amended. Causes of action resulting from violations of federal or state securities laws shall be governed by such law.

The broker-dealers are not obligated to obtain any subscriptions, and there is no assurance that any Shares will be sold.

The Advisor and its Affiliates may at their option purchase Shares offered hereby at the public offering price, in which case it would expect to hold such Shares as shareholders for investment and not for distribution. Shares purchased by the Advisor or its Affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote. No selling commissions will be payable by the Company in connection with any Shares purchased by the Advisor.

Payment for Shares should be made by check payable to "NationsBank, N.A., as Escrow Agent" Subscriptions will be effective only upon acceptance by the Company, and the Company reserves the right to reject any subscription in whole or in part. In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber receives this Prospectus. Each subscriber will receive a confirmation of his purchase. Except for purchase pursuant to the Reinvestment Plan, all accepted subscriptions will be

for whole Shares and for not less than 100 Shares ($1,000). See "Investor Suitability Standards." Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirement and have purchased units in Prior Wells Public Programs may purchase less than the minimum number of Shares discussed above, provided that such investors purchase a minimum of 2.5 Shares ($25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 Shares ($25), except for purchases pursuant to the Reinvestment Plan.

Subscription proceeds will be placed in interest-bearing accounts with the Escrow Agent by noon of the business day after the proceeds are received by the Company until such subscriptions aggregating at least $1,250,000 (exclusive of any subscriptions for Shares by the Advisor or its Affiliates) have been received and accepted by the Advisor (the "Minimum Offering"). Any Shares purchased by the Advisor or its Affiliates will not be counted in calculating the Minimum Offering. Subscription proceeds held in the escrow accounts will be invested in obligations of, or obligations guaranteed by, the United States government or bank money-market accounts or certificates of deposit of national or state banks that have deposits insured by the Federal Deposit Insurance Corporation (including certificates of deposit of any bank acting as depository or custodian for any such funds), as directed by the Advisor. Subscribers may not withdraw funds from the escrow account.

Investors who desire to establish an IRA for purposes of investing in Shares may do so by having Wells Advisors, Inc., a qualified non-bank IRA custodian affiliated with the Advisor, act as their IRA custodian. In the event that an IRA is established having Wells Advisors, Inc. as the IRA custodian, the authority of Wells Advisors, Inc. will be limited to holding the Shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in Shares solely at the discretion of the beneficiary of the IRA. Wells Advisors, Inc. will not have the authority to vote any of the Shares held in an IRA except strictly in accordance with the written instructions of the beneficiary of the IRA. See "Management."

If the Minimum Offering has not been received and accepted by January 30, 1999 (one year after the date of this Prospectus), the Escrow Agent will promptly so notify the Company and this Offering will be terminated. In such event, the Escrow Agent is obligated to use its best efforts to obtain an executed IRS Form W-9 from each subscriber whose subscription is rejected. No later than ten business days after rejection of a subscription, the Escrow Agent will refund and return all monies to rejected subscribers and any interest earned thereon without deducting escrow expenses. In the event that a subscriber fails to remit an executed IRS Form W-9 to the Escrow Agent prior to the date the Escrow Agent returns the subscriber's funds, the Escrow Agent will be required to withhold from such funds 31% of the earnings attributable to such subscriber in accordance with IRS Regulations. During any period in which subscription proceeds are held in escrow, interest earned thereon will be allocated among subscribers on the basis of the respective amounts of their subscriptions and the number of days that such amounts were on deposit. Such interest net of escrow expenses will be paid to subscribers upon the termination of the escrow period.

Initial subscribers may be admitted as shareholders of the Company and the payments transferred from escrow to the Company at any time after the Company has received and accepted the Minimum Offering, except that subscribers residing in New York and Pennsylvania may not be admitted to the Company until subscriptions have been received and accepted for 250,000 Shares ($2,500,000) from all sources. The funds representing subscriptions for Shares from New York and Pennsylvania residents will not be released from the escrow account until subscriptions for at least $2,500,000 have been received from all sources. Subscriptions from New York residents may not be included in determining whether subscriptions for the Minimum Offering have been obtained. In addition, certain other states may impose different requirements than those set forth herein. Any such additional requirements will be set forth in a supplement to this Prospectus.

The proceeds of this Offering will be received and held in trust for the benefit of purchasers of Shares and will be retained in trust after closing to be used only for the purposes set forth in the "Estimated Use of Proceeds" section. After the close of the Minimum Offering, subscriptions will be accepted or rejected within 30 days of receipt by the Company, and if rejected, all funds shall be returned to subscribers within 10 business days. Investors whose subscriptions are accepted will be admitted as shareholders of the Company periodically (but not less often than quarterly). Escrowed proceeds will be released to the Company on the date that the applicable Shareholder is admitted to the Company. A Shareholder will not receive a Share certificate or other evidence of his interest in the Company unless the Listing occurs, and then only if requested by the Shareholder.

The Advisor may sell Shares to Retirement Plans of broker-dealers participating in the Offering, to broker-dealers in their individual capacities, to IRAs and Qualified Plans of their registered representatives or to any one of their registered representatives in their individual capacities for 93% of the Share's public offering price in consideration of the services rendered by such broker-dealers and registered representatives in the distribution. The net proceeds to the Company from such sales will be identical to the Company's net proceeds from other sales of Shares.

In connection with sales of 25,000 or more Shares ($250,000) to a "purchaser" (as defined below), investors may agree with their registered representatives to reduce the amount of selling commissions payable to participating broker-dealers. Such reduction will be credited to the purchaser by reducing the total purchase price payable by such purchaser. The following table illustrates the various discount levels:

DOLLAR VOLUME OF SHARES PURCHASED	SELLING COMMISSIONS		PURCHASE PRICE PER SHARE	NET PROCEEDS TO COMPANY PER SHARE
	PERCENT	PER SHARE		
Under $250,000	7.0%	$ 0.70	$ 10.00	$9.30
$250,000-$649,999	6.0%	$0.5936	$9.8936	$9.30
$650,000-$999,999	3.0%	$0.2876	$9.5876	$9.30
$1,000,000-$1,999,999	1.0%	$0.0939	$9.3939	$9.30
Over $2,000,000	0.5%	$0.0467	$9.3467	$9.30

For example, if an investor purchases 100,000 Shares in the Company, he could pay as little as $939,390 rather than $1,000,000 for the Shares, in which event the commission on the sale of such Shares would be $9,390 ($0.0939 per Share), and the Company would receive net proceeds of $930,000 ($9.30 per Share). The net proceeds to the Company will not be affected by volume discounts.

Because all investors will be deemed to have contributed the same amount per Share to the Company for purposes of distributions of Cash Available for Distribution, an investor qualifying for a volume discount will receive a higher return on his investment in the Company than investors who do not qualify for such discount.

Subscriptions may be combined for the purpose of determining the volume discounts in the case of subscriptions made by any "purchaser," as that term is defined below, provided all such Shares are purchased through the same broker-dealer. The volume discount shall be prorated among the separate subscribers considered to be a single "purchaser." Any request to combine more than one subscription must be made in writing, and must set forth the basis

for such request. Any such request will be subject to verification by the Advisor that all of such subscriptions were made by a single "purchaser."

For the purposes of such volume discounts, the term "purchaser" includes (i) an individual, his or her spouse and their children under the age of 21 who purchase the Shares for his, her or their own accounts; (ii) a corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not; (iii) an employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Code; and (iv) all commingled trust funds maintained by a given bank.

Notwithstanding the above, in connection with volume sales made to investors in the Company, the Company may, in its sole discretion, waive the "purchaser" requirements and aggregate subscriptions (including subscriptions to Prior Wells Public Programs) as part of a combined order for purposes of determining the number of Shares purchased, provided that any aggregate group of subscriptions must be received from the same broker-dealer, including the Dealer Manager. Any such reduction in selling commission will be prorated among the separate subscribers except that, in the case of purchases through the Dealer Manager, the Dealer Manager may allocate such reduction among separate subscribers considered to be a single "purchaser" as it deems appropriate. An investor may reduce the amount of his purchase price to the net amount shown in the foregoing table, if applicable. If such investor does not reduce the purchase price, the excess amount submitted over the discounted purchase price shall be returned to the actual separate subscribers for Shares. Except as provided in this paragraph, separate subscriptions will not be cumulated, combined or aggregated.

In addition, in order to encourage purchases in amounts of 500,000 or more Shares, a potential purchaser who proposes to purchase at least 500,000 Shares in the Company may agree with the Advisor and the Dealer Manager to have the Acquisition and Advisory Fees payable to the Advisor with respect to the sale of such Shares reduced to 0.5%, and to have the Selling Commissions payable with respect to the sale of such Shares reduced to 0.5%, in which event the aggregate fees payable with respect to the sale of such Shares would be reduced by $0.90 per Share, and the purchaser of such Shares would be required to pay a total of $9.10 per Share purchased, rather than $10.00 per Share. The net proceeds to the Company would not be affected by such fee reductions. Of the $9.10 paid per Share, it is anticipated that approximately $8.40 per Share (or approximately 92%) will be used to acquire properties and pay required acquisition expenses relating to the acquisition of properties. All such sales must be made through registered broker-dealers.

California residents should be aware that volume discounts will not be available in connection with the sale of Shares made to California residents to the extent such discounts do not comply with the provisions of Rule 260.140.51 adopted pursuant to the California Corporate Securities Law of 1968. Pursuant to this Rule, volume discounts can be made available to California residents only in accordance with the following conditions: (i) there can be no variance in the net proceeds to the Company from the sale of the Shares to different purchasers of the same offering, (ii) all purchasers of the Shares must be informed of the availability of quantity discounts, (iii) the same volume discounts must be allowed to all purchasers of Shares which are part of the offering, (iv) the minimum amount of Shares as to which volume discounts are allowed cannot be less than $10,000, (v) the variance in the price of the Shares must result solely from a different range of commissions, and all discounts allowed must be based on a uniform scale of commissions, and (vi) no discounts are allowed to any group of purchasers. Accordingly, volume discounts for California residents will be available in accordance with the foregoing table of uniform discount levels based on dollar volume of Shares purchased, but no discounts are allowed to any group of purchasers, and no subscriptions may be aggregated as part of a combined order for purposes of determining the number of Shares purchased.

Investors who, in connection with their purchase of Shares, have engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services in lieu of normal commissions based on the volume of securities sold may agree with the participating broker-dealer selling such Shares and the Dealer Manager to reduce the amount of selling commissions payable with respect to such sale to zero.

The net proceeds to the Company will not be affected by eliminating the commissions payable in connection with sales to investors purchasing through such investment advisors. All such sales must be made through registered broker-dealers.

Neither the Dealer Manager nor its Affiliates will directly or indirectly compensate any person engaged as an investment advisor by a potential investor as an inducement for such investment advisor to advise favorably for investment in the Company.

In addition, subscribers for Shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their Shares paid over a seven year period pursuant to a deferred commission arrangement (the "Deferred Commission Option"). Shareholders electing the Deferred Commission Option will be required to pay a total of $9.40 per Share purchased upon subscription, rather than $10.00 per Share, with respect to which $0.10 per Share will be payable as commissions due upon subscription. For each of the six years following termination of the Offering, $0.10 per Share will be paid by the Company as deferred commissions with respect to Shares sold pursuant to the Deferred Commission Option, which amounts will be deducted from and paid out of distributions of Cash Available for Distribution otherwise payable to shareholders holding such Shares. The net proceeds to the Company will not be affected by the election of the Deferred Commission Option. Under this arrangement, a Shareholder electing the Deferred Commission Option will pay a 1% commission upon subscription, rather than an 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from and paid by the Company out of Cash Available for Distribution otherwise distributable to such Shareholder.

Taxable participants electing the Deferred Commission Option will incur tax liability for Company income allocated to them with respect to their Shares even though distributions of Cash Available for Distribution otherwise distributable to such shareholders will instead be paid to third parties to satisfy the deferred commission obligations with respect to such Shares for a period of six years after the termination of the Offering. See "Risk Factors - Federal Tax Risks - Risk of Taxable Income Without Cash Distributions."

As set forth above, in no event shall the total underwriting compensation, including sales commissions, the dealer manager fee and expense reimbursements, exceed 7% of Gross Offering Proceeds, except for the additional .5% of Gross Offering Proceeds which may be paid by the Company in connection with due diligence activities and 2% of Gross Offering Proceeds which may be paid by the Company in connection with marketing support activities.

SUPPLEMENTAL SALES MATERIAL

In addition to this Prospectus, the Company may utilize certain sales material in connection with the Offering of the Shares, although only when accompanied by or preceded by the delivery of this Prospectus. In certain jurisdictions, some or all of such sales material may not be available. This material may include information relating to this Offering, the past performance of the Advisor and its Affiliates, property brochures and articles and publications concerning real estate. In addition, the sales material may contain certain quotes from various publications without obtaining the consent of the author or the publication for use of the quoted material in the sales material.

The Offering of Shares in the Company is made only by means of this Prospectus. Although the information contained in such sales material does not conflict with any of the information contained in this Prospectus, such material does not purport to be complete, and should not be considered a part of this Prospectus or the Registration Statement of which this Prospectus is a part, or as incorporated by reference in this Prospectus or said Registration Statement or as forming the basis of the Offering of the Shares.

LEGAL MATTERS

The legality of the Shares being offered hereby has been passed upon for the Company by Hunton & Williams, Atlanta, Georgia ("Counsel"). The statements under the caption "Federal Income Tax Consequences" as they relate to federal income tax matters have been reviewed by Counsel, and Counsel has opined as to certain income tax matters relating to an investment in the Company. Counsel has represented the Advisor, as well as Affiliates of the Advisor, in other matters and may continue to do so in the future. See "Conflicts of Interest."

EXPERTS

The balance sheet of the Company as of December 31, 1997, included in this Prospectus and elsewhere in the Registration Statement, has been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and is included herein in reliance upon the authority of said firm as experts in giving said report.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission"), Washington, D.C., a Registration Statement on Form S-11 under the Securities Act of 1933, as amended, with respect to the Shares offered pursuant to this Prospectus. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits related thereto filed with the Commission, reference to which is hereby made. Copies of the Registration Statement and exhibits related thereto, as well as periodic reports and information filed by the Company, may be obtained upon payment of the fees prescribed by the Commission, or may be examined at the offices of the Commission without charge, at (i) the public reference facilities in Washington, D.C. at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, (ii) the Northeast Regional Office in New York at 7 World Trade Center, Suite 1300, New York, New York 10048, and (iii) the Midwest Regional Office in Chicago, Illinois at 500 West Madison Street, Suite 1400, Chicago, Illinois 66661-2511. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission (the address of such site is http://www.sec.gov).

GLOSSARY

The following are definitions of certain terms used in this Prospectus and not otherwise defined herein:

"ACQUISITION EXPENSES" means expenses incurred in connection with the selection and acquisition of properties, whether or not acquired, including, but not limited to, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses and title insurance and other miscellaneous costs and expenses relating to the selection and acquisition of properties.

"ACQUISITION FEES" means the total of all fees and commissions paid by any party to any person in connection with the purchase, development or construction of property by the Company, including Acquisition and Advisory Fees payable to the Advisor or their Affiliates, real estate brokerage commissions, investment advisory fees, finder's fees, selection fees, Development Fees, Construction Fees, nonrecurring management fees, or any other fees of a similar nature, however designated, except Development Fees and Construction Fees paid to a person not affiliated with the Sponsor in connection with the actual development or construction of a Company property.

"AFFILIATE" means (i) any person directly or indirectly controlling, controlled by or under common control with a person, (ii) any person owning or controlling 10% or more of the outstanding voting securities of a person, (iii) any officer, director or partner of a person, and (iv) if such other person is

an officer, director or partner, any company for which such person acts in any such capacity.

"AVERAGE INVESTED ASSETS" means, for any period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in equity interests and in loans secured by real estate, before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

"CASH AVAILABLE FOR DISTRIBUTION" means Funds from Operations adjusted for certain non-cash items, less reserves for capital expenditures.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMON RETURN" means an 8% per annum cumulative, noncompounded return on investor's Invested Capital.

"COMPANY" means Wells Real Estate Investment Trust, Inc., a Maryland corporation.

"COMPETITIVE REAL ESTATE BROKERAGE COMMISSION" means the real estate or brokerage commission paid for the purchase or sale of a property which is reasonable, customary and competitive in light of the size, type and location of such property.

"CONSTRUCTION FEE" means a fee or other remuneration for acting as general contractor and/or construction manager to construct improvements, supervise and coordinate projects or to provide major repairs or rehabilitation on properties.

"DEFERRED COMMISSION OPTION" means an agreement among a subscriber for Shares, such subscriber's participating broker-dealer and the Dealer Manager to have sales commissions due with respect to the purchase of the subscriber's Shares paid over a seven year period, in the manner described in the "Plan of Distribution" section of the Prospectus.

"DEVELOPMENT FEE" means a fee for the packaging of a property of the Company, including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and necessary financing for the specific property, either initially or at a later date.

"FRONT-END FEES" means fees and expenses paid by any party for any services rendered during the Company's organizational or acquisition phase including Organization and Offering Expenses, Acquisition Fees, Acquisition Expenses, interest on deferred fees and expenses, if applicable, and any other similar fees, however designated.

"FUNDS FROM OPERATIONS" means income (loss) before minority interest (computed in accordance with generally accepted accounting principles), excluding gains (losses) from debt restructuring and sales of property, plus real estate related depreciation an amortization (excluding amortization of financing costs), and after adjustments for consolidated partnerships and joint ventures.

"GAIN ON SALE" means the taxable income or gain for federal income tax purposes in the aggregate for each fiscal year from the sale or exchange of all or any portion of a Company asset after netting losses from such sales or exchanges against the gains from such transactions.

"GROSS OFFERING PROCEEDS" means the total gross proceeds from the sale of the Shares.

"INDEPENDENT EXPERT" means a person with no material current or prior business or personal relationship with the Advisor or Board of Directors of the Company who is engaged to a substantial extent in the business of rendering

opinions regarding the value of assets of the type held by the Company.

"INDEPENDENT DIRECTOR" shall mean a member of the Board of Directors of the Company who is not associated and has not been associated within the last two years, directly or indirectly, with the Advisor.

"INVESTED CAPITAL" means the original issue price of the Shares reduced by prior distributions from the sale or financing of Company fixed assets.

"INVESTMENT IN PROPERTIES" means the amount of Gross Offering Proceeds actually paid or allocated to the purchase, development, construction or improvement of properties acquired by the Company, including the purchase of properties, working capital reserves allocable thereto (except that working capital reserves in excess of 5% shall not be included) and other cash payments such as interest and taxes, but excluding Front-End Fees.

"IRA" means an Individual Retirement Account established pursuant to Section 408 of the Code.

"LIQUIDATING DISTRIBUTIONS" means the net cash proceeds received by the Company from (a) the sale, exchange, condemnation, eminent domain taking, casualty or other disposition of substantially all of the assets of the Company or the last remaining assets of the Company or (b) a liquidation of the Company's assets in connection with a dissolution of the Company, after (i) payment of all expenses of such sale, exchange, condemnation, eminent domain taking, casualty, other disposition or liquidation, including real estate commissions and fees, if applicable, (ii) the payment of any outstanding indebtedness and other liabilities of the Company, (iii) any amounts used to restore any such assets of the Company, and (iv) any amounts set aside as reserves which the Company may deem necessary or desirable.

"NASAA GUIDELINES" means the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc. as revised and adopted on September 29, 1993.

"NET ASSETS" means the total assets (other than intangibles) at cost before deducting depreciation or other non-cash reserves less total liabilities, calculated at least quarterly on a basis consistently applied.

"NET INCOME" or "NET LOSS" means the net income or loss realized or recognized by the Company for a fiscal year, as determined for federal income tax purposes, including any income exempt from tax, but excluding all deductions for depreciation, amortization and cost recovery and Gain on Sale.

"NET SALE PROCEEDS" means, collectively, Nonliquidating Net Sale Proceeds and Liquidating Distributions.

"NONLIQUIDATING NET SALE PROCEEDS" means the net cash proceeds received by the Company from a sale, exchange, condemnation, eminent domain taking, casualty or other disposition of assets of the Company, which does not constitute substantially all of the remaining assets of the Company, after (i) the payment of all expenses of such sale, exchange, condemnation, eminent domain taking, casualty, sale or other disposition, including real estate commissions and fees, if applicable, (ii) the payment of any outstanding indebtedness and other Company liabilities relating to such assets, (iii) any amounts used to restore any such assets of the Company, and (iv) any amounts set aside as reserves which the Company may deem necessary or desirable.

"OFFERING" means the offering and sale of the Shares pursuant to the terms and conditions of this Prospectus.

"OPERATING PARTNERSHIP" means Wells Operating Partnership, L.P., a Delaware limited partnership.

"OP UNITS" means units of limited partnership interest in the Operating

Partnership.

"ORGANIZATION AND OFFERING EXPENSES" means those expenses incurred in connection with organizing the Company, preparing the Company for registration and subsequently offering and distributing the Shares to the public, including without limitation, legal and accounting fees, sales commissions paid to broker-dealers in connection with the distribution of the Shares and all advertising expenses.

"OWNERSHIP LIMITATION" means the ownership of more than 9.8% of any class of the Company's outstanding capital stock.

"PARTNERS" means, collectively, the Company and any person who contributes property to the Company in exchange for OP Units.

"PARTNERSHIP AGREEMENT" means the Amended and Restated Agreement of Limited Partnership of the Operating Partnership.

"PRIOR WELLS PUBLIC PROGRAMS" means the prior public real estate limited partnership programs sponsored by the Advisor or its Affiliates having substantially identical investment objectives as the Company, specifically, Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P.

"QUALIFIED PLAN" means a qualified sole proprietorship, partnership or corporate pension or profit sharing plan established under Section 401(a) of the Code.

"REGISTRATION STATEMENT" means the Registration Statement on Form S-11 filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, in order to register the Shares for sale to the public.

"REINVESTMENT PLAN" means the Company's Dividend Reinvestment Plan.

"RESIDUAL PROCEEDS" means any Sale Proceeds available for distribution to the shareholders after the shareholders have first received distributions of Sale Proceeds in an amount equal to 100% of their Invested Capital plus their Common Return (reduced by all prior distributions of Cash Available for Distribution) and after the Advisor has received distributions of Sale Proceeds in an amount equal to 100% of its capital contribution to the Operating Partnership.

"RETIREMENT PLANS" means Individual Retirement Accounts ("IRAs") established under Section 408 of the Code and Qualified Plans.

"SERVICE" means the U.S. Internal Revenue Service.

"SHARES-IN-TRUST" means the excess shares exchanged for Shares transferred or proposed to be transferred in excess of the Ownership Limitation or which would otherwise jeopardize the Company's status as a REIT under the Code.

"SPONSOR" means any person directly or indirectly instrumental in organizing, wholly or in part, a REIT or any person who will control, manage or participate in the management of a REIT, and any affiliate of such person

"UNIMPROVED REAL PROPERTY" means the properties of the Company which: (a) represent an equity interest in real property which was not acquired for the purpose of producing rental or other operating income, (b) has no development or construction in process on such land, and (c) no development or construction on such land is planned in good faith to commence on such land within one year.

"WELLS CAPITAL" means Wells Capital, Inc., a Georgia corporation which serves as the Company's Advisor.

APPENDIX I

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1997
TOGETHER WITH
AUDITORS' REPORT

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholder of
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying consolidated balance sheet of WELLS REAL ESTATE INVESTMENT TRUST, INC. as of December 31, 1997. This consolidated balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the consolidated balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated balance sheet referred to above presents fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. as of December 31, 1997 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 13, 1998

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1997

ASSETS

CASH	$201,000
DEFERRED OFFERING COSTS	289,073
Total assets	$490,073

LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES:

Due to affiliate	$289,073
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000
SHAREHOLDER'S EQUITY:	
Common shares, $.01 par value; 5,000 shares authorized, 100 shares issued and outstanding	1
Additional paid-in capital	999
Total shareholder's equity	1,000
Total liabilities and shareholder's equity	$490,073

The accompanying notes are an integral part of this consolidated balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

NOTES TO CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1997

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company"), is a newly formed Maryland corporation that intends to qualify as a real estate investment trust ("REIT"). The Company intends to offer for sale a maximum of 15,000,000 (exclusive of 1,500,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, $.01 par value per share, at a price of $10 per share. As of December 31, 1997, the Company had sold 100 shares to Wells Capital, Inc. (the "Advisor"), at the 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 or development, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by the Advisor or its affiliates.

Substantially all of the Company's business will be conducted through Wells Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership. At December 31, 1997, the Operating Partnership had issued 20,000 limited partner units to the Advisor in exchange for $200,000. The Company is the sole general partner in the Operating Partnership and possesses full legal control and authority over the operations of the Operating Partnership; consequently, the accompanying consolidated balance sheet of the Company includes the amounts of the Company and the Operating Partnership.

As of December 31, 1997, the Company has neither purchased nor contracted to purchase any properties, nor has the Advisor identified any properties in which there is a reasonable probability that the Company will invest.

USE OF ESTIMATES

The preparation of the consolidated balance sheet in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated balance sheet. Actual results could differ from those

estimates.

(2) INCOME TAXES

The Company expects to qualify as a REIT under the Internal Revenue Code of 1986, as amended. As a REIT, the Company generally will not be subject to federal income tax on net income that it distributes to its shareholders. The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements.

EXHIBIT A

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (the "Tables") provide information relating to real estate investment programs sponsored by the Advisor and its Affiliates ("Prior Programs") which have investment objectives similar to the Company.

Prospective investors should read these Tables carefully together with the summary information concerning the Prior Programs as set forth in "PRIOR PERFORMANCE SUMMARY" elsewhere in this Prospectus.

INVESTORS IN THE COMPANY WILL NOT OWN ANY INTEREST IN THE PRIOR PROGRAMS AND SHOULD NOT ASSUME THAT THEY WILL EXPERIENCE RETURNS, IF ANY, COMPARABLE TO THOSE EXPERIENCED BY INVESTORS IN THE PRIOR PROGRAMS.

These Tables present actual results of Wells Prior Public Programs that have investment objectives similar to those of the Company. The Company's investment objectives are to maximize Net Cash From Operations; to preserve original Capital Contributions; and to realize capital appreciation over a period of time. All of the Wells Prior Public Programs have used a substantial amount of capital and not acquisition indebtedness to acquire their properties.

The Advisor is responsible for the acquisition, operation, maintenance and resale of the Partnership Properties. The financial results of the Prior Programs thus provide an indication of the Advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

TABLE I - Experience in Raising and Investing Funds (As a Percentage of Investment)

TABLE II - Compensation to Sponsor (in Dollars)

TABLE III - Annual Operating Results of Prior Programs

TABLE IV (Results of completed programs) and TABLE V (sales or disposals of property) have been omitted since none of the Prior Programs have sold any of their properties to date.

Additional information relating to the acquisition of properties by the Prior Programs is contained in TABLE VI, which is included in the Registration Statement which the Company has filed with the Securities and Exchange Commission. As described above, no Wells Prior Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request, including copies of the Form 10-K Annual Report for any or all of the Prior Programs for any available year.

The following are definitions of certain terms used in the Tables:

"ACQUISITION FEES" shall mean fees and commissions paid by a partnership in connection with its purchase or development of a property, except Development fees paid to a person not affiliated with the partnership or with a general partner of the partnership in connection with the actual development of a project after acquisition of the land by the partnership.

"ORGANIZATION EXPENSES" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the general partners or their affiliates in connection with the planning and formation of the partnership.

"UNDERWRITING FEES" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

TABLE I

(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the General Partners and their Affiliates in Prior Programs for which offerings have been completed since December 31, 1993. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings, the time period over which the proceeds have been invested in the properties, as well as the percentage of offerings sold and the expenses related to the offerings.

	Wells Real Estate Fund VI, L.P.	Wells Real Estate Fund VII, L.P.	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.
Dollar Amount Offered	$ 25,000,000(3)	$ 25,000,000(4)	$ 35,000,000(5)	$ 35,000,000(6)
Dollar Amount Raised	$ 25,000,000(3)	$24,180,174(4)	$32,042,689(5)	$35,000,000(6)
Percentage Amount Raised	100.0%(3)	96.7%(4)	91.6%(5)	100.0%(6)
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0%	10.0%
Organizational Expenses	5.0%	5.0%	5.0%	5.0%
Reserves(1)	1.0%	1.0%	0.0%	0.0%
Percent Available for Investment	84.0%	84.0%	85.0%	85.0%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	0.3%	0.0%	0.0%	0.0%
Cash Down Payment	40.4%	16.3%	6.3%	7.0%
Acquisition Fees(2)	3.7%	3.5%	4.0%	4.0%
Development and Construction Costs	39.6%	64.2%	50.3%	30.0%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	84.0%	84.0%	60.6%(7)	41.0%(8)
Percent Leveraged	0.0%	0.0%	0.0%	0.0%
Date Offering Began	04/05/93	04/24/94	01/06/95	1/5/96
Length of Offering	12 mo.	12 mo.	12 mo.	12 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	15 mo.	12 mo.	(7)	(8)
Number of Investors	1,791	1,865	2,086	2,098

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(1) Does not include General Partner contributions held as part of reserves.

(2) Includes development fees, real estate commissions, general contractor fees and/or architectural fees paid to Affiliates of the General Partners.

(3) Total dollar amount registered and available to be offered was $25,000,000. Wells Real Estate Fund VI, L.P. closed its offering on April 4, 1994 and the total dollar amount raised was $25,000,000.

(4) Total dollar amount registered and available to be offered was $25,000,000. Wells Real Estate Fund VII, L.P. closed its offering on January 5, 1995 and the total dollar amount raised was $24,180,174.

(5) Total dollar amount registered and available to be offered was $35,000,000.

Wells Real Estate Fund VIII, L.P. closed its offering on January 4, 1996 and the total dollar amount raised was $32,042,689.

(6) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996 and the total dollar amount raised was $35,000,000.

(7) As of December 31, 1996, Wells Real Estate Fund VIII, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 44% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 60.6% of the total dollar amount raised.

(8) As of December 31, 1996, Wells Real Estate Fund IX, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 17% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 41.0% of the total dollar amount raised.

TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by General Partners or Affiliates of the General Partners, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Prior Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1993. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1996.

	Wells Real Estate Fund VI, L.P.	Wells Real Estate Fund VII, L.P.	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Other Public Programs(1)
Date Offering Commenced	04/05/93	04/06/94	01/06/95	01/05/96	--
Dollar Amount Raised	$25,000,000	$24,180,174	$32,042,689	$35,000,000	$125,018,232
to Sponsor from Proceeds of Offering:					
Underwriting Fees(2)	$ 119,936	$ 178,122	$ 174,295	$ 309,556	$ 451,803
Acquisition Fees					
Real Estate Commissions(5)	--	--	--	--	--
Acquisition and Advisory Fees(3)	$ 932,216	$ 846,306	$ 1,281,708	$ 1,400,000	$ 7,099,169
Dollar Amount of Cash Generated from Operations					
Before Deducting Payments to Sponsor(4)	$ 2,780,262	$ 1,943,504	$ 1,228,747	$ 161,427	$ 21,533,226
Amount Paid to Sponsor from Operations:					
Property Management Fee(1)	$ 78,975	$ 58,433	$ 26,780	$ 486	$ 791,998
Partnership Management Fee	--	--	--	--	--
Reimbursements(6)	$ 92,825	$ 90,160	$ 48,429	$ 8,332	$ 1,138,583
Leasing Commissions(1)	$ 41,428	$ 39,494	$ 25,209	$ 1,459	$ 817,520
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 II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P. and Wells Real Estate Fund V, L.P. during the past three years. General Partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Fund I and properties owned jointly by Fund I and Fund II. At December 31, 1996, the amount of such fees due the General Partners totaled $1,897,184 and are not included in Table II.

(2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offerings of Wells Real Estate Funds VI, VII, VIII and IX, which were not reallowed to participating broker-dealers.

(3) Fees paid to the General Partners or their Affiliates for acquisition advisory services in connection with the review and evaluation of potential real property acquisitions.

(4) Includes $125,314 in net cash used by operating activities, $2,692,348 in distributions paid to limited partners and $213,228 in payments to sponsors for Wells Real Estate Fund VI, L.P.; $32,869 in net cash used by operating activities, $1,732,250 in distributions paid to limited partners and $188,087 in payments to sponsor for Wells Real Estate Fund VII, L.P.; $2,443 in net cash used by operating activities, $1,130,772 in distributions paid to limited partners and $100,418 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; $1,725 in net cash provided by operating activities, $149,425 in distributions paid to limited partners and $10,277 in payments to sponsor for Wells Real Estate Fund IX, L.P.; and $855,331 in net cash provided by operating activities, $19,618,669 in distributions paid to limited partners and $2,763,306 in payments to sponsor for other public programs.

(5) The sponsor does not receive any real estate commission for the acquisition of any property.

(6) Certain salaries and other employee-related expenses, travel and other out-of-pocket expenses of personnel (other than controlling persons of the General Partner or their Affiliates) may be reimbursed to the extent such expenses are directly related to a specific Partnership Property.

TABLE III
(UNAUDITED)

The tables on the following five (5) pages set forth operating results of prior programs sponsored by the General Partners the offerings of which have been completed since December 31, 1991. The information relates only to public programs with investment objectives similar to those of the Partnership. All figures are as of December 31 of the year indicated.

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

	1996	1995	1994	1993	1992
Gross Revenues(1)	$ 590,839	764,624	$ 656,958	$ 458,213	$ 58,640
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses(2)	78,939	68,735	88,987	96,964	71,521
Depreciation and Amortization(3)	6,250	6,250	6,250	6,250	5,208
Net Income (Loss) GAAP Basis(4)	$ 505,650	$ 689,639	$ 561,721	$ 354,999	$ (18,089)
Taxable Income (Loss): Operations	$ 666,780	$ 676,367	$ 528,025	$ 280,000	$ (18,089)
Cash Generated (Used By): Operations	(65,728)	(46,235)	(10,395)	112,594	(33,006)
Joint Ventures	1,072,835	1,020,905	653,729	54,154	--
	$1,007,107	$ 974,670	$ 643,334	$ 166,748	$ (33,006)
Less Cash Distributions to Investors: Operating Cash Flow	1,007,107	$ 969,011	643,334	151,336	--
Return of Capital	--	--	44,257	--	--
Undistributed Cash Flow from Prior Year Operations	3,672	--	5,412	--	--
Cash Generated (Deficiency) after Cash Distributions	$ (3,672)	$ 5,659	$ (59,669)	$ 15,412	$ (33,006)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Limited Partner Contributions	--	--	--	5,589,786	11,416,234

	--	$ 5,659	$ (59,699)	$ 5,605,198	$11,383,228
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	764,599	1,377,645
Return of Original Limited Partner's Investment	--	--	--	--	100
Property Acquisitions and Deferred Project Costs	(225)	(233,501)	2,366,507	7,755,116	4,181,338
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (3,897)	$ (227,842)	$(2,426,206)	$(2,914,517)	$ 5,824,145
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	71	73	58	29	0
- Operations Class B Units	(378)	(272)	(180)	(54)	(65)
Capital Gain (Loss)	0	0	0	0	0
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	69	69	55	36	--
- Operations Class B Units	(260)	(246)	(181)	(58)	(21)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	65	63	46	10	--
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					--
- Operations Class A Units	65	63	43	10	--
- Return of Capital Class A Units	--	--	3	--	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program	100%				
Properties at the end of the Last Year Reported in the Table					

(See notes on following page)

(1) Includes $19,125 in equity in loss of joint ventures and $77,765 from investment of reserve funds in 1992; $207,234 in equity in earnings of joint ventures and $250,979 from investment of reserve funds in 1993; $592,902 in equity in earnings of joint ventures and $64,056 from investment of reserve funds in 1994; $745,173 in equity in earnings of joint ventures and $19,451 from investment of reserve funds in 1995; and $577,128 in equity in earnings of joint ventures and $13,711 from investment of reserve funds in 1996. At December 31, 1996, the leasing status of all developed property was 92%.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenue is depreciation and amortization of $100,796 for 1993, $324,578 for 1994, $440,333 for 1995 and $591,390 for 1996.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated as follows: $(17,908) to Class B Limited Partners and $(181) to General Partners for 1992; $442,135 to Class A Limited Partners, $(87,868) to Class B Limited Partners and $732 to General Partners for 1993; $879,232 to Class A Limited Partners, $(316,460) to Class B Limited Partners and $(1,051) to General Partners for 1994; $1,124,203 to Class A Limited Partners and $(434,564) to Class B Limited Partners and $0 for 1995; and $1,095,296 to Class A Limited Partners and $(589,646) to Class B Limited Partners for 1996.

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

	1996	1995	1994	1993	1992
Gross Revenues(1)	$ 675,782	$ 1,002,567	$ 819,535	$ 82,723	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses(2)	80,479	94,489	112,389	46,608	
Depreciation and Amortization(3)	6,250	6,250	6,250	4,687	

Net Income (Loss) GAAP Basis(4)	$ 589,053	$ 901,828	$ 700,896	$ 31,428
Taxable Income (Loss): Operations	$ 809,389	$ 916,531	$ 667,682	$ 31,428
Cash Generated (Used By):				
Operations	(2,716)	(278,728)	(276,376)	(2,478)
Joint Ventures	1,044,891	766,212	203,543	--
	$1,042,175	$ 1,044,940	$ 479,919	$ (2,478)
Less Cash Distributions to Investors:				
Operating Cash Flow	1,042,175	$ 1,044,940	245,800	--
Return of Capital	125,314	--	--	--
Undistributed Cash Flow from Prior Year Operations	18,027	216,092	--	--
Cash Generated (Deficiency) after Cash Distributions	$ (143,341)	$ (216,092)	$ 234,119	$ (2,478)
Special Items (not including sales and financing):				
Source of Funds:				
General Partner Contributions	--	--	--	--
Limited Partner Contributions	--	--	12,163,461	12,836,539
	$ --	$ --	$12,397,580	$12,834,061
Use of Funds:				
Sales Commissions and Offering Expenses	--	--	1,776,909	1,781,724
Return of Original Limited Partner's Investment	--	--	--	100
Property Acquisitions and Deferred Project Costs	234,924	10,721,376	5,912,454	3,856,239
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (378,265)	$(10,937,468)	$(4,708,217)	$(7,195,998)
Net Income and Distributions Data per $1,000 Invested:				
Net Income on GAAP Basis:				
Ordinary Income (Loss)				
- Operations Class A Units	59	57	43	9
- Operations Class B Units	(160)	(60)	(12)	(5)
Capital Gain (Loss)	--	--	--	0
Tax and Distributions Data per $1,000 Invested:				
Federal Income Tax Results:				
Ordinary Income (Loss)				
- Operations Class A Units	56	56	41	1
- Operations Class B Units	(99)	(51)	(22)	--
Capital Gain (Loss)	--	--	--	--
Cash Distributions to Investors:				
Source (on GAAP Basis)				
- Investment Income Class A Units	56	57	14	--
- Return of Capital Class A Units	--	4	--	--
- Return of Capital Class B Units	--	--	--	--
Source (on Cash Basis)				
- Operations Class A Units	50	61	14	--
- Return of Capital Class A Units	6	--	--	--
- Operations Class B Units	--			
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%			

(See notes on following page)

(1) Includes $3,436 in equity in loss of joint ventures and $86,159 from investment of reserve funds in 1993, $285,711 in equity in earnings of joint ventures and $533,824 from investment of reserve funds in 1994, $681,033 in equity in earnings of joint ventures and $321,534 from investment of reserve funds in 1995 and $607,214 in equity in earnings of joint ventures and $68,568 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 93%.

(2) Includes partnership administrative expenses.

(3) Included in equity in loss of joint ventures in gross revenues is depreciation of $3,436 for 1993, $107,807 for 1994, and $264,866 for 1995 and $648,478 for 1996.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $39,551 to Class A Limited Partners, $(8,042) to Class B Limited Partners and $(81) to the General Partner for 1993; $762,218 to Class A Limited Partners, $(62,731) to Class B Limited Partners and $1,409 to the General Partners for 1994; $1,172,944 to Class A Limited Partners, $(269,288) to Class B Limited Partners and $(1,828) to the General Partners for 1995; and $1,234,717 to Class A Limited Partners, $(645,664) to Class B Limited Partners and $0 to the General Partners for 1996.

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

1996	1995	1994	1993	1992

Gross Revenues(1)	$ 543,291	925,246	$ 286,371	N/A	N/A
Profit on Sale of Properties	--		--		
Less: Operating Expenses(2)	84,265	114,953	78,420		
Depreciation and Amortization(3)	6,250	6,250	4,688		
Net Income (Loss) GAAP Basis(4)	$ 452,776	$ 804,043	$ 203,263		
Taxable Income (Loss): Operations	$ 657,443	$ 812,402	$ 195,067		
Cash Generated (Used By):					
Operations	20,883	431,728	47,595		
Joint Ventures	760,628	424,304	14,243		
	$ 781,511	$ 856,032	$ 61,838		
Less Cash Distributions to Investors:	781,511	$ 856,032	52,195		
Operating Cash Flow					
Return of Capital	10,805	22,064	--		
Undistributed Cash Flow from Prior Year Operations	--	9,643	--		
Cash Generated (Deficiency) after Cash Distributions	$ (10,805)	$ (31,707)	$ (9,643)		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions		--	--		
Limited Partner Contributions	$ --	805,212	23,374,961		
	$ --	$ 773,505	$ 23,384,604		
Use of Funds:					
Sales Commissions and Offering Expenses	--	244,207	3,351,569		
Return of Original Limited Partner's Investment	--	100	--		
Property Acquisitions and Deferred Project Costs	736,960	14,971,002	4,477,765		
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(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	62	57	29		
- Operations Class B Units	(98)	(20)	(9)		
Capital Gain (Loss)	--	--	--		
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	55	55	28		
- Operations Class B Units	(58)	(16)	(17)		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	43	52	7		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	42	51	7		
- Return of Capital Class A Units	1	1	--		
- Operations Class B Units	--	--	--		
Source (on a Priority Distribution Basis)(5)					
- Investment income Class A Units	29	30	4		
- Return of Capital Class A Units	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%				

(See notes on following page)

(1) Includes $78,799 in equity in earnings of joint ventures and $207,572 from investment of reserve funds in 1994, and $403,325 in equity in earnings of joint ventures and $521,921 from investment of reserve funds in 1995 and $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 90% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,468 for 1994, $140,533 for 1995 and $605,247 for 1996.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $233,337 to Class A Limited Partners, $(29,854) to Class B Limited Partners and $(220) to the General Partner for 1994; $950,826 to Class A Limited Partners, $(146,503) to Class B Limited Partners and $(280) to the General Partners for 1995; and $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B

Limited Partners. As of December 31, 1996, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $659,487.

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

	1996	1995	1994	1993	1992
Gross Revenues(1)	$ 1,057,694	$ 402,428	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses(2)	114,854	122,264			
Depreciation and Amortization(3)	6,250	6,250			
Net Income (Loss) GAAP Basis(4)	$ 936,590	$ 273,914			
Taxable Income (Loss): Operations	$ 1,001,974	$ 404,348			
Cash Generated (Used By):	623,268	204,790			
Operations					
Joint Ventures	279,984	20,287			
	$ 903,252	$ 225,077			
Less Cash Distributions to Investors:	903,252	--			
Operating Cash Flow					
Return of Capital	2,443	--			
Undistributed Cash Flow from Prior Year Operations	$ 222,077	$ --			
Cash Generated (Deficiency) after Cash Distributions	$ (227,520)	$ 225,077			
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--			
Limited Partner Contributions	1,898,147	30,144,542			
	$ 1,670,627	$ 30,369,619			
Use of Funds:					
Sales Commissions and Offering Expenses	464,760	4,310,028			
Return of Original Limited Partner's Investment	--	--			
Property Acquisitions and Deferred Project Costs	7,931,566	6,618,273			
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(6,725,699)	$(19,441,318)			
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	46	28			
- Operations Class B Units	(47)	(3)			
Capital Gain (Loss)					
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	46	17			
- Operations Class B Units	(33)	(3)			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	43	--			
- Return of Capital Class A Units	--	--			
- Return of Capital Class B Units	--	--			
Source (on Cash Basis)					
- Operations Class A Units	32	--			
- Return of Capital Class A Units	11	--			
- Operations Class B Units	--	--			
Source (on a Priority Distribution Basis)(5)					
- Investment Income Class A Units	33	--			
- Return of Capital Class A Units	10	--			
- Return of Capital Class B Units	--	--			
Amount (in Percentage Terms) Remaining Invested in Program	100%				
Properties at the end of the Last Year Reported in the Table					

(See notes on following page)

(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995 and $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 93% including developed property in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is

depreciation of $14,058 for 1995 and $265,259 for 1996.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $294,221 to Class A Limited Partners, $(20,104) to Class B Limited Partners and $(203) to the General Partners for 1995; and $1,207,540 to Class A Limited Partners, $(270,653) to Class B Limited Partners and $(297) to the General Partners for 1996.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1996, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $250,776.

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

	1996	1995	1994	1993	1992
Gross Revenues(1)	$ 406,891	N/A	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses(2)	101,885				
Depreciation and Amortization(3)	6,250				
Net Income (Loss) GAAP Basis(4)	$ 298,756				
Taxable Income (Loss): Operations	$ 304,552				
Cash Generated (Used By):					
Operations	151,150				
Joint Ventures	--				
	$ 151,150				
Less Cash Distributions to Investors:					
Operating Cash Flow	149,425				
Cash Generated (Deficiency) after Cash Distributions	$ 1,725				
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--				
Limited Partner Contributions	35,000,000				
	$35,001,725				
Use of Funds:					
Sales Commissions and Offering Expenses	4,900,321				
Return of Original Limited Partner's Investment	--				
Property Acquisitions and Deferred Project Costs	6,544,019				
Cash Generated (Deficiency) after Cash Distributions and Special Items	$23,557,385				
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	28				
- Operations Class B Units	(11)				
Capital Gain (Loss)	--				
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	26				
- Operations Class B Units	(48)				
Capital Gain (Loss)	--				
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	13				
- Return of Capital Class A Units	--				
- Return of Capital Class B Units	--				
Source (on Cash Basis)					
- Operations Class A Units	13				

- Return of Capital Class A Units	--
- Operations Class B Units	--
Source (on a Priority Distribution Basis)(5)	
- Investment Income Class A Units	10
- Return of Capital Class A Units	3
- Return of Capital Class B Units	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%

---

(1) Includes $23,077 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 100% including developed property in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996.
(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $330,270 to Class A Limited Partners, $(31,220) to Class B Limited Partners and $(294) to the General Partners for 1996.
(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1996, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $36,355.

EXHIBIT B

SUBSCRIPTION AGREEMENT

To: Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Ladies and Gentlemen:

The undersigned, by signing and delivering a copy of the attached Subscription Agreement Signature Page, hereby tenders this subscription and applies for the purchase of the number of shares of common stock of ("Shares") in Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), set forth on such Subscription Agreement Signature Page. Payment for the Shares is hereby made by check payable to "NationsBank, N.A., as Escrow Agent."

Payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 125,000 Shares ($1,250,000), except with respect to residents of the States of New York and Pennsylvania, whose payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 250,000 Shares ($2,500,000) from all investors.

I hereby acknowledge receipt of the Prospectus for the Company dated January 30, 1998 (the "Prospectus").

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

Prospective investors are hereby advised of the following:

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

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

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

SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY
CONDITIONS RESTRICTING TRANSFER OF SHARES

260.141.11 Restrictions on Transfer.

(a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 of the Rules (the "Rules") adopted under the California Corporate Securities Law (the "Code") shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260,141.12 of the Rules), except:

(1) to the issuer;

(2) pursuant to the order or process of any court;

(3) to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of the Rules;

(4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

(5) to holders of securities of the same class of the same issuer;

(6) by way of gift or donation inter vivos or on death;

(7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities laws of the foreign state, territory or country concerned;

(8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter syndicate or selling group;

(9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

(10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(11) by a corporation to a wholly owned subsidiary of such corporation , or by a wholly owned subsidiary of a corporation to such corporation;

(12) by way of an exchange qualified under Section 25111, 25112 or

25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(13) between residents of foreign states, territories or countries who are neither domiciled or actually present in this state;

(14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state;

(15) by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

(16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

(17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

[Last amended effective January 21, 1988.]

SPECIAL NOTICE FOR MASSACHUSETTS AND MINNESOTA RESIDENTS ONLY

In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber received the Prospectus. Residents of the State of Massachusetts who first received the Prospectus only at the time of subscription may receive a refund of the subscription amount upon request to the Company within five days of the date of subscription.

SPECIAL NOTICE FOR NEBRASKA RESIDENTS ONLY

No person or entity selling Shares on behalf of the Company may complete a sale of the share until at least five business days after the date the prospective investor receives a Prospectus.

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 designation the officer(s) of the corporation authorized to sign on behalf of the corporation and (2) a certified copy of the Board's resolution authorizing the investment.

(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

INVESTMENT INSTRUCTIONS	Please follow these instructions carefully. Failure to do so may result in the rejection of your subscription. All information on the Subscription Agreement Signature Page should be completed as follows:
1. INVESTMENT	A minimum investment of $1,000 (100 Shares) is required, except for certain states which require a higher minimum investment. A CHECK FOR THE FULL PURCHASE PRICE OF THE SHARES SUBSCRIBED FOR SHOULD BE MADE PAYABLE TO THE ORDER OF "NATIONSBANK, N.A., AS ESCROW AGENT" Shares may be purchased only by persons meeting the standards set forth under the Section of the Prospectus entitled "INVESTOR SUITABILITY STANDARDS." Please indicate the state in which the sale was made.
2. TYPE OF OWNERSHIP	Please check the appropriate box to indicate the type of entity or type of individuals subscribing.
3. REGISTRATION NAME AND ADDRESS	Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of both investors. In the case of partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 6, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birthday and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.
4. INVESTOR NAME AND ADDRESS	Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 4. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birthdate and occupation of the beneficial owner of the trust.
5. SUBSCRIBER SIGNATURE	Please separately initial each representation made by the investor where indicated. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. Each investor must sign and date this Section. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign. PLEASE NOTE THAT THESE SIGNATURES DO NOT HAVE TO BE NOTARIZED.

6. ADDITIONAL INVESTMENTS	Please check if you plan to make one or more additional investments in the Company. All additional investments must be increments of at least $25. Additional investments by residents of Maine must be for the minimum amounts stated under "INVESTOR SUITABILITY STANDARDS" in the Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investments in the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 7% of any such additional investments in the Company.
7. DISTRIBUTIONS	a. DISTRIBUTION REINVESTMENT PLAN: By electing the Distribution Reinvestment Plan, the investor elects to reinvest all distributions of Cash Available for Distribution in the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations and warranties as set forth in the Prospectus or Subscription

	Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 8% of any reinvested distributions. b. DISTRIBUTION ADDRESS: If cash distributions are to be sent to an address other than that provided in Section 5 (i.e., a bank, brokerage firm or savings and loan, etc.), please provide the name, account number and address.
8. BROKER-DEALER	This Section is to be completed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 9 including suitability certification. SIGNATURE PAGE MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE.

The Subscription Agreement Signature Page, which has been delivered with this Prospectus, together with a check for the full purchase price, should be delivered or mailed to your Broker-Dealer. Only original, completed copies of Subscription Agreements can be accepted. Photocopied or otherwise duplicated Subscription Agreements cannot be accepted by the Company.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS
SUBSCRIPTION AGREEMENT SIGNATURE PAGE,
PLEASE CALL 1-800-448-1010

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUBSCRIPTION AGREEMENT SIGNATURE PAGE

1._____INVESTMENT_____

---------- Make Investment Check Payable to:
_____ NationsBank, N.A. as Escrow Agent
_____

# of Shares Total $ Invested [_] Initial Investment (Minimum $1,000)
(#Shares x $10.00=$ Invested) [_] Additional Investment (Minimum $25.00)
Minimum purchase $1,000 or 100 Shares
---------- State in which sale was made_____

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 $10.)

3._____TYPE OF ----------
OWNERSHIP_____

[_] IRA (06)
[_] Keogh (10)
[_] Qualified Pension Plan (11)
[_] Qualified Profit Sharing Plan (12)
[_] Other Trust_____
For the Benefit of_____
[_] Partnership (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 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 [_] Ph.D. [_] 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_____
Please print name(s) in which Shares are to be registered. Include trust name, if applicable.

(Complete only if different from registration name and address).

[_] Mr. [_] Mrs. [_] Ms. [_] MD [_] Ph.D. [_] DDS [_] Other_____

Name_____

Social Security Number
[ ][ ][ ]-[ ][ ]-[ ][ ][ ][ ]

Street Address
or P.O. Box _____

City _____ State _____ Zip Code _____

Home
Telephone No. (_____)_____

Business
Telephone No. (_____)_____

Birthdate _____

Occupation _____

6._____SUBSCRIBER SIGNATURE_____

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf. In order to indicate the Company to accept this subscription, I hereby represent and warrant to you as follows:

(a) I have received the Prospectus

_____ _____
Initials Initials

(b) I 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 resident as set forth in the Prospectus under "INVESTOR-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 to my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding.

_____ _____
Initials Initials

(e) ARKANSAS AND TEXAS RESIDENTS ONLY: I am purchasing the Shares for my own account and acknowledge that the investment is not liquid.

_____ _____
Initials Initials

I declare that the information supplied above is true and correct and may be relied upon the Company in connection with my investment in the Company. Under penalties, perjury, by signing this Signature Page, I hereby certify that (a) I have provided herein my correct Taxpayer Identification Number, and (b) I am not subject to back-up withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to back-up withholding.

_____ _____
Signature of Investor or Trustee Signature of Joint Owner, if applicable

Date_____

(MUST BE SIGNED BY TRUSTEE(S) IF IRA, KEOGH OR QUALIFIED PLAN).

7._____DISTRIBUTIONS_____

7(a). Check the following box to participate in the Distribution Reinvestment Plan. [_]

7(b). Complete following section only to direct distributions to a party other than registered owner:

Name _____

Account Number _____

Street Address
or P.O. Box _____

City _____ State _____ Zip Code _____

8. _____BROKER-DEALER_____

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

The Broker-Dealer or authorized representative must sign below to complete order. Broker-Dealer warrants that it is a duly licensed Broker-Dealer and may lawfully offer Shares in the state designated as the investor's address or the state in which the sale was made, if different. The Broker-Dealer or authorized representative warrants that he has reasonable grounds to believe this investment is suitable for the subscriber as defined in Section 3(b) of Appendix F and that he has informed subscriber of all aspects of liquidity and marketability of this investment as required by Section 4 of Appendix F (Attachment No. 1 to Dealer Agreement).

Broker-Dealer Name_____ Telephone No. (____)_____

Broker-Dealer Street
Address or P.O. Box_____

City _____ State _____ Zip Code _____

Registered
Representative Name _____ Telephone No. (____)_____

Reg. Rep. Street
Address or P.O. Box_____

City _____ State _____ Zip Code _____

_____ _____
Broker-Dealer Signature, if required Registered Representative Signature

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

NationsBank, N.A., as Escrow Agent
WELLS INVESTMENT SECURITIES, INC.
800-448-1010 or 770-449-7800

Overnight address:
3885 Holcomb Bridge Road
Norcross, Georgia 30092-9209

Mailing address:
P.O. Box 926040
Norcross, Georgia 30092-9209

ACCEPTANCE BY CORPORATION Amount _____ Date _____

Received and Subscription Accepted: Check No. _____ Certificate No. _____

By: _____ Wells Real Estate Investment Trust, Inc.

_____ _____ _____
Broker-Dealer # Registered Rep # Account #

EXHIBIT C

DIVIDEND REINVESTMENT PLAN

Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), pursuant to its Articles of Incorporation, as amended and restated to date (the "Articles"), has adopted a Dividend Reinvestment Plan (the "DRP"), the terms and conditions of which are set forth below. Capitalized terms shall have the same meaning as set forth in the Articles unless otherwise defined herein.

1. As agent for stockholders ("Stockholders") of the Company who purchase shares of the Company's common stock (the "Shares") pursuant to the Company's public offering which commenced January 30, 1998, which offering is expected to be completed within one year from the date of such effectiveness (the "Offering") and who elect to participate in the DRP (the "Participants), the Company will apply all dividends and other distributions declared and paid in respect of the Shares held by each Participant (the "Distributions"), including Distributions paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for such Participants directly, if permitted under state securities laws and, if not, through the Dealer-Manager for Participating Dealers registered in the Participant's state of residence. Neither the Company nor its Affiliates will receive a fee for selling Shares under the DRP.

2. Procedure for Participation. Any Stockholder who purchased Shares pursuant to the Company's Offering may elect to become a Participant by completing and executing the Subscription Agreement, enrollment form or other appropriate authorization form as may be available from the Company, the Dealer-Manager or Soliciting Dealer. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's subscription or authorization. Shares will be purchased under the DRP on the record date for the Distribution used to purchase the Shares. Distributions for Shares acquired under the DRP are currently paid monthly and are calculated with a daily record and Distribution declaration date. Each Participant agrees that if, at any time prior to listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq"), he or she fails to meet the suitability

requirements for making an investment in the Company or cannot make the other representations or warranties set forth in the Subscription Agreement, he will promptly so notify the Company in writing.

3. Purchase of Shares. Participants will acquire Shares from the Company at a fixed price of $10 per Share until all 1,500,000 Initial DRP Shares (as defined) are issued. Participants in the DRP may also purchase fractional Shares so that 100% of the Distributions will be used to acquire Shares. However, a Participant will not be able to acquire Shares under the DRP to the extent such purchase would cause it to exceed the Ownership Limit.

Shares to be distributed by the Company in connection with the DRP may (but are not required to) be supplied from: (a) 1,500,000 Shares which were registered for the DRP in the Offering (the "Initial DRP Shares"), (b) shares of the Company's stock purchased by the Company for the DRP in a secondary market (if available) or on a stock exchange or Nasdaq (if listed) (collectively, the "Secondary Market"), or (c) shares registered by the Company with the SEC for use in the DRP (a "Secondary Registration").

Shares purchased on the Secondary Market as set forth in (b) above will be purchased at the then-prevailing market price, which price will be utilized for purposes of purchases of Shares in the DRP. Shares acquired by the Company on the Secondary Market or registered in a Secondary Registration for use in the DRP may be at prices lower or higher than the $10 per Share price which will be paid for the Initial DRP Shares.

If the Company acquires shares in the Secondary Market for use in the DRP, the Company shall use reasonable efforts to acquire Shares for use in the DRP at the lowest price then reasonably available. However, the Company does not in any respect guarantee or warrant that the Shares so acquired and purchased by the Participant in the DRP will be at the lowest possible price. Further, irrespective of the Company's ability to acquire Shares in the Secondary Market or to complete a Secondary Registration for shares to be used in the DRP, the Company is in no way obligated to do either, in its sole discretion.

It is understood that reinvestment of Distributions does not relieve a Participant of any income tax liability which may be payable on the Distributions.

4. Share Certificates. The ownership of the Shares purchased through the DRP will be in book-entry form only until the Company begins to issue certificates for all its outstanding Common Stock.

5. Reports. Within 90 days after the end of the Company's fiscal year, the Company will provide each Participant with an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of distribution and amounts of Distributions received during the prior fiscal year. The individualized statement to Stockholders will include receipts and purchases relating to each Participant's participation in the DRP including the tax consequences relative thereto.

6. Termination by Participant. A Participant may terminate participation in the DRP at any time, without penalty, by delivering to the Company a written notice. Prior to listing of the Shares on a stock exchange or Nasdaq, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. If a Participant terminates DRP participation, the Company will provide the terminating Participant with a certificate evidencing the whole shares in his or her account and a check for the cash value of any fractional share in such account. Upon termination of DRP participation, Distributions will be distributed to the Stockholder in cash.

7. Amendment or Termination of DRP by the Company. The Directors of the Company may by majority vote (including a majority of the Independent Directors) amend or terminate the DRP for any reason upon 30 days' written notice to the Participants.

8. Liability of the Company. The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability: (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act of 1933, as amended or the securities act of a state, the Company has been advised that, in the opinion of the Securities and Exchange Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

9. Governing Law. This DRP shall be governed by the laws of the State of Maryland.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

P R O S P E C T U S

for

DIVIDEND REINVESTMENT PLAN

Pursuant to its revised Dividend Reinvestment Plan (the "Plan"), Wells Real Estate Investment Trust, Inc., a Delaware corporation (the "Company"), hereby offers to holders of its Common Stock, $.01 par value per share (the "Common Stock") the opportunity to purchase, through reinvestment of dividends or by additional cash payments, additional shares of Common Stock, on the terms, subject to the conditions and at the prices herein stated.

The Plan was implemented initially in connection with the Company's registered public offering of 16,500,000 shares of its Common Stock (the "Initial Offering"), of which amount 1,500,000 shares were registered and reserved for distribution pursuant to the Plan.

Dividends reinvested pursuant to the Plan will be applied to the purchase of shares of Common Stock at a price of $10.00 per share until all 1,500,000 shares reserved initially for the Plan (the "Initial Plan Shares") have been purchased. Thereafter, the Company may in its sole discretion acquire additional shares for purchase under the Plan may either through purchases on the open market, through the Company's share repurchase program and/or additional registrations of common stock for use in the Plan. In any case, the per share purchase price under the Plan for such additionally acquired shares will equal the then-prevailing market price of the stock as determined by the Company's Board of Directors, which if the Company's stock is listed shall equal the price on the applicable stock exchange, Nasdaq or over-the-counter market.

This Prospectus relates to 1,500,000 shares of Common Stock that have been registered for sale under the Plan. Please retain this Prospectus for future reference.

The executive offices of the Company are located at 3885 Holcomb Bridge Rd., Norcross, Georgia 30092, and its telephone number is (770) 449-7800.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES

AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAVE SUCH REGULATORS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The date of this Prospectus is _____

AUTHORIZATION

No person has been authorized to give any information or to make representations not contained in this Prospectus regarding the Company or the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities to which it relates, nor does it constitute an offer to or solicitation of any person in any jurisdiction in which such offer or solicitation would be unlawful. Neither delivery of this Prospectus nor any sale made hereunder shall create an implication that information contained herein is correct as of any time subsequent to the date hereof.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "1934 Act") and files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements, and other information concerning the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at its Regional Offices in New York (Suite 1300, 7 World Trade Center, New York, New York 10048) and Chicago (Suite 1400, 500 West Madison Street, Chicago, Illinois 60661). Copies of such material can be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents (or applicable portions thereof), filed with the Commission pursuant to the 1934 Act or the Securities Act of 1933, as amended (the "1933 Act"), are incorporated by reference in this Prospectus:

1. The description of the Common Stock contained in the Company's Registration Statement on Form S-11, as amended.

2. The Company's Annual Report on Form 10-K for the year ended _____.

3. The Company's Quarterly Reports on Form 10-Q for the quarters ended _____.

All documents filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the 1934 Act after the date of this Prospectus and before termination of this offering are incorporated by reference into this Prospectus from the date of filing of those documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Prospectus. Anyone receiving a copy of this Prospectus may obtain, without charge, a copy of any of the documents incorporated by reference, except for the exhibits, if any, to those documents. Telephone or mail your request to:

WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 HOLCOMB BRIDGE RD.
NORCROSS, GEORGIA 30092
ATTENTION: SECRETARY
(770) 449-7800

C-4

THE COMPANY

The Company, founded in 1997, is a Maryland corporation that owns and operates income producing real estate, primarily commercial office buildings. The Company is structured and operated in a manner intended to enable it to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code").

THE PLAN

The Plan provides you with a simple and convenient way to invest your cash dividends in additional shares of Common Stock. As a participant in the Plan, you may purchase shares at a price of $10.00 per share until all 1,500,000 Initial Plan Shares have been purchased. Thereafter, additional shares for purchase within the Plan may (but do not have to), be acquired by the Company in its sole discretion either through purchases on the open market, purchases pursuant to the Company's share repurchase program and/or additional registrations of common stock relating to the Plan. In any case other than purchase of the Initial Plan Shares, the per share purchase price under the Plan will equal the then-prevailing market price of the stock, which if the Company's stock is listed shall equal the price on the applicable stock exchange, Nasdaq or over-the-counter market.

You receive free custodial service for the shares you hold through the Plan.

Shares for the Plan will be purchased directly from the Company. Such shares will be authorized and may be either previously issued or unissued shares. Proceeds from the sale of the Plan Shares provide the Company with funds for general corporate purposes.

ELIGIBILITY

Holders of record of Common are eligible to participate in the Plan with respect to any whole number of their shares. If your shares are held of record by a broker or nominee and you want to participate in the Plan, you must make appropriate arrangements with your broker or nominee.

The Company may refuse participation in the Plan to shareholders residing in states where shares offered pursuant to the Plan are neither registered under applicable securities laws nor exempt from registration.

ADMINISTRATION

As of the date of this Prospectus, the Plan is administered by the Company or an affiliate of the Company (the "Plan Administrator"), but a different entity may act as Plan Administrator in the future. The Plan Administrator will keep all records of your Plan account and sends statements of your account to you. Shares of Common Stock purchased under the Plan are registered in the name of each participating shareholder.

ENROLLMENT

You may join the Plan by signing the enrollment form enclosed with this Prospectus and returning it to the Company.

Your participation in the Plan will begin with the first dividend payment after your signed card is received, provided your card is received on or before ten days prior to the record date established for that dividend. Record dates

for dividends are ordinarily on or about the 15th day of March, June, September and December, but may be changed from time to time in the discretion of the Company's management. If your enrollment form is received after the record date for any dividend and before payment of that dividend, that dividend will be paid to you in cash and reinvestment of your dividends will not begin until the next dividend payment date.

COSTS

Participants in the Plan pay no service charges or other fees for purchases made under the Plan. All costs of administration of the Plan are paid by the Company. However, any interest earned on dividends on shares within the Plan will be paid to the Company to defray certain costs relating to the Plan. If you terminate participation in the Plan or ask that your Plan shares be sold, you will pay certain charges as explained in "Termination of Participation" below. Except as described below, the Company will pay the following commissions and fees to certain affiliates of the Company in connection with shares of Common Stock sold to participants under the Plan (expressed as a percentage of the purchase price proceeds): (a) a selling commission of 7% (the "Selling Commission"), all of which may be reallowed to the brokers and dealers of such shares; (b) a marketing and due diligence fee (the "Due Diligence Fee") of 2.5%; and (c) an acquisition and advisory fee ("Acquisition and Advisory Fee") of 3%, which after sale of the Initial Plan Shares will be paid only in the

event that proceeds of the sale of such shares are used to acquire properties. In Ohio, only the Acquisition and Advisory Fee may be paid in connection with sales of stock under the Plan.

PURCHASES AND PRICE OF SHARES

Common Stock dividends will be invested within 30 days after the date on which Common Stock dividends are paid each quarter (the "Investment Date"). Payment dates for Common Stock dividends are ordinarily on or about the last calendar day of March, June, September and December, but may be changed from time to time in the discretion of the Company.

You become an owner of shares purchased under the Plan as of the Investment Date. No shares will be purchased under the Plan at less than their par value ($.01 per share). Dividends paid on shares held in the Plan (less any required withholding tax) will be credited to your Plan account. Dividends are paid on both full and fractional shares held in your account and are automatically reinvested.

Reinvested Distributions. You may elect dividend reinvestment with respect to any whole number of shares registered in your name on the records of the Company. Specify on the enrollment form the number of shares for which you want dividends reinvested. Dividends on all shares purchased pursuant to the Plan will be automatically reinvested. The number of shares purchased for you as a participant in the Plan depends on the amount of your dividends on these shares (less any required withholding tax) and the purchase price of the Common Stock. Your account will be credited with the number of shares, including fractions computed to four decimal places, equal to the total amount invested divided by the purchase price per share.

Shares of Common Stock for participants will be purchased from the Company at a price per share of $10 for all of the Initial Plan Shares, and thereafter (if available) at prices equal to the then-prevailing market price of the stock as determined by the Company's Board of Directors, which if the Company's stock is listed shall equal the closing price on the applicable stock exchange, Nasdaq or over-the-counter market on the trading day immediately prior to the Investment Date.

Optional Cash Purchases. Until determined otherwise by the Company, Plan

participants may not make additional cash payments for the purchase of Common Stock under the Plan.

DIVIDENDS ON SHARES HELD IN PLAN

Dividends paid on shares held in the Plan (less any required withholding tax) will be credited to your Plan account. Dividends are paid on both full and fractional shares held in your account and are automatically reinvested.

ACCOUNT STATEMENTS

You will receive a statement of your account within 60 days after each Investment Date. The statements will contain a report of all transactions since the last statement, including information with respect to the number of shares allocated to your account, the amount of dividends received which are allocable to you, the amount of Common Stock purchased therewith and the price paid. These statements are your continuing record of the cost of your purchase and should be retained for income tax purposes.

CERTIFICATES FOR SHARES

As of the date of this Prospectus, the Company is not issuing certificates for shares purchased under the Plan, and your ownership of such shares will be evidenced on the books of the Company in your account. The number of shares purchased will be shown on your statement of account. This feature permits ownership of fractional shares, protects against loss, theft or destruction of stock certificates, and reduces the costs of the Plan.

After the date the Company begins issuing certificates for the outstanding shares of its Common Stock, certificates for any number of whole shares credited to your account will be issued in your name upon your written request to the Plan Administrator. Certificates for fractional shares will not be issued. Should you want your certificates issued in a different name, you must notify the Plan Administrator in writing and comply with applicable transfer requirements. If you wish to sell any whole shares credited to your account under the Plan, you will have the option of either (i) receiving a certificate for such whole number of shares, or (ii) requesting that such shares held in your account be sold, in which case the shares will be sold on the open market as soon as practicable. Brokerage commissions on such sales will not be paid by the Company, and will be deducted from the sales proceeds. See "Termination of Participation." If you wish to pledge shares credited to your account, you must first have the certificate for those shares issued in your name.

TERMINATION OF PARTICIPATION

You may discontinue reinvestment of dividends under the Plan with respect to all, but not less than all, of your shares (including shares held for your account in the Plan) at any time by notifying the Plan Administrator in writing no less than ten days prior to the next record date. A notice of termination received by the Plan Administrator after such cutoff date will not be effective until the next following Investment Date. Participants who terminate their participation in the Plan may thereafter rejoin the Plan by notifying the Company and completing all necessary forms and otherwise as required by the Company.

If you notify the Plan Administrator of your termination of participation in the Plan or if your participation in the Plan is terminated by the Company, the Company's stock ownership records will be updated to include the number of whole shares in your Plan account. For any fractional shares of stock in your Plan account, the Plan Administrator may either (i) send you a check in payment for any fractional shares in your account, or (ii) credit your stock ownership account with any such fractional shares.

A participant who changes his or her address must promptly notify the Plan

Administrator. If a participant moves his residence to a state where shares offered pursuant to the Plan are neither registered nor exempt from registration under applicable securities laws, the Company may deem the participant to have terminated participation in the Plan.

AMENDMENT AND TERMINATION OF PLAN

The Company may, in its sole discretion, amend any aspect of the Plan without the consent of participants or other stockholders, provided that notice of any material amendment is sent to participants at least 30 days prior to the effective date thereof. The Company may also, in its sole discretion, terminate the Plan for any reason at any time with ten days prior written notice of such termination to all participants. You will be notified if the Plan is terminated or materially amended. The Company may also terminate any participant's participation in the Plan at any time by notice to such participant if continued participation will, in the opinion of the Board of Directors, jeopardize the status of the Company as a real estate investment trust under the Code.

VOTING OF SHARES HELD UNDER THE PLAN

You will be able to vote all shares of Common Stock (including fractional shares) credited to your account under the Plan at the same time that you vote the shares registered in your name on the records of the Company.

STOCK DIVIDENDS, STOCK SPLITS AND RIGHTS OFFERINGS

Your Plan account will be amended to reflect the effect of any stock dividends, splits, reverse splits or other combinations or recapitalizations by the Company on shares held in the Plan for you. If the Company issues to its shareholders rights to subscribe to additional shares, such rights will be issued to you based on your total share holdings, including shares held in your Plan account.

RESPONSIBILITY OF THE PLAN ADMINISTRATOR AND THE COMPANY UNDER THE PLAN

The Plan Administrator will not be liable for any claim based on an act done in good faith or a good faith omission to act. This includes, without limitation, any claim of liability arising out of failure to terminate a participant's account upon a participant's death, the prices at which shares are purchased, the times when purchases are made, or fluctuations in the market price of Common Stock.

All notices from the Plan Administrator to a participant will be mailed to the participant at his last address of record with the Plan Administrator, which will satisfy the Plan Administrator's duty to give notice. Participants must promptly notify the Plan Administrator of any change in address.

YOU SHOULD RECOGNIZE THAT NEITHER THE COMPANY NOR THE PLAN ADMINISTRATOR CAN PROVIDE ANY ASSURANCE OF A PROFIT OR PROTECTION AGAINST LOSS ON ANY SHARES PURCHASED UNDER THE PLAN.

INTERPRETATION AND REGULATION OF THE PLAN

The Company reserves the right, without notice to participants, to interpret and regulate the Plan as it deems necessary or desirable in connection with its operation. Any such interpretation and regulation shall be conclusive.

FEDERAL INCOME TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN

The following discussion summarizes the principal federal income tax consequences, under current law, of participation in the Plan. It does not address all potentially relevant federal income tax matters, including consequences peculiar to persons subject to special provisions of federal income tax law (such as tax-exempt organizations, insurance companies, financial institutions, broker-dealers and foreign persons). The discussion is based on

various rulings of the Internal Revenue Service regarding several types of dividend reinvestment plans. No ruling, however, has been issued or requested regarding the Plan. THE FOLLOWING DISCUSSION IS FOR YOUR GENERAL INFORMATION ONLY, AND YOU MUST CONSULT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES (INCLUDING THE EFFECTS OF ANY CHANGES IN LAW) THAT MAY RESULT FROM YOUR PARTICIPATION IN THE PLAN AND THE DISPOSITION OF ANY SHARES PURCHASED PURSUANT TO THE PLAN.

REINVESTED DIVIDENDS. Stockholders subject to federal income taxation who elect to participate in the Plan will incur a tax liability for distributions allocated to them even though they have elected not to receive their dividends in cash but rather to have their dividends held pursuant to the Plan. Specifically, participants will be treated as if they received the distribution from the Company and then applied such distribution to purchase the shares in the Plan. A Stockholder designating a distribution for reinvestment will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless the Company has designated all or a portion of the distribution as capital gain dividend. In such case, such designated portion of the distribution will be taxed as a capital gain. The amount treated as a distribution to you will constitute a dividend for federal income tax purposes to the same extent as a cash distribution.

RECEIPT OF SHARE CERTIFICATES AND CASH. You will not realize any income if you receive certificates for whole shares credited to your account under the Plan. Any cash received for a fractional share held in your account will be treated as an amount realized on the sale of the fractional share. You therefore will recognize gain or loss equal to any difference between the amount of cash received for a fractional share and your tax basis in the fractional share.

INDEMNIFICATION OF DIRECTORS AND OFFICERS OF THE COMPANY

Directors and officers of the Company shall be indemnified against liabilities, fines, penalties, and claims imposed upon or asserted against them for actions in their capacities as directors and/or officers of the Corporation to the fullest extent permitted under the Delaware General Corporation Law ("DGCL"). This indemnification covers all costs and expenses reasonably incurred by a director or officer. In addition, the DGCL and the Company's Amended and Restated Articles of Incorporation may, under certain circumstances, eliminate the liability of directors and officers in a shareholder or derivative proceeding.

Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers, or controlling persons of the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the 1933 Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities is asserted by such director or officer, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

EXPERTS

The financial statements of the Company incorporated by reference from its Registration Statement on Form S-11 have been audited by Arthur Andersen LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

PLAN ADMINISTRATOR; INQUIRIES REGARDING THE PLAN

Changes in name or address, notices of termination, requests to participate in the Plan, questions about the Plan and your participation therein, and all

other matters regarding the Plan should be directed to:

Wells Real Estate Investment Trust, Inc.
Dividend Reinvestment Plan
3885 Holcomb Bridge Rd.
Norcross, GA 30092

E N R O L L M E N T F O R M

WELLS REAL ESTATE INVESTMENT TRUST, INC.

DIVIDEND REINVESTMENT PLAN

TO JOIN THE PLAN:

(1) Complete this card. Be sure to include your social security or tax identification number and signature.

(2) Staple or tape the card closed so that your signature is enclosed.

I hereby appoint Wells Real Estate Investment Trust, Inc. (the "Company") (or any successor), acting as plan administrator, as my agent to receive cash dividends that may hereafter become payable to me on shares of Common Stock of the Company registered in my name as set forth below, and authorize the Company to apply such dividends to the purchase of full shares and fractional interests in shares of the Company's Common Stock.

I understand that the purchases will be made under the terms and conditions of the Dividend Reinvestment Plan as described in the Prospectus and that I may revoke this authorization at any time by notifying the Plan Administrator, in writing, of my desire to terminate my participation.

Please indicate your participation below. Return this card only if you wish to participate in the Plan

_____ Yes, I would like to participate in the Dividend Reinvestment Plan for all my shares of Common Stock.

Please Print Full Legal Name(s):

_____

Social Security or Tax Identification Number:

_____

Date: _____

IF YOUR SHARES ARE HELD OF RECORD BY A BROKER OR NOMINEE, YOU MUST MAKE APPROPRIATE ARRANGEMENTS WITH THE BROKER OR NOMINEE TO PARTICIPATE IN THE PLAN.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that the information contained herein is correct as of any time subsequent to the date hereof. In the event of material changes, this Prospectus will be amended to reflect such changes.

SUMMARY TABLE OF CONTENTS

Until April 30, 1998 (90 days after the date of this Prospectus), all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as Soliciting Dealers.

15,000,000 Shares of Common Stock

WELLS REAL ESTATE
INVESTMENT TRUST, INC.

_____

PROSPECTUS

_____

WELLS INVESTMENT SECURITIES, INC.

January 30, 1998

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUPPLEMENT NO. 1 DATED APRIL 20, 1998 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998 (the "Prospectus"). Unless otherwise defined herein, 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:

(i) The status of the offering of shares of common stock (the "Shares") in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) Updated Prior Performance Tables included as Exhibit A to the Prospectus; and

(iii) Revisions to the "INVESTOR SUITABILITY STANDARDS" and "PLAN OF DISTRIBUTION" sections of the Prospectus.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of Shares in the Company commenced on January 30, 1998. As of April 17, 1998, the Company had raised a total of $451,700 in offering proceeds (45,170 Shares), which offering proceeds are being held in escrow until the Company closes the Minimum Offering in accordance with the terms of the Prospectus.

PRIOR PERFORMANCE TABLES

Prior Performance Tables dated as of December 31, 1997 are included as Exhibit A to this Supplement.

INVESTOR SUITABILITY STANDARDS

The information contained on page 15 in the "INVESTOR SUITABILITY STANDARDS" section of the Prospectus is revised as of the date of this Supplement by the deletion of the fourth full paragraph of that section and the insertion of the following paragraph in lieu thereof:

> The minimum purchase is 100 Shares ($1,000) (except in certain states and as otherwise described below). No transfers will be permitted of less than the minimum required purchase, nor (except in very limited circumstances) may an investor transfer, fractionalize or subdivide such Shares so as to retain less than such minimum number thereof. For purposes of satisfying the minimum investment requirement for Retirement Plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate Individual Retirement Accounts ("IRAs"), provided that each such contribution is made in increments of at least $100. It should be noted, however, that an investment in the Company will not, in itself, create a Retirement Plan for any investor and that in order to create a Retirement Plan, an investor must comply with all applicable provisions of the Code. Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirements and have purchased units in Prior Wells Public Programs may purchase less than the minimum number of Shares set forth above, but in no event less than 2.5 Shares ($25). The minimum purchase for New York investors is 250 Shares ($2,500); however, the minimum investment for New York IRAs is 100 Shares ($1,000). After an investor has purchased the minimum investment, any additional investments must be made in increments of at least 2.5 Shares ($25), except for (i) those made by investors in Maine, who must still meet the minimum investment requirement for Maine residents of $1,000 for IRAs and $2,500 for non-IRAs, (ii) purchases of Shares pursuant to the

Reinvestment Plan, which may be in lesser amounts, and (iii) the minimum purchase requirement for Minnesota investors other than IRAs and Qualified Plans of 250 Shares ($2,500), and the minimum purchase for Minnesota IRAs and Qualified Plans of 200 Shares ($2,000).

PLAN OF DISTRIBUTION

The information contained on page 77 in the "PLAN OF DISTRIBUTION" section of the Prospectus is revised as of the date of this Supplement by the deletion of the second full paragraph on that page and the insertion of the following paragraph in lieu thereof:

In addition, subscribers for Shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their Shares paid over a seven year period pursuant to a deferred commission arrangement (the "Deferred Commission Option"). Shareholders electing the Deferred Commission Option will be required to pay a total of $9.40 per Share purchased upon subscription, rather than $10.00 per Share, with respect to which $0.10 per Share will be payable as commissions due upon subscription. For each of the six years following the year of subscription, $0.10 per Share will be paid by the Company as deferred commissions with respect to Shares sold pursuant to the Deferred Commission Option, which amounts will be deducted from and paid out of distributions of Cash Available for Distribution otherwise payable to Shareholders holding such Shares. The net proceeds to the Company will not be affected by the election of the Deferred Commission Option. Under this arrangement, a Shareholder electing the Deferred Commission Option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from and paid by the Company out of Cash Available for Distribution otherwise distributable to such Shareholder. In the event that Listing of the Shares occurs at any time prior to the end of the sixth year following termination of the Offering, however, the obligation of the Company and its Shareholders to make any further payments of commissions under the Deferred Commission Option shall terminate, and participating broker-dealers will not be entitled to receive any further portion of their commissions following Listing of the Company's Shares.

EXHIBIT A

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (the "Tables") provide information relating to real estate investment programs sponsored by the Advisor and its Affiliates ("Wells Prior Public Programs") which have investment objectives similar to the Company.

Prospective investors should read these Tables carefully together with the summary information concerning the Prior Programs as set forth in "PRIOR PERFORMANCE SUMMARY" elsewhere in this Prospectus.

INVESTORS IN THE COMPANY WILL NOT OWN ANY INTEREST IN THE PRIOR PROGRAMS AND SHOULD NOT ASSUME THAT THEY WILL EXPERIENCE RETURNS, IF ANY, COMPARABLE TO THOSE EXPERIENCED BY INVESTORS IN THE PRIOR PROGRAMS.

These Tables present actual results of Wells Prior Public Programs that have investment objectives similar to those of the Company. The Company's investment objectives are to maximize Net Cash From Operations; to preserve original Capital Contributions; and to realize capital appreciation over a period of time. All of the Wells Prior Public Programs have used a substantial amount of capital and not acquisition indebtedness to acquire their properties.

The Advisor is responsible for the acquisition, operation, maintenance and

resale of the Wells Prior Public Programs' Properties. The financial results of the Wells Prior Public Programs thus provide an indication of the Advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

TABLE I - Experience in Raising and Investing Funds (As a Percentage of Investment)

TABLE II - Compensation to Sponsor (in Dollars)

TABLE III - Annual Operating Results of Prior Programs

TABLE IV (Results of completed programs) and TABLE V (sales or disposals of property) have been omitted since none of the Prior Programs have sold any of their properties to date.

Additional information relating to the acquisition of properties by the Wells Prior Public Programs is contained in TABLE VI, which is included in the Registration Statement which the Company has filed with the Securities and Exchange Commission. As described above, no Wells Prior Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

The following are definitions of certain terms used in the Tables:

"ACQUISITION FEES" shall mean fees and commissions paid by a partnership in connection with its purchase or development of a property, except development fees paid to a person not affiliated with the partnership or with a general partner of the partnership in connection with the actual development of a project after acquisition of the land by the partnership.

"ORGANIZATION EXPENSES" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the general partners or their affiliates in connection with the planning and formation of the partnership.

"UNDERWRITING FEES" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the General Partners and their Affiliates in Prior Programs for which offerings have been completed since December 31, 1994. 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.

	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.
Dollar Amount Raised	$24,180,174/(3)/	$32,042,689/(4)/	$35,000,000/(5)/	$27,128,912/(6)/
Percentage Amount Raised	100.0%/(3)/	100.0%/(4)/	100.0%/(5)/	100.0%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0%	10.0%
Organizational Expenses	5.0%	5.0%	5.0%	5.0%
Reserves/(1)/	1.0%	0.0%	0.0%	0.0%

Percent Available for Investment	84.0%	85.0%	85.0%	85.0%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	0.0%	0.2%	0.0%	0.0%
Cash Down Payment	16.3%	29.2%	0.0%	0.0%
Acquisition Fees/(2)/	3.5%	4.5%	4.5%	4.5%
Development and Construction Costs	64.2%	48.0%	50.4%	14.4%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	84.0%	81.9%	54.9%	18.9%
Percent Leveraged	0.0%	0.0%	0.0%	0.00%
Date Offering Began	04/05/94	01/06/95	01/05/96	12/31/96
Length of Offering	12 mo.	12 mo.	12 mo.	12 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	12 mo.	17 mo.	/(7)/	/(8)/
Number of Investors	1,917	2,242	2,115	1,806

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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 $25,000,000. Wells Real Estate Fund VII, L.P. closed its offering on January 5, 1995, and the total dollar amount raised was $24,180,174.
(4) 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.
(5) 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.
(6) 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.
(7) As of December 31, 1997, Wells Real Estate Fund IX, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 70.3% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 83.5% of the total dollar amount raised.
(8) As of December 31, 1997, Wells Real Estate Fund X, 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, 1997 was 17.7% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 32.8% of the total dollar amount raised.

TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by General Partners or Affiliates of the General Partners, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Prior Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1994. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1997.

	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.	Other Public Programs/(1)/

Date Offering Commenced	04/05/94	01/06/95	01/05/96	12/31/96	--
Dollar Amount Raised	$24,180,174	$32,042,689	$35,000,000	$27,128,912	$150,018,232
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	$ 178,122	$ 174,295	$ 309,556	$ 260,748	$ 571,739
Acquisition Fees					
Real Estate Commissions	--	--	--	--	--
Acquisition and Advisory Fees/(3)/	$ 846,306	$ 1,281,708	$ 1,400,000	$ 1,085,157	$ 8,031,385
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	$ 3,850,827	$ 1,630,740	$ 1,305,840	$ 438,195	$ 29,081,439
Amount Paid to Sponsor from Operations:					
Property Management Fee/(1)/	$ 124,934	$ 85,523	$ 19,539	$ 0	$ 857,695
Partnership Management Fee	--	--	--	--	--
Reimbursements	$ 159,036	$ 112,773	$ 32,349	$ 11,137	$ 1,187,273
Leasing Commissions	$ 97,856	$ 91,566	$ 29,162	$ 0	$ 800,710
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. and Wells Real Estate Fund VI, 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, 1997, the amount of such fees due the General Partners totaled $2,088,727.

(2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offerings of Wells Real Estate Funds VII, VIII, IX and X, 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 $409,361 in net cash provided by operating activities, $3,059,640 in distributions to limited partners and $381,826 in payments to sponsor for Wells Real Estate Fund VII, L.P.; $464,964 in net cash provided by operating activities, $875,914 in distributions to limited partners and $289,862 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; $2,540 in net cash provided by operating activities, $1,221,764 in distributions to limited partners and $81,536 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $449,332 in net cash used by operating activities, $0 in distributions to limited partners and $11,137 in payments to sponsor for Wells Real Estate Fund X, L.P.; and $855,331 in net cash provided by operating activities, $19,618,669 in distributions to limited partners and $2,748,101 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six (6) tables set forth operating results of prior programs sponsored by the General Partners the offerings of which have been completed since December 31, 1992. 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 PRIOR PROGRAMS
WELLS REAL ESTATE FUND V, L.P.

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 633,247	$ 590,839	$ 764,624	$ 656,958	$ 458,213
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	72,404	78,939	68,735	88,987	96,964
Depreciation and Amortization/(3)/	1,042	6,250	6,250	6,250	6,250
Net Income (Loss) GAAP Basis/(4)/	$ 559,801	$ 505,650	$ 689,639	$ 561,721	$ 354,999
Taxable Income (Loss): Operations					
Cash Generated (Used By):	$ 763,486	$ 666,780	$ 676,367	$ 528,025	$ 280,000
Operations					
Joint Ventures	(66,556)	(65,728)	(46,235)	(10,395)	112,594
	1,121,000	1,072,835	1,020,905	653,729	54,154
	$1,054,444	$1,007,107	$ 974,670	$ 643,334	$ 166,748
Less Cash Distributions to Investors:					
Operating Cash Flow	1,054,444	1,007,107	969,011	643,334	151,336
Return of Capital	4,487	--	--	44,257	--
Undistributed Cash Flow from Prior Year Operations	1,987	3,672	--	15,412	--
Cash Generated (Deficiency) after Cash Distributions	$ (6,474)	$ (3,672)	$ 5,659	$ (59,669)	$ 15,412
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	__	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	5,589,786
	$ __	$ (3,672)	$ 5,659	$ (59,669)	$ 5,605,198
Use of Funds:					
Sales Commissions and Offering Expenses		--	--	--	764,599
Return of Original Limited Partner's Investment		--	--	--	--
Property Acquisitions and Deferred Project Costs	(154,131)	(225)	(233,501)	2,366,507	7,755,116
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (160,605)	$ (3,897)	$ (227,842)	$(2,426,176)	$(2,914,517)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	36	71	73	58	29
- Operations Class B Units	0	(378)	(272)	(180)	(54)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	74	69	69	55	36
- Operations Class B Units	(256)	(260)	(246)	(181)	(58)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	36	65	63	46	10
- Return of Capital Class A Units	32	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	68	65	63	43	10
- Return of Capital Class A Units	--	--	--	3	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

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(1) Includes $207,234 in equity in earnings of joint ventures and $250,979 from investment of reserve funds in 1993; $592,902 in equity in earnings of joint ventures and $64,056 from investment of reserve funds in 1994; $745,173 in equity in earnings of joint ventures and $19,451 from investment of reserve funds in 1995; $577,128 in equity in earnings of joint ventures and $13,711 from investment of reserve funds in 1996; and $623,249 in equity in earnings of joint ventures and $9,998 from investment of reserve funds in 1997. At December 31, 1997, the leasing status of all developed property was 95%.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenue is depreciation and amortization of $100,796 for 1993, $324,578 for 1994, $440,333 for 1995, $592,281 for 1996, and $735,315 for 1997.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated as follows: $442,135 to Class A Limited Partners, $(87,868) to Class B Limited Partners and $732 to General Partners for 1993; $879,232 to Class A Limited Partners, $(316,460) to Class B Limited Partners and $(1,051) to General Partners for 1994; $1,124,203 to Class A Limited Partners, $(434,564) to Class B Limited Partners and $0 to General Partners for 1995; $1,095,296 to Class A Limited Partners, $(589,646) to Class B Limited Partners and $0 to General Partners for 1996; and $559,801 to Class A Limited Partners, $0 to Class B Limited Partners and $0 to General Partners in 1997.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 884,802	$ 675,782	$ 1,002,567	$ 819,535	$ 82,723
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	82,898	80,479	94,489	112,389	46,608
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	4,687
Net Income GAAP Basis/(4)/	$ 795,654	$ 589,053	$ 901,828	$ 700,896	$ 31,428
Taxable Loss: Operations					
Cash Generated (Used By):	$1,091,770	$ 809,389	$ 916, 531	$ 667,682	$ 31,428
Operations					
Joint Ventures	(57,206)	(2,716)	278,728	276,376	(2,478)
	1,500,023	1,044,891	766,212	203,543	--
Less Cash Distributions to Investors:					
Operating Cash Flow	$1,442,817	$1,042,175	$ 1,044,940	$ 479,919	$ (2,478)
Return of Capital	1,442,817	1,042,175	1,044,940	245,800	--
Undistributed Cash Flow from Prior Year Operations	9,986	125,314	--	--	--
	--	18,027	$ 216,092	--	--
Cash Generated (Deficiency) after Cash Distributions	$ (9,986)	$ (143,341)	(216,092	$ 234,119	$ (2,478)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	12,836,461	12,836,539
	$ (9,986)	$ (143,341)	$ (216,092)	$12,397,580	$12,834,061
Use of Funds:					
Sales Commissions and Offering Expenses		--	--	1,776,909	1,781,724
Return of Original Limited Partner's Investment		--	--	--	100
Property Acquisitions and Deferred Project Costs	310,759	234,924	10,721,376	5,912,454	3,856,239
Cash Generated (Deficiency) after Cash Distributions and					
Special Items	$ (320,745)	$ (378,265)	$(10,937,468	$ 4,708,217	$ 7,195,998
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	78	59	57	43	9
- Operations Class B Units	(247)	(160)	(60)	(12)	(5)
Capital Gain (Loss)	--	--	--	--	0
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	75	56	56	41	1
- Operations Class B Units	(150)	(99)	(51)	(22)	--
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	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	67	50	61	14	--
- Return of Capital Class A Units	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%				

(1) Includes $3,436 in equity in loss of joint ventures and $86,159 from investment of reserve funds in 1993, $285,711 in equity in earnings of joint ventures and $533,824 from investment of reserve funds in 1994, $681,033 in equity in earnings of joint ventures and $321,534 from investment of reserve funds in 1995, $607,214 in equity in earnings of joint ventures and $68,568 from investment of reserve funds in 1996, and $856,710 in equity in earnings of joint ventures and $28,092 from investment of reserve funds in 1997. At December 31, 1997, the leasing status was 94%.

(2) Includes partnership administrative expenses.

(3) Included in equity in loss of joint ventures in gross revenues is depreciation of $3,436 for 1993, $107,807 for 1994, $264,866 for 1995, $648,478 for 1996, and $896,753 for 1997.

(4) In accordance with the partnership agreement, net income or loss,

depreciation and amortization are allocated $39,551 to Class A Limited Partners, $(8,042) to Class B Limited Partners and $(81) to the General Partner for 1993; $762,218 to Class A Limited Partners, $(62,731) to Class B Limited Partners and $1,409 to the General Partners for 1994; $1,172,944 to Class A Limited Partners, $(269,288) to Class B Limited Partners and $(1,828) to the General Partners for 1995; $1,234,717 to Class A Limited Partners, $(645,664) to Class B Limited Partners and $0 to the General Partners for 1996; and $1,677,826 to Class A Limited Partners, $(882,172) to Class B Limited Partners and $0 to the General Partners for 1997.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 816,237	$ 543,291	$ 925,246	$ 286,371	N/A
Profit on Sale of Properties	--			--	
Less: Operating Expenses/(2)/	76,838	84,265	114,953	78,420	
Depreciation and Amortization/(3)/	6,250	6,250	6,250	4,688	
Net Income GAAP Basis/(4)/	$ 733,149	$ 452,776	$ 804,043	$ 203,263	
Taxable Income: Operations	$1,008,368	$ 657,443	$ 812,402	$ 195,067	
Cash Generated (Used By):					
Operations	(43,250)	20,883	431,728	47,595	
Joint Ventures	1,420,126	760,628	424,304	14,243	
	$1,376,876	$ 781,511	$ 856,032	$ 61,838	
Less Cash Distributions to Investors:					
Operating Cash Flow	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	$ (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	
	$ (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	169,172	736,960	14,971,002	4,477,765	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (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	86	62	57	29	
- Operations Class B Units	(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	78	55	55	28	
- Operations Class B Units	(111)	(58)	(16)	17	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	70	43	52	7	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	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	54	29	30	4	
- Return of Capital Class A Units	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, and $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997. At December 31, 1997, the

leasing status was 92% 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, and $877,869 for 1997.

(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; and $1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997.

(footnotes continued on following page)

(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, 1997, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $972,030.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 1,204,018	$ 1,057,694	$ 402,428	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	95,201	114,854	122,264		
Depreciation and Amortization/(3)/	6,250	6,250	6,250		
Net Income GAAP Basis/(4)/	$ 1,102,567	$ 936,590	273,914		
Taxable Income: Operations	$ 1,213,524	$ 1,001,974	404,348		
Cash Generated (Used By):					
Operations	7,909	623,268	204,790		
Joint Ventures	1,229,282	279,984	20,287		
	$ 1,237,191	$ 903,252	225,077		
Less Cash Distributions to Investors:					
Operating Cash Flow	1,237,191	903,252	--		
Return of Capital	183,315	2,443	--		
Undistributed Cash Flow from Prior Year Operations	--	225,077	--		
Cash Generated (Deficiency) after Cash Distributions	$ (183,315)	$ (227,520)	225,077		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions/(5)/	--	1,898,147	30,144,542		
	$ (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	10,675,811	7,931,566	6,618,273		
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(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	73	46	28		
- Operations Class B Units	(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	65	46	17		
- Operations Class B Units	(95)	(33)	(3)		
Capital Gain (Loss)	--	--	--		

Cash Distributions to Investors:			
Source (on GAAP Basis)			
- Investment Income Class A Units	54	43	--
- Return of Capital Class A Units	--	--	--
- Return of Capital Class B Units	--	--	--
Source (on Cash Basis)			
- Operations Class A Units	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	42	33	--
- Return of Capital Class A Units	12	10	--
- Return of Capital Class B Units	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%		

_____

(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995, $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996, and $1,034,907 in equity in earnings of joint ventures and $169,111 from investment of reserve funds in 1997. At December 31, 1997, 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 $14,058 for 1995, $265,259 for 1996, and $841,666 for 1997.

(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; and $1,947,536 to Class A Limited Partners, $(844,969) to Class B Limited Partners and $0 to the General Partners for 1997.

(footnotes continued on following page)

(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, 1997, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $551,455.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 1,199,300	$ 406,891	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	101,284	101,885			
Depreciation and Amortization/(3)/	6,250	6,250			
Net Income GAAP Basis/(4)/	$ 1,091,766	$ 298,756			
Taxable Income: Operations	$ 1,083,824	$ 304,552			
Cash Generated (Used By):					
Operations	$ 501,390	$ 151,150			
Joint Ventures	527,390	--			
	$ 1,028,780	$ 151,150			
Less Cash Distributions to Investors:					
Operating Cash Flow	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	$ (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
	$ (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	13,427,158	6,544,019
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(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	53	28
- Operations Class B Units	(77)	(11)
Capital Gain (Loss)	--	--
Tax and Distributions Data per $1,000 Invested:		
Federal Income Tax Results:		
Ordinary Income (Loss)		
- Operations Class A Units	46	26
- Operations Class B Units	(47)	(48)
Capital Gain (Loss)	--	--
Cash Distributions to Investors:		
Source (on GAAP Basis)		
- Investment Income Class A Units	36	13
- Return of Capital Class A Units	--	--
- Return of Capital Class B Units	--	--
Source (on Cash Basis)		
- Operations Class A Units	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	29	10
- Return of Capital Class A Units	7	3
- Return of Capital Class B Units	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%	

_____

(1) Includes $23,077 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996, and $593,914 in equity in earnings of joint ventures and $605,386 from investment of reserve funds in 1997. At December 31, 1997, the leasing status was 93% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996, and $469,126 for 1997.

(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; and $1,564,778 to Class A Limited Partners, $(472,806) to Class B Limited Partners and $(206) to the General Partners for 1997.

(footnotes continued on following page)

(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, 1997, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $236,379.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 372,507	N/A	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	88,232				
Depreciation and Amortization/(3)/	6,250				
Net Income GAAP Basis/(4)/	$ 278,025				
Taxable Income: Operations	$ 382,543				
Cash Generated (Used By):					
Operations	$ 200,668				
Joint Ventures	$ 200,668				
Less Cash Distributions to Investors:					
Operating Cash Flow	--				
Return of Capital	--				
Undistributed Cash Flow From Prior Year Operations	--				
Cash Generated (Deficiency) after Cash Distributions	$ 200,668				
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--				
Increase in Limited Partner Contributions	$27,128,912				
	$27,329,580				
Use of Funds:					
Sales Commissions and Offering Expenses	3,737,363				
Return of Original Limited Partner's Investment	100				
Property Acquisitions and Deferred Project Costs	5,188,485				
Cash Generated (Deficiency) after Cash Distributions and Special Items	$18,403,632				
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	28				
- Operations Class B Units	(9)				
Capital Gain (Loss)	--				
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	35				
- Operations Class B Units	0				
Capital Gain (Loss)	--				
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	--				
- Return of Capital Class A Units	--				
- Return of Capital Class B Units	--				
Source (on Cash Basis)					
- Operations Class A Units	--				
- Return of Capital Class A Units	--				
- Operations Class B Units	--				
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	--				
- Return of Capital Class A Units	--				
- 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. At December 31, 1997, the leasing status was 67% 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.

(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.

(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, 1997, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $0.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUPPLEMENT NO. 2 DATED JUNE 30, 1998 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998 (collectively, the "Prospectus"). Unless otherwise defined herein, 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:

(i) The status of the offering of shares of common stock (the "Shares") in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) Revisions to the "MANAGEMENT" section of the Prospectus;

(iii) Revisions to the "REAL PROPERTY INVESTMENTS" section of the Prospectus;

(iv) Revisions to the "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" section of the Prospectus; and

(v) Inclusion of Audited and Pro Forma Financial Statements as described in the "Financial Statements" section of this Supplement.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of Shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of June 30, 1998, the Company had raised a total of $2,683,595 in offering proceeds (268,359 Shares).

MANAGEMENT

The information contained on page 32 in the "General" subsection of the "MANAGEMENT" section of the Prospectus is revised as of the date of this Supplement by the deletion of the second full paragraph in that subsection and the insertion of the following paragraph in lieu thereof:

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

The information beginning on page 33 in the "MANAGEMENT" section of the Prospectus is revised as of the date of this Supplement by the deletion of the entire text of the "Directors and Executive Officers" subsection and the insertion of the following in lieu thereof:

DIRECTORS AND EXECUTIVE OFFICERS

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

Name	Age	Positions
Leo F. Wells, III	53	President and Director
Brian M. Conlon	40	Executive Vice President, Treasurer, Secretary and Director
John L. Bell	58	Independent Director
Richard W. Carpenter	61	Independent Director
Walter W. Sessoms	64	Independent Director
Bud Carter	60	Independent Director
William H. Keogler, Jr.	52	Independent Director
Donald S. Moss	62	Independent Director
Neil H. Strickland	62	Independent Director

LEO F. WELLS, III is the President and a Director of the Company and the President and sole Director of the Advisor. He is also the sole shareholder and Director of Wells Real Estate Funds, Inc., the parent corporation of the Advisor. 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. ("Wells Management"), a property management company he founded in 1983; Wells Investment Securities, Inc. (the Dealer Manager), a registered securities broker-dealer he formed in 1984; Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs; and Wells Development Corporation ("Wells Development"), a company he organized in 1997 to temporarily own, operate, manage, and/or 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 and a registered NASD principal.

Mr. Wells has over 25 years of experience in real estate sales, management and brokerage services. He is currently a co-general partner in a total of 25 real estate limited partnerships formed for the purpose of acquiring, developing and operating office buildings and other commercial properties. As of June 16, 1998, these 25 real estate limited partnerships represented investments totalling $282,525,732 from 25,800 investors. See "Prior Performance Tables" contained in Supplement No. 1 to the Prospectus.

BRIAN M. CONLON is the Executive Vice President, Secretary, Treasurer and a Director of the Company. He also serves as Executive Vice President of both the Advisor and Wells Development. Mr. Conlon joined the Advisor in 1985 as a Regional Vice President, and served as Vice President and National Marketing Director from 1991 until April 1996 when he assumed his current position. Previously, Mr. Conlon was Director of Business Development for Tishman Midwest Management & Leasing Services Corp. where he was responsible for marketing the firm's property management and leasing services to institutions. Mr. Conlon also spent two years as an Investment Property Specialist with Carter & Associates where he specialized in

acquisitions and dispositions of office and retail properties for institutional clients. Mr. Conlon received a Bachelor of Business Administration degree from Georgia State University and a Master of Business Administration degree from the University of Dallas. Mr. Conlon is a member of the International Association for Financial Planning (IAFP). He is also a general securities principal and holds a Georgia real estate brokerage license. Mr. Conlon also holds the certified commercial investment member (CCIM) designation of the Commercial Investment Real Estate Institute and the certified financial planner (CFP) designation of the Certified Financial Planner Board of Standards, Inc.

JOHN L. BELL was the owner and Chairman of Bell-Mann, Inc., the largest commercial flooring contractor in the Southeast ("Bell-Mann") 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 supervision and establishment of the co-mingled United Kingdom Pension Fund, U.K.-American Properties, Inc. 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 refining companies of Wyatt Energy, Inc. and Commonwealth Oil Refining Company, Inc., positions which he has held since 1995 and 1984, respectively.

Mr. Carpenter is a Director of both Tara Corp., a steel manufacturing company, and Environmental Compliance Corp., an environmental consulting firm. Mr. Carpenter also serves as Vice Chairman and Director of both First Liberty Financial Corp. and Liberty Savings Bank, F.S.B. He has been a member of The National Association of Real Estate Investment Trusts and served as President and Chairman of the Board of Southmark Properties, an Atlanta based 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 alumni of the School of Business in 1973.

WALTER W. SESSOMS was employed by BellSouth Telecommunications, Inc. ("BellSouth") from 1971 until his retirement in June 1997. While at BellSouth, Mr. Sessoms served in a number of key positions, including Vice President-Residence for the State of Georgia from June 1979 to July 1981, Vice President-Transitional Planning Officer from July 1981 to February 1982, Vice President-Georgia from February 1982 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 practitioner/lecturer at the University of Georgia.

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 Sun America, Inc., a publicly traded New York Stock Exchange Company. Mr. Keogler continued to serve as President and Chief Executive Officer of those 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. ("Avon") 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.

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 graduated from Georgia State University where he received a degree in business administration. He also received an L.L.B. degree from Atlanta Law School.

REAL PROPERTY INVESTMENTS

The information contained on page 45 in the "REAL PROPERTY INVESTMENTS" 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 paragraphs in lieu thereof:

JOINT VENTURE AGREEMENT

The Company, as sole general partner of Wells Operating Partnership, L.P. ("Wells OP"), a Georgia limited partnership organized to own and operate properties on behalf of the Company, entered into an Amended and Restated Joint Venture Agreement (the "Joint Venture Agreement") with 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") known as The Fund IX, Fund X, Fund XI and REIT Joint Venture (the "Joint Venture") for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties. Wells Fund IX, Wells Fund X and Wells Fund XI are all Affiliates of the Company and the Advisor. The 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, and on June 11, 1998, Wells Fund XI and Wells OP were admitted as joint venturers to the Joint Venture. The investment objectives of Wells Fund IX, Wells Fund X and Wells Fund XI are substantially identical to those of the Company.

The Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the Joint Venture will be allocated and distributed between Wells Fund IX, Wells Fund X,

Wells Fund XI and Wells OP based on their respective capital contributions to the Joint Venture. As of June 30, 1998, Wells OP had made total capital contributions to the Joint Venture of $1,421,466 and held an equity percentage interest in the Joint Venture of 4.4%; Wells Fund IX had made total capital contributions to the Joint Venture of $14,571,686 and held an equity percentage interest in the Joint Venture of 45.8%; Wells Fund X had made total capital contributions to the Joint Venture of $13,360,540 and held an equity percentage interest in the Joint Venture of 42.0%; and Wells Fund XI had made total capital contributions to the Joint Venture of $2,482,810 and held an equity percentage interest in the Joint Venture of 7.8%.

The Joint Venture Agreement allows each joint venturer to make a buy/sell election upon receipt by any joint venturer of a bonafide third-party offer to purchase all or substantially all of the properties or the last remaining property of the Joint Venture. Upon receipt of notice of such

third-party offer, each joint venturer must elect within thirty (30) days after receipt of the notice to either (i) purchase the entire interest of each venturer that wishes to accept the offer on the same terms and conditions as the third-party offer to purchase, or (ii) consent to the sale of the properties or last remaining property pursuant to such third-party offer.

On June 24, 1998, Wells OP contributed $1,421,466 in cash to the Joint Venture. Said $1,421,466 capital contribution by Wells OP was aggregated with cash contributions made by Wells Fund IX in the amount of $650,000, Wells Fund X in the amount of $950,000 and Wells Fund XI in the amount of $2,482,810 to purchase a one-story office building located in Oklahoma City, Oklahoma (the "Lucent Building") from Wells Development, an Affiliate of the Company and the Advisor.

THE LUCENT BUILDING

Purchase of the Oklahoma City Property. On June 24, 1998, the Joint Venture acquired 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 (the "Oklahoma City Property") by Wells Development pursuant to that certain Agreement for the Purchase and Sale of Real Property (the "Contract") dated May 30, 1997 between Wells Development and the Joint Venture, as amended.

Wells Development had acquired the Oklahoma City Property on May 30, 1997, for a purchase price of $695,636, plus $20,869 in real estate brokerage commissions and $58,000 in legal fees, title insurance premiums and other closing costs. Simultaneously with the acquisition of the Oklahoma City Property, Wells Development entered into the Contract with the Joint Venture for the sale of the Oklahoma City Property following the construction and development thereon of the Lucent Building, as described below.

Pursuant to the terms of the Contract, the Joint Venture made an earnest money deposit to Wells Development in the amount of $1,600,000 consisting of a $650,000 contribution funded by Wells Fund IX and a $950,000 contribution funded by Wells Fund X. The earnest money deposit paid by the Joint Venture under the Contract was used by Wells Development to fund the purchase of the Oklahoma City Property, as described below, and to fund the initial costs of the construction and development of the Lucent Building. Wells Development also used part of the earnest money deposit to acquire an additional strip of land along the northern boundary of the Oklahoma City Property to expanded the parking area for the property.

In addition to the earnest money deposit, Wells Development obtained

a loan in the amount of $3,900,000 from NationsBank, N.A. to fund the construction and development of the Lucent Building (the "Construction Loan"). As set forth below, the Construction Loan was paid off upon the sale of the Lucent Building to the Joint Venture, and Wells Development delivered title to the Joint Venture debt-free at closing.

The purchase price of the Lucent Building was $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 Joint Venture.

Description of the Building and the Site. The Oklahoma City Property contains a one-story office building with 57,186 net rentable square feet and 55,017 net useable square feet with a high tilt-up concrete panel exterior and steel framing. Construction of the Lucent Building was completed in January 1998. The parking area contains approximately 385 paved parking spaces.

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. Oklahoma City is located near the center of the state and is the State Capitol of Oklahoma. Oklahoma City is currently the 42nd largest metropolitan area in the United States. The population of the Oklahoma City metropolitan area, which has been increasing steadily over the past two decades, is currently in excess of 1,000,000.

The site is located approximately ten miles northwest of the central business district of Oklahoma City. Access is available from Memorial Road on the south and May Avenue on the east with all access streets being four lane concrete boulevards with curbs and gutters.

The Lucent Lease. On May 30, 1997, Wells Development entered into a Lease Agreement (the "Lucent Lease") with Lucent Technologies Inc. ("Lucent Technologies"), pursuant to which Lucent Technologies agreed to lease all of the Lucent Building upon completion of the improvement thereof. At the closing of the sale of the Lucent Building to the Joint Venture, Wells Development transferred and assigned its interest in the Lucent Lease to the Joint Venture.

Lucent Technologies is a telecommunications company which was spun off by AT&T in April of 1996. The company 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. For the fiscal year ended September 30, 1997, Lucent Technologies, a public company traded on the New York Stock Exchange, reported net income of approximately $541 million dollars on revenues in excess of $26 billion dollars. As of March 31, 1998, Lucent Technologies had total assets of in excess of $24 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 (the "Rental Commencement Date"). Lucent Technologies has the option to extend the initial term of the Lucent Lease for two additional five year periods. Each extension option must be exercised by giving written notice to the landlord at least twelve months prior to the expiration date of the then current lease term.

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, the Joint Venture, as landlord, is responsible for (a) all maintenance, repairs and replacements to the structural components of the Lucent Building, including without limitation, the roof, exterior walls, bearing walls, support beams, foundations, columns, exterior doors, windows, skylights and lateral support, and (b) for the portion of the Lucent Lease term ending on the first anniversary of the Rental Commencement Date, all maintenance, repairs and replacements to the parking area surrounding the Lucent Building including lighting systems for the parking area. Under the Lucent Lease, Lucent Technologies is responsible for the payment of all property taxes, operating expenses and other repair and maintenance work relating to the Lucent Building. Lucent Technologies is also required to reimburse the landlord the cost of casualty insurance for the property.

The landlord is responsible for a construction allowance of $857,790 (calculated at the rate of $15 per rentable square foot), which was funded by Wells Development prior to the sale of the Lucent Building to the Joint Venture and is included as a portion of the purchase price paid for the Lucent Building.

Under the Lucent Lease, Lucent Technologies also has a one-time option to terminate the Lucent Lease on the seventh (7th) anniversary of the Rental Commencement Date, which is exercisable by written notice to the landlord at least twelve (12) months in advance of such 7th 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 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 eighteen (18) months of monthly rental payments. It is currently anticipated 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 7th anniversary would be approximately $1,338,903 based upon certain assumptions.

In addition, Lucent Technologies has a one-time option under the Lucent Lease to reduce the size of its leased premises by 15,000 square feet of useable area effective the last day of the month which is the second (2nd) anniversary of the Rental Commencement Date. Such option to reduce the leased premises is exercisable by providing at least 180 days prior written notice to the landlord and paying the landlord a reduction payment equal to $750,000 on the effective date of such reduction.

There are no assurances that the Joint Venture will be able to attract or obtain suitable replacement tenants for the Lucent Building upon the expiration of the Lucent Lease or upon the 7th anniversary of the Lucent Lease if Lucent Technologies elects to exercise its option to terminate the Lucent Lease or for the unleased portion of the Lucent Building in the event that Lucent Technologies exercises its option to reduce the size of its leased premises.

In connection with the execution of the Lucent Lease, Wells Development entered into agreements with each of two real estate brokers, one of which is a firm affiliated with ADEVCO Corporation, the developer of

the Oklahoma City Property, for the payment of commissions in connection with services rendered in procuring the Lucent Lease. The commission agreements require Wells Development to pay a total of $330,764 in leasing commissions, $110,255 of which is payable to said affiliate of the developer. One-half of the leasing commissions were paid by Wells Development simultaneously with the closing of its acquisition of the Oklahoma City Property, with the remainder of the leasing commissions funded by Wells Development prior to the sale of the Lucent Building to the Joint Venture. The leasing commissions relating to the Lucent Lease were included as a portion of the purchase price paid for the Lucent Building by the Joint Venture. Neither broker is affiliated with Wells Development, Wells Fund IX, Wells Fund X, Wells Fund XI, the Company or any affiliates thereof.

As of June 30, 1998, the Company held a 4.4% ownership interest in each of the properties described below as a result of its ownership interest in the Joint Venture:

THE ABB BUILDING

Description of the Building and the Site. The Joint Venture owns certain real property located in Knoxville, Tennessee (the "Knoxville Property"). The Knoxville Property contains a three-story steel framed office building with a reflective insulated glass and brick exterior containing approximately 87,000 gross square feet and 83,885 rentable square feet (the "ABB Building"). The Knoxville Property was originally purchased by Wells Fund IX on December 13, 1996, and was later contributed by Wells Fund IX to the Joint Venture on March 26, 1997. Construction of the ABB Building was completed in December 1997. The project site is approximately 5.622 acres and contains approximately 297 paved parking spaces.

The ABB Building is 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 Pellissippi Parkway and the commercial area along the Interstate 40 and 75 corridor have evolved recently from a residential suburb into one of the area's fastest growing commercial and retail districts.

The western portion of Knox County in which the Knoxville Property is located has experienced the most growth and development in the Knoxville metropolitan area during the past 10 years due primarily to available land and services. It is anticipated that the Knoxville metropolitan area will continue to grow into a major regional center of trade and tourism due to its location at the intersection of Interstates 40 and 75 and the recent extension of the Pellissippi Parkway to the Knoxville airport.

The ABB Lease. On December 10, 1996, Wells Fund IX entered into a Lease Agreement (the "ABB Lease") with ABB Flakt, Inc. ("ABB") pursuant to which ABB agreed to lease 55,000 rentable square feet of the ABB Building, comprising approximately 66% of the rentable square feet of the ABB Building. Wells Fund IX assigned its interest in the ABB Lease to the Joint Venture on March 26, 1997, simultaneously with the contribution of the Knoxville Property to the Joint Venture. The Joint Venture is currently negotiating lease terms with a major tenant for lease of the remainder of the ABB Building.

ABB is a Delaware corporation which 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 (the "ABB 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. For the fiscal year ended December 31, 1997, the ABB Group reported net income of approximately $572 million dollars and net worth of approximately $5.2 billion dollars. ABB, Inc., the United States parent company of ABB, reported gross revenues in 1997 in excess of $4 billion dollars. The ABB Group's total number of employees for 1997 was approximately 213,000 worldwide and approximately 21,000 in the United States.

As security for ABB's obligations under the Lease, ABB has provided to Wells Fund IX (and Wells Fund IX has in turn assigned to the Joint Venture), and agreed to maintain in full force and effect at all times during the 10 year period from the Rental Commencement Date, an irrevocable standby letter of credit in accordance with the terms and conditions set forth in the ABB Lease. Each letter of credit issued pursuant to the provisions of the ABB Lease is required to be in a form of an irrevocable credit, to be issued by an "approved issuer," to name the Joint Venture as the beneficiary and to specify that the Joint Venture, as beneficiary, may draw against the letter of credit upon the occurrence of a "drawing event." "Approved issuer" is defined to require that the letter of credit issuer shall have and maintain a Moody's Bank Credit Report Service rating of P-1 or its equivalent. "Drawing event" is defined to include any failure of ABB to pay any installment of rent or other charge or assessment pursuant to the terms of the ABB Lease within five days of notice thereof, or any other event of default with respect to which the Joint Venture has exercised or is exercising its remedies. 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; $3,000,000 from the seventh anniversary of the Rental Commencement Date to the eighth anniversary of the Rental Commencement Date; $2,000,000 from the eighth anniversary of the Rental Commencement Date to the ninth anniversary of the Rental Commencement Date; and $1,000,000 from the ninth anniversary of the Rental Commencement Date to the tenth anniversary of the Rental Commencement Date. The original letter of credit which was delivered by ABB to Wells Fund IX simultaneously with the execution of the ABB Lease was issued by Svenska Handelsbanken, a Parkway Swedish bank which is the largest bank in the

Nordic region with over $90 billion of assets and a credit rating issued by Moody's Bank Credit Report Service of P-1/Aa3, and was issued in the amount of $4,000,000 for a one year term. If the Joint Venture draws on the letter of credit, the Joint Venture shall apply the proceeds first toward the performance of the obligations which ABB has failed to perform under the ABB Lease, and the remainder, if any, shall be held by the Joint Venture in certain permitted investments as additional security for the performance by ABB of the ABB Lease.

The initial term of the lease is nine years and eleven months which commenced on January 1, 1998 (the "Rental Commencement Date").

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 eleven months of the initial lease term.

Under the ABB Lease, ABB is responsible for all expenses, costs and disbursements (excluding specific costs billed to specific tenants of the building) of every kind and nature relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the ABB Building, including compensation of employees

engaged in the operation and management or maintenance of the ABB Building, supplies, equipment and materials, utilities, repairs and general maintenance, insurance, a management fee in the amount of 4% of the gross rental income from the ABB Building, and all taxes and governmental charges attributable to the ABB Building or its operations (excluding taxes imposed or measured on or by the income of the Joint Venture from operation of the ABB Building).

Under the terms of the ABB Lease, the Joint Venture is responsible for a construction allowance of $976,600 (calculated at the rate of $19 per useable square foot of the premises). In addition, the Joint Venture has agreed to provide ABB on the fifth (5th) anniversary of the Rental Commencement Date a redecoration allowance of an amount equal to (i) $5.00 per square foot of useable area of the premises leased as of the 5th anniversary of the Rental Commencement Date which has been leased and occupied by ABB for at least three consecutive years ending with such 5th anniversary reduced by (ii) $177,000.

The terms of the ABB Lease provide that ABB has the right of first refusal for the lease of any space in the ABB Building not initially leased by ABB. In the event that the Joint Venture has secured a potential tenant for any of such space, the Joint Venture has agreed to give ABB ten (10) business days to exercise its right to add such space to the leased premises. The base rent payable and other charges and any allowances shall be solely as set forth in the notice to ABB of the proposed terms of the lease for the potential tenant of such space. If ABB does not so exercise its right of first refusal within such 10 business day period, the Joint Venture will have the right to lease the space to the potential tenant, except that, after the expiration of any such lease to another party, such space will again become subject to ABB's right of first refusal. The ABB Lease further provides that the Joint Venture agrees that during the term of the ABB Lease, no leases of space with other tenants for any space not initially leased by ABB pursuant to the ABB Lease shall have a term in excess of three years from the last day of the month in which such third-party tenant takes possession of such space.

ABB has a one-time option to terminate the ABB Lease as of the seventh (7th) anniversary of the Rental Commencement Date which is exercisable by written notice to the Joint Venture at least twelve (12) months in advance of such 7th anniversary. If ABB elects to exercise this termination option, ABB is required to pay to the Joint Venture, on or before ninety (90) days prior to the 7th anniversary of the Rental Commencement Date, a termination payment intended to compensate the 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 fifteen (15) months of monthly base rental

payments. It is currently anticipated that the termination payment required to be paid by ABB in the event it exercises its option to terminate the ABB Lease on the 7th anniversary would be approximately $1,818,000 based upon certain assumptions.

THE OHMEDA BUILDING

Description of the Building and the Site. The Joint Venture owns certain real property located in Louisville, Boulder County, Colorado (the "Louisville Property"). The Louisville Property contains a two-story office building with approximately 106,750 rentable square feet (the "Ohmeda Building"). Construction of the Ohmeda Building was completed in January 1988.

The Joint Venture purchased the Ohmeda Building on February 13, 1998, for a purchase price of $10,325,000, plus closing costs of

approximately $6,644.

The Ohmeda Building was designed to accommodate the needs of a high-technology tenant, and to provide the tenant substantial interior flexibility in order to accommodate new product developments, changes in electronics manufacturing techniques and the introduction of automated material handling systems. The Ohmeda Building is modular re-tan brick with flush mortar joints and energy efficient insulated solarban glass set in a clear aluminum mullion system. The office area represents approximately 47% of the building area, and the non-office area represents approximately 53%. The lower level has 17 foot high ceilings and is divided into three areas: the production area, the materials and finished goods handling area, and the support administration, exercise room and cafeteria area. The cafeteria and the exercise room contain a glass curtain wall offering panoramic views of the mountains to the west. The upper level on the west side contains managerial and financial offices, as well as research and employee amenity space.

The site is approximately five miles southeast of Boulder and approximately 17 miles northwest of Denver, situated near Highway 36 (Centennial Parkway), which is the main thoroughfare between Boulder and Denver. The site is a 15 acre tract of land in the Centennial Valley Business Park in Louisville, Colorado with scenic views both to and from the site. The Louisville Property is situated approximately 100 feet above Centennial Parkway with access by a "Z" curve roadway east of the site. All of the Ohmeda Building access points, including a glass vestibule entry court, are turned away from the strong winds from the west. The parking area, which contains approximately 500 parking spaces, is concealed from the view of Centennial Parkway and is open to the scenic views of the mountains.

The Ohmeda Lease. The entire 106,750 rentable square feet of the
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Ohmeda Building is currently under a net Lease Agreement dated February 26, 1987, as amended by First Amendment to Lease dated December 3, 1987, and as amended by Second Amendment to Lease dated October 20, 1997 (the "Ohmeda Lease") with Ohmeda, Inc., a Delaware corporation ("Ohmeda"). The Ohmeda Lease currently expires in January 2005, subject to (i) Ohmeda's right to effectuate an early termination of the Ohmeda Lease under the terms and conditions described below, and (ii) 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.

Ohmeda was a wholly owned subsidiary of the BOC Group, Inc., a Nevada corporation ("BOC"), which is a wholly-owned subsidiary of BOC Holdings, whose ultimate parent is The BOC Group PLC, an English corporation. On April 3, 1998, BOC sold the division of Ohmeda that occupies the Ohmeda Building to Instrumentarium Corporation, a Finnish company

("Instrumentarium"). The obligations of Ohmeda under the Ohmeda Lease are currently guaranteed by both BOC and Instrumentarium. BOC, which is in the businesses of gases and related products, vacuum technology and health care, reported total consolidated sales of in excess of $2 billion for its fiscal year ended September 30, 1997, and a net worth of in excess of $462 million. Instrumentarium is an international healthcare company concentrating on selected fields of medical technology manufacturing, marketing and distribution.

The monthly base rental payable under the Ohmeda Lease is $83,710 through January 31, 2003; $87,891 from February 1, 2003 through January 31,

2004; and $92,250 from February 1, 2004 through January 31, 2005. Under the Ohmeda Lease, Ohmeda is responsible for all utilities, taxes, insurance and other operating costs with respect to the Ohmeda Building during the term of the Ohmeda Lease. In addition, Ohmeda shall pay a $21,000 per year management fee for maintenance and administrative services of the Ohmeda Building. The Joint Venture, as landlord, is responsible for maintenance of the roof, exterior and structural walls, foundations, other structural members and floor slab, provided that the landlord's obligation to make repairs specifically excludes items of cosmetic and routine maintenance such as the painting of walls.

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 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 thirty (30) days of notice of such difference.

The Ohmeda Lease contains a provision whereby the tenant has the option to extend the primary lease term for up to two consecutive five year terms at the then current market rental rates.

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 Joint Venture to expend funds necessary to acquire additional land, if such land is necessary to such expansion and available for purchase for said expansion purposes, and to construct the expansion space. Ohmeda's option to expand the premises is subject to deliverance of at least four (4) months' prior written notice to the Joint Venture. During the 4 months subsequent to the notice of Ohmeda's intention to expand the premises, Ohmeda and the 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 (10) 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 Joint Venture on its project costs and any retrofit expenses with respect to the existing premises incurred by landlord over the new, 10 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 10 year primary lease term, shall be based on a combined rental rate equal to the sum of (i) the base rental payable by Ohmeda during lease year number seven for the existing premises, plus (ii)

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

Description of the Building and the Site. The Joint Venture owns certain real property located in Broomfield, Boulder County, Colorado (the "Broomfield Property"). The Broomfield Property contains a three-story multi-tenant office building with 51,974 rentable square feet (the "Interlocken Building"). Construction of the Interlocken Building was completed in December 1996.

The Joint Venture purchased the Interlocken Building on March 20, 1998, for a purchase price of $8,275,000, plus closing costs of approximately $18,000.

The first floor of the Interlocken Building has multiple tenants and contains 15,599 rentable square feet; the second floor is leased to ODS Technologies, L.P. ("ODS") and contains 17,146 rentable square feet; and the third floor is leased to Transecon, Inc. ("Transecon") and contains 19,229 rentable square feet.

The Broomfield Property fronts 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 site is a 5.1 acre tract of land in the Interlocken Business Park in Broomfield, Colorado. The Broomfield Property contains a parking lot surrounding the entire building with ample parking spaces available for tenants and visitors. The Interlocken Business Park is a 963-acre business park containing primarily advanced technology and research/development oriented companies. The Interlocken Conference Resort, which will contain a 430-room hotel, 57,000 square feet of conference space and a 27-hole championship golf course, is nearly complete and will border the Park's western boundary.

Description of Leases. As stated above, 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 dated June 27, 1996 (the "Transecon Lease"). 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 rental 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. Under the Transecon Lease, Transecon is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken Building during the term of the Transecon Lease. 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 rental 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 monthly base rent payable for this space is approximately $2,000 through January 1999; approximately $2,100 through January 2000; approximately $2,150 through January 2001; and approximately $2,200 through October 2001.

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 dated January 14, 1997 (the "ODS Lease"). The ODS Lease currently 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 monthly base rental payable under the ODS Lease is approximately $22,150 through January 1999; approximately $22,600 through January 2000; approximately $23,100 through January 2001; approximately $23,550 through January 2002; approximately $24,050 through January 2003; and approximately $24,550 through September 2003. 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. Under the ODS Lease, ODS is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken Building during the term of the ODS Lease. If ODS elects to extend the lease, the monthly base rental shall be a market rate as described in the ODS 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 rental payable under these leases for 1998 is approximately $21,250. Each lessee is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken Building during the term of its lease. Most of these leases contain a right to extend for one additional five year period upon 180 days' notice.

In the event that Transecon, ODS or any of the first floor tenants fail to extend their respective leases, the Joint Venture will be required to find one or more new suitable tenants for the Interlocken Building at the then prevailing market rental rates.

PROPERTY MANAGEMENT FEES

Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease all of the properties currently owned by the Joint Venture. While the Company and Wells Fund XI 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, as of June 30, 1998, Wells Fund IX and Wells Fund X held an aggregate 87.8% ownership percentage interest in the Joint Venture, while the Company and Wells Fund XI held an aggregate 12.2% ownership percentage interest in the Joint Venture, 87.8% of the gross revenues of the Joint Venture are subject to a 6% property management and leasing fee, while 12.2% of the gross revenues of the Joint Venture are subject to a 4.5% property management and leasing fee. Wells Management has also received an initial lease fee equal to the first month's rent for the ABB Lease and the Lucent Lease. In

addition, Wells Management is entitled to one-time initial lease-up fees equal to five percent (5%) of the gross revenues over the initial terms of the ABB Lease and the Lucent Lease (not to exceed five years).

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

The information contained on page 46 in the "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" 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:

The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of June 30, 1998, the Company had raised a total of $2,683,595 in offering proceeds (268,359 Shares). After the payment of $93,926 in acquisition and advisory fees and expenses, the payment of $335,449 in selling commissions and organizational and offering expenses and the payment of $1,421,466 in capital contributions to the Joint Venture, as of June 30, 1998, the Company was holding net offering proceeds of $832,754 available for investment in additional properties.

FINANCIAL STATEMENTS

The financial statements of Fund IX and X Associates (the Joint Venture) as of December 31, 1997 and for the period from March 20, 1997 to December 31, 1997 and of the Lucent Building for the three months ended March 31, 1998, included herein as Appendix I to this Supplement No. 2, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereto, and are included herein upon the authority of said firm as experts in giving said reports. The interim financial information of Fund IX and X Associates (the Joint Venture) as of March 31, 1998 and for the three month period ended March 31, 1998, and the pro forma financial information for Wells Real Estate Investment Trust, Inc. as of December 31, 1997 and for the three month period ended March 31, 1998, which are included in Appendix I to this Supplement No. 2, have not been audited.

APPENDIX I

INDEX TO FINANCIAL STATEMENTS

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	1997
	(UNAUDITED)	
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.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To 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.:

We have audited the accompanying statement of revenues over operating expenses for the LUCENT BUILDING for the three months ended March 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 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 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 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. The accompanying statement of revenues over 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 Lucent Building's revenues and expenses.

In our opinion, the statement of revenues over operating expenses presents fairly, in all material respects, the revenues over operating expenses (exclusive of expenses described in Note 2) of the Lucent Building for the three months ended March 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
June 30, 1998

LUCENT BUILDING

STATEMENT OF REVENUES OVER

OPERATING EXPENSES

FOR THE THREE MONTHS ENDED MARCH 31, 1998

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

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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(UNAUDITED PRO FORMA FINANCIAL STATEMENTS)

The following unaudited pro forma balance sheet as of March 31, 1998 and the pro forma statements of (loss) income for the year ended December 31, 1997 and three months ended March 31, 1998 have been prepared to give effect to the following transactions as if each occurred as of March 31, 1998 with respect to the balance sheet and on January 1, 1997 with respect to the statements of (loss)income : (i) Wells Real Estate Investment Trust, Inc.'s acquisition of an interest in Fund IX, Fund X, Fund XI, and REIT Joint Venture (formerly Fund IX-Fund X Associates) and (ii) the Fund IX, Fund X, Fund XI, and REIT Joint Venture's acquisition of the Lucent Building which commenced operations in January 1998.

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.

The pro forma financial statements are based on available information and certain assumptions that management believes are reasonable. Final adjustments may differ from the pro forma adjustments herein.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

MARCH 31, 1998

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
ASSETS:			
Investment in joint venture	$ 0	$1,480,741 (a)	$1,480,741
Cash	317,378	(317,378)(b)	0
Deferred project costs	4,072	(4,072)(c)	0
Deferred offering costs	461,108	0	461,108
Accounts receivable	18	0	18
Total assets	$ 782,576	$1,159,291	$1,941,867
LIABILITIES:			
Sales commission payable	$ 11,053	$ 0	$ 11,053
Due to affiliate	468,718	1,159,291 (b)(c)	1,628,009
Total liabilities	479,771	1,159,291	1,639,062
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	200,000
SHAREHOLDERS' EQUITY:			
Common shares, $.01 par value; 40,000,000 shares authorized, 11,735 shares issued and outstanding	117	0	117
Additional paid-in capital	102,688	0	102,688
Total shareholder's equity	102,805	0	102,805
Total liabilities and shareholder's equity	$ 782,576	$1,159,291	$1,941,867

(a) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to Fund IX, Fund X, Fund XI, and REIT Joint Venture.

(b) Reflects Wells Real Estate Investment Trust, Inc.'s portion of the $5,504,276 purchase price related to the Lucent Building.

(c) Reflects the deferred project costs allocated to the Fund IX, Fund X, Fund XI, and REIT Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF LOSS

FOR THE YEAR ENDED DECEMBER 31, 1997

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENT	PRO FORMA TOTAL
REVENUES:			
Equity in loss of joint venture	$ 0	$ (888)(a)	$ (888)
NET LOSS	$ 0	$ (888)	$ (888)
EARNINGS PER SHARE (BASIC AND DILUTED)	$0.00	$ (8.88)	$ (8.88)

(a) Reflects Wells Real Estate Investment Trust, Inc.'s 4.4% equity in earnings of the Fund IX, Fund X, Fund XI, and REIT Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1998

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENT	PRO FORMA TOTAL
REVENUES:			
Equity in income of joint ventures	$ 0	$9,282(a)	$9,282
NET INCOME	$ 0	$9,282	$9,282
EARNINGS PER SHARE (BASIC AND DILUTED)	$0.00	$ 0.79	$ 0.79

(a) Reflects Wells Real Estate Investment Trust, Inc.'s 4.4% equity in earnings of the Fund IX, Fund X, Fund XI, and REIT Joint Venture, including the Lucent Building on a pro forma basis.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUPPLEMENT NO. 3 DATED AUGUST 12, 1998 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998 and Supplement No. 2 dated June 30, 1998 (collectively, the "Prospectus"). Unless otherwise defined herein, 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:

(i) The status of the offering of shares of common stock (the "Shares") in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) The contribution of the Iomega Building located in Ogden, Weber County, Utah by Wells Real Estate Fund X, L.P. ("Wells Fund X") to the Fund IX, Fund X, Fund XI and REIT Joint Venture (the "IX-X-XI-REIT Joint Venture");

(iii) The Joint Venture Agreements entered into between Wells Operating Partnership, L.P. ("Wells OP") and Wells Development Corporation ("Wells Development");

(iv) The Joint Venture between Wells Real Estate Fund XI, L.P. ("Wells Fund XI") and Wells Fund X (the "Fund X-XI Joint Venture") and the contracts between the Fund X-XI Joint Venture and Wells Development;

(v) The acquisition of the Fairchild Building located in Fremont, Alameda County, California;

(vi) The acquisition of the Cort Furniture Building located in Fountain Valley, Orange County, California;

(vii) Revisions to the "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" section of the Prospectus; and

(viii) Inclusion of Audited and Pro Forma Financial Statements as described in the "Financial Statements" section of this Supplement.

Status of the Offering

Pursuant to the Prospectus, the offering of Shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of August 10, 1998, the Company had raised a total of $5,739,061 in offering proceeds (573,906 Shares).

The Iomega Building

Contribution of the Iomega Building. On July 1, 1998, Wells Fund X contributed a single-story warehouse and office building with 108,000 rentable square feet (the "Iomega Building") to the IX-X-XI-REIT Joint Venture as a capital contribution. Wells 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 $25,425 in closing costs originally paid by Wells Fund X for the Iomega Building on April 1, 1998.

As of August 1, 1998, Wells 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 Fund XI 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%; and Wells OP 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%.

Description of the Building and Site. The exterior of the Iomega Building is constructed of concrete tilt-up wall panels approximately 23 feet in height in the warehouse area with windows along the west and north sides of the building. The office portion of the Iomega Building on the north side is constructed of masonry block. Construction of the Iomega Building was completed in 1989. In 1997, the current tenant, Iomega Corporation, completed construction of a 16,000 square foot two-level office space addition inside the warehouse area on the west side of the Iomega Building. The Iomega Building contains an asphaltic concrete paved parking lot with 286 parking spaces. A railroad spur provides access to two rail docks on the east side of the Iomega Building. Access to the Iomega Building is controlled by on-site security guards. The IX-X-XI-REIT Joint Venture has no current plans to further develop, improve or renovate the Iomega Building.

The Iomega Building is located at 2976 South Commerce Way in the Ogden Commercial and Industrial Park (the "Ogden Commercial Park") in Ogden City, Utah. The site is an 8.03 acre tract of land located in an area containing primarily light manufacturing and warehousing buildings. The Iomega Building is one of the largest and most modern warehouse and office buildings in the Ogden Commercial Park. Although the Ogden Commercial Park is a well established industrial park, there are vacant land parcels immediately adjacent to the Iomega Building on the north, west and south sides.

The Ogden Commercial Park is located one mile north of Roy City, one mile northwest of Riverdale City and three miles southwest of the Ogden central business district. Interstate 15, a major north-south freeway through the state, and Interstate 84, a major east-west freeway through Weber County, are within one mile of the site.

Description of Iomega Lease. The entire Iomega Building is currently under a net Lease Agreement dated April 9, 1996 (the "Iomega Lease") with Iomega Corporation ("Iomega"). Wells Fund X assigned its rights under the Iomega Lease to the IX-X-XI REIT Joint Venture in connection with the contribution of the Iomega Building on July 1, 1998. The Iomega Lease has a ten year lease term which commenced on August 1, 1996 and expires on July 31, 2006. The Iomega Lease contains no extension provisions. Iomega's world headquarters are located within one mile of the Iomega Building. In the event that Iomega vacates the Iomega Building at the expiration of its current lease term, the IX-X-XI-REIT Joint Venture would be required to find one or more new suitable tenants for the Iomega Building at the then prevailing market rental rates.

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 $1.7 billion, net income of in excess of $115 million and a net worth of in excess of $400 million for its fiscal year ended December 31, 1997.

The monthly base rent payable under the Iomega 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 Iomega Lease will be increased to reflect an amount equal to 100% of the increase in the Consumer Price Index (as defined in the Iomega 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. Under the Iomega Lease, Iomega is responsible for all utilities, taxes, insurance and other operating costs with respect to the Iomega Building during the term of the lease. The estimated annual real estate taxes on the Iomega Building are $63,390. The Joint Venture, as landlord, is responsible for

maintenance of the structural soundness of the roof, foundation and exterior walls of the Iomega Building, reasonable wear and tear and uninsured losses and damages caused by Iomega excluded.

Iomega has used all of its $500,000 tenant improvement allowance provided under the Iomega Lease for the construction of the 16,000 square foot two-level office space addition described above and the addition of an additional parking lot outside the south entrance of the Iomega Building.

Under the terms of the Iomega Lease, the IX-X-XI-REIT Joint Venture is responsible for carrying and maintaining all risk liability insurance covering the full replacement cost of the Iomega Building. Iomega is responsible for carrying and maintaining all risk property insurance covering the full replacement cost of all property and improvements installed or placed on the premises by Iomega; worker's compensation insurance with no less than the minimum limits required by law; employer's liability insurance with such limits as required by law; and commercial liability insurance, with a minimum limit of $1,000,000 per occurrence and a minimum umbrella limit of $1,000,000, for a total minimum combined general liability and umbrella limit of $2,000,000 for property damage, personal injuries or deaths occurring in or about the premises. The cost of the insurance paid by the landlord is billed on a monthly basis to the tenant at a rate of $334. Management believes that the Iomega Building is adequately insured against loss for property damage, personal injury and deaths of persons in or about the premises.

The Joint Ventures

The Fremont Joint Venture. In July 1998, Wells OP entered into a Joint Venture Agreement known as Wells/Fremont Associates (the "Fremont Joint Venture") with Wells Development. The purpose of the Fremont Joint Venture is the acquisition, ownership, leasing, operation, sale and management of real

properties, including, but not limited to, that certain office building containing 58,424 rentable square feet located in Fremont, Alameda County, California (the "Fairchild Building").

Wells Development had previously entered into that certain Agreement for the Purchase and Sale of Property dated June 8, 1998 with Rose Ventures V, Inc., a California corporation, and Thomas G. Haury and Carleen S. Haury to acquire the Fairchild Building (the "Fairchild Contract"). Prior to the closing of the Fairchild Building, Wells Development assigned its rights to the Fairchild Contract to the Fremont Joint Venture, and on July 21, 1998, the Fremont Joint Venture acquired the Fairchild Building pursuant to the Fairchild Contract.

The Cort Joint Venture. In July 1998, Wells OP entered into another Joint Venture Agreement with Wells Development known as Wells/Orange County Associates (the "Cort Joint Venture") for the purpose of the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, that certain office building containing 52,000 rentable square feet located in Fountain Valley, Orange County, California (the "Cort Furniture Building").

Wells Development had previously entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions dated June 12, 1998 with Spencer Fountain Valley Holdings, Inc., a California corporation ("Spencer"), to acquire the Cort Furniture Building (the "Cort Contract"). Prior to the closing of the Cort Furniture Building, Wells Development assigned its rights to the Cort Contract to the Cort Joint Venture, and on July 31, 1998, the Cort Joint Venture acquired the Cort Furniture Building pursuant to the Cort Contract.

The Fund X-XI Joint Venture. In July 1998, Wells Fund XI entered into a Joint Venture Agreement with Wells Fund X known as Fund X and Fund XI Associates (the "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 and the Cort Joint Venture (as described below).

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 OP and ultimately the Fund X-XI Joint Venture 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.

Contracts to Acquire Joint Venture Interests

Acquisition of the Fremont Joint Venture Interest. 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 "Fremont 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 XI and Wells Development are all Affiliates of Wells Capital, Inc. (the "Advisor") and the Company.

At the time of entering into the Fremont JV Contract, the Fund X-XI Joint Venture delivered $2,000,000 to Wells Development as an earnest money deposit. Wells Development contributed the earnest money it received from the Fund X-XI Joint Venture to the Fremont Joint Venture as its initial capital contribution of $2,000,000, and Wells OP simultaneously contributed $995,480 to the Fremont Joint Venture as its initial capital contribution.

Acquisition of the Cort JV Interest. On July 30, 1998, the Fund X-XI Joint

Venture entered into another 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.

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. Wells Development contributed the earnest money it received from the Fund X-XI Joint Venture to the Cort Joint Venture as its initial capital contribution of $1,500,000, and Wells OP simultaneously contributed $168,000 to the Cort Joint Venture as its initial capital contribution.

The Fairchild Building

Purchase of the Fairchild Building. On July 21, 1998, the Fremont Joint Venture acquired the Fairchild Building pursuant to the Fairchild Contract for a purchase price of $8,900,000. The Fremont Joint Venture incurred acquisition expenses including legal fees, title insurance fees, loan origination fees, appraisal fees and other closing costs of approximately $60,000. The Fremont Joint Venture used the $2,995,480 aggregate capital contributions described above to partially fund the purchase of the Fairchild Building. The Fremont Joint Venture also 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. 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 London InterBank Offered Rate (the "LIBOR Rate") for a thirty day period plus 220 basis points. Commencing on September 1, 1998, and on the first day of each calendar month thereafter continuing through and including the first day of the calendar month in which the Fairchild Maturity Date occurs, the Fremont Joint Venture is required to pay to NationsBank monthly installments of principal in the amount of $10,498 plus accrued interest. The Fairchild Loan is secured by a first mortgage against the Fairchild Building. In addition Leo F. Wells, III and Wells Development, Affiliates of the Advisor and the Company, are co-guarantors of the Fairchild Loan.

Closing of the Fremont JV Interest. Under the Joint Venture Agreement of the Fremont Joint Venture, cash flow distributions will be paid to Wells OP and Wells Development in accordance with each such entity's equity interest in the Fremont Joint Venture based upon each entity's relative capital contribution to the Fremont Joint Venture. As of July 31, 1998, Wells OP held an approximately 33% equity interest and Wells Development held an approximately 67% equity interest in the Fremont Joint Venture. As additional offering proceeds are raised by the Wells REIT, it is anticipated that Wells OP will make additional capital contributions to the Fremont Joint Venture, which will be utilized to pay down the Fairchild Loan and will increase Wells OP's relative equity interest (and decrease Wells Development's relative equity interest) in the Fremont Joint Venture. Cash flow distributions payable by the Fremont Joint Venture to Wells Development shall 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.

At such time as sufficient funds have been raised, either in the Fund X-XI Joint Venture or the Wells REIT, or a combination thereof, to pay off the Fairchild Loan, the Fund X-XI Joint Venture shall close the acquisition of the Fremont JV Interest. This closing shall take place on or before July 21, 1999; however, the Fund X-XI Joint Venture has the right to extend the closing date

for two successive periods of six months if sufficient cash has not been raised to pay off the Fairchild Loan. At the conclusion of such transaction, the Fund X-XI Joint Venture will be admitted to the Fremont Joint Venture as a joint venturer partner in the place of Wells Development. The ultimate equity percentage interests in the Fremont Joint Venture to be owned by Wells OP and the Fund X-XI Joint Venture are dependent upon the amount of offering proceeds which are raised in the future by the Company and by Wells Fund XI and, accordingly, are indeterminable at this time.

Description of the Fairchild Building. The Fairchild Building is a two-story office and manufacturing building with 58,424 rentable square feet. The Fairchild Building is composed of painted concrete tilt-up wall panels, plaster walls with a clay tile covered mansard roof on the building's west and north sides and aluminum framed windows. Construction of the Fairchild Building was completed in 1985.

The Fairchild Building is located at 47320 Kato Road on the corner of Kato Road and Auburn Road in the City of Fremont, California. The site is approximately 3.05 acres and is located in a commercial area composed of similar use buildings. The parking area surrounds the Fairchild Building and contains approximately 184 paved parking spaces.

An independent appraisal of the Fairchild Building was prepared by CB Richard Ellis Appraisal Services, a division of CB Commercial, as of June 29, 1998, pursuant to which the market value of the land and the leased fee interest in the Fairchild Building subject to the Fairchild Lease (described below) was estimated to be $8,900,000. The value estimate contained in this appraisal was based upon a number of assumptions, including that the Fairchild Building will continue operating at a stabilized level with Fairchild occupying 100% of the rentable areas, and is not necessarily an accurate reflection of the fair market value of the property. The Fremont Joint Venture also obtained an environmental report prior to closing evidencing that the environmental condition of the land encompassing the Fairchild Building was satisfactory.

Fremont is considered Alameda County's extension of Silicon Valley as it is home to a large number of high-technology manufacturing and new product development companies. Fremont, which is the second largest city in Alameda County and the fourth largest city in the Bay Area with a population of approximately 190,000, is 25 miles south of Oakland and 15 miles north of San Jose along Interstate 880. Fremont encompasses approximately 94 square miles and is the largest source of current and future growth and development in Alameda County due to its abundance of land relative to other areas and its location on the fringe of Silicon Valley.

The Fremont Joint Venture will experience competition for its current tenant from owners and managers of various other office and manufacturing buildings located in the immediate area of the Fairchild Building, which

could adversely affect the Fremont Joint Venture's ability to retain Fairchild as a tenant, and if necessary in the future, to attract and retain other tenants.

The Fairchild Lease. The entire 58,424 rentable square feet of the Fairchild Building is currently under a net lease agreement dated September 19, 1997 (the "Fairchild Lease") with Fairchild Technologies U.S.A., Inc. ("Fairchild"). Fairchild took early possession of the second floor of the Fairchild Building on October 1, 1997 at a monthly base rental of $22,456. The Fairchild Lease commenced on December 1, 1997 (the "Rental Commencement Date") and expires on November 30, 2004, subject to Fairchild's right to extend the Fairchild Lease for an additional five-year period. Fairchild must give written notice of its intention to exercise said option not more than 180 days and not less than 90 days before the last day of the initial term of the Fairchild Lease. In the event that Fairchild vacates the Fairchild Building at the expiration of its current lease term, the Fremont Joint Venture would be

required to find one or more new suitable tenants for the Fairchild Building at the then prevailing market rental rates.

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, a Delaware 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 aerospace fastener segment accounted for approximately 51.4% of the company's net sales and the aerospace parts distribution segment accounted for approximately 35.9% of the company's net sales in fiscal year 1997. The obligations of Fairchild under the Fairchild Lease are guaranteed by Fairchild Corp, which reported total consolidated sales of in excess of $680 Million and a net worth of in excess of $232 Million for its fiscal year ended June 30, 1997.

The monthly base rent payable under the Fairchild Lease is $68,128 through November 30, 1998. On each one-year anniversary of the Rental Commencement Date, the monthly base rent in effect for the preceding year shall be adjusted upward by a 3% increase. The monthly 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. Under the Fairchild Lease, Fairchild is responsible for all utilities, taxes, insurance and other operating costs with respect to the Fairchild Building during the term of the Fairchild Lease. Currently, the annual real estate taxes for the Fairchild Building are approximately $37,000. The Fremont Joint Venture, as landlord, is responsible for the maintenance and repair of the structural elements of the roof, bearing walls and foundation of the Fairchild Building.

Under the terms of the Fairchild Lease, Fairchild is required to carry and maintain, at its own cost and expense, certain types of insurance in form acceptable to the Fremont Joint Venture, naming the Fremont Joint Venture as an additional insured. With respect to insurance against loss or damage to the Fairchild Building, Fairchild is required to name the Fremont Joint Venture as loss payee under its policy. Among other types of insurance, the Fairchild Lease requires that Fairchild maintain liability insurance coverage covering the leased premises and Fairchild's use thereof against claims for personal injury, death, property damage and product liability, in single limit amounts of not less than $2,000,000 per occurrence, and an equivalent form of insurance against loss or damage of the Fairchild Building, including earthquake insurance, in an amount not less than 100% of the actual replacement value of the building and improvements thereto. Management believes that the Fairchild Building is adequately insured against loss for property damage, personal injury and deaths of persons in or about the premises.

The Cort Furniture Building

Purchase of the Cort Furniture Building. On July 31, 1998, the Cort Joint Venture acquired the Cort Furniture Building pursuant to the Cort Contract for a purchase price of $6,400,000. The Cort Joint Venture incurred acquisition expenses including legal fees, title insurance fees, loan origination fees, appraisal fees and other closing costs of approximately $63,000. In addition, at closing, the Cort Joint Venture paid $85,000 in real estate brokerage commissions to Collins Commercial and Daum Commercial Real Estate, neither of

which are affiliated in any way with the Company or the Advisor. The Cort Joint Venture used the $1,668,000 aggregate capital contributions to partially fund the purchase of the Cort Furniture Building. The Cort Joint Venture also 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. 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 a thirty day period plus 220 basis points. Commencing on September 1, 1998, and on the first day of each calendar month thereafter continuing through and including the first day of the calendar month in which the Cort Maturity Date occurs, the Cort Joint Venture is required to pay to Nationsbank monthly installments of principal in the amount of $8,587 plus accrued interest. The Cort Loan is secured by a first mortgage against the Cort Furniture Building. Leo F. Wells, III and Wells Development are also co-guarantors of the Cort Loan.

Closing of the Cort JV Interest. Under the Joint Venture Agreement of the Cort Joint Venture, cash flow distributions will be paid to Wells OP and Wells Development in accordance with each such entity's equity interest in the Cort Joint Venture based upon each entity's relative capital contribution to the Cort Joint Venture. As of July 31, 1998, Wells Development held an approximately 90% equity interest and Wells OP held an approximately 10% equity interest in the Cort Joint Venture. As additional offering proceeds are raised by the Wells REIT, it is anticipated that Wells OP will make additional capital contributions to the Cort Joint Venture, which will be utilized to pay down the Cort Loan and will increase Wells OP's relative equity interest (and decrease Wells Development's relative equity interest) in the Cort Joint Venture. Cash flow distributions payable by the Cort Joint Venture to Wells Development shall 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.

At such time as sufficient funds have been raised, either in the Fund X-XI Joint Venture or the Company, or a combination thereof, to pay off the Cort Loan on the Cort Furniture Building, the Fund X-XI Joint Venture shall close the acquisition of the Cort JV Interest. This closing shall take place on or before July 31, 1999; however, the Fund X-XI Joint Venture has the right to extend the closing date for two successive periods of six months if sufficient cash has not been raised to pay off the Cort Loan. At the conclusion of such transaction, the Fund X-XI Joint Venture will be admitted to the Cort Joint Venture as a joint venture partner in the place of Wells Development. The ultimate equity percentage interests in the Cort Joint Venture to be owned by Wells OP and the Fund X-XI Joint Venture are dependent upon the amount of offering proceeds which are raised in the future by the Company and by Wells Fund XI and, accordingly, are indeterminable at this time.

Description of the Cort Furniture Building. The Cort Furniture Building is a single-story office and warehouse building with 52,000 rentable squire feet comprised of an 18,000 square foot office and open showroom area and a 34,000 square foot warehouse area. The Cort Furniture Building's foundation is shallow reinforced concrete spread footings under load bearing columns with floor slabs consisting of four inch thick reinforced concrete slab. The exterior walls of the Cort Furniture Building are load bearing concrete tilt-wall panels. The roof framing is composed of one-half inch thick plywood decking supported by glu-lam beams and wood joyces. The main entrance of the Cort Furniture Building consists of covered walkways. The site contains approximately 150 paved parking spaces. Construction of the Cort Furniture Building was completed in 1975.

An independent appraisal of the Cort Furniture Building was prepared by

Cushman Wakefield, real estate appraisers and consultants, as of July 1, 1998, pursuant to which the market value of the land and the leased fee interest in the Cort Furniture Building subject to the Cort Furniture Lease (described below) was estimated to be $6,400,000. The value estimate contained in this appraisal was based upon a number of assumptions, including that the Cort Furniture Building will continue operating at a stabilized level with Cort occupying 100% of the rentable areas, and is not necessarily an accurate reflection of the fair market value of the property. The Cort Joint Venture also obtained an environmental report prior to closing evidencing that the environmental condition of the land encompassing the Cort Furniture Building was satisfactory.

The Cort Furniture Building 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 (with good freeway exposure) located in the City of Fountain Valley, Orange County, California. The site consists of two parcels of land totalling approximately 3.65 acres and is located in an established, built-out industrial pocket within the southeastern region of the city. The site is located approximately four miles West of the John Wayne Airport.

Fountain Valley is considered an established bedroom community which is characterized by a family-oriented, affluent resident population. The city is located on the fringe of one of the county's major regional employment centers. Most development within the immediate area consists of mid-sized warehouse distribution facilities, garden office buildings, corporate headquarter facilities, small incubator industrial parks and various retail showroom buildings. Fountain Valley encompasses approximately 9.75 square miles and is considered to be in the stable stage of its life cycle with relatively little vacant land parcels available for development. While the population of Fountain Valley as of 1997 was approximately 55,000 residents, Orange County had a population in excess of 2.6 million. Orange County employs about 10% of the state's workers despite having only about 8% of the state's population.

The Cort Joint Venture will experience competition for its current tenant from owners and managers from various other office and warehouse buildings located in the immediate area of the Cort Furniture Building which could adversely affect the Cort Joint Venture's ability to retain Cort as a tenant, and if necessary in the future, to attract and retain other tenants.

The Cort Furniture Lease. The entire 52,000 rentable square feet of the Cort Furniture Building is currently under a net lease agreement dated October 25, 1988 (The "Cort Furniture Lease") with Cort Furniture Rental Corporation, a New York corporation ("Cort"). Cort uses the Cort Furniture Building as its regional corporate headquarters with an attached clearance showroom and warehouse storage areas. The Cort Furniture Building was originally developed for and occupied by Mary Kay Cosmetics as their regional corporate headquarters. In March 1988, the Cort Furniture Building was leased to Cort. Subsequently, Cort exercised an option to purchase the property in mid-1988. In October 1988, Cort sold the property to Spencer and leased back the property for a 15 year term at an initial lease rate of $0.914 per square foot per month (on a triple net basis).

The Cort Furniture Lease commenced on November 1, 1988 (the "Rental Commencement Date") and contains a lease term of 15 years expiring on October 31, 2003. Cort has an option to extend the Cort Furniture Lease for an additional five-year period of time. Such option must be exercised by Cort in a written notice delivered to the Cort Joint Venture at least one year prior to the expiration of the then current lease term. In the event that Cort vacates the Cort Furniture Building at the expiration of its current lease term, the Cort Joint Venture would be required to find one or more suitable tenants for the Cort Furniture Building at the then prevailing market rental rates.

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, including 109 rental showrooms, 72 clearance centers and 72

distribution centers. The obligations of Cort under the Cort Furniture Lease are guaranteed

by Cort Business Services, which reported net income of in excess of $22 million on total consolidated revenue of in excess of $287 million, and reported a net worth of in excess of $149 million for its fiscal year ended December 31, 1997.

The monthly base rent payable under the Cort Furniture 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 Furniture 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. Under the Cort Furniture lease, Cort is responsible for all utilities, taxes, insurance and other operating costs with respect to the Cort Furniture Building during the term of the Cort Furniture Lease. The estimated annual real estate taxes on the Cort Furniture Building are $38,040. The Cort Joint Venture, as landlord, is responsible for the maintenance and repair of the structural portions of the exterior walls and the foundation of the Cort Furniture Building, but shall not include painting or installing, maintaining or repairing wall or floor coverings.

Under the terms of the Cort Furniture Lease, the Cort Joint Venture is responsible for carrying and maintaining liability insurance covering the leased premises including claims for personal injury, death, property damage and product liability, in single limit amounts of not less than $1,000,000. The insurance against property damage to the Cort Furniture Building shall be in an amount not less than 100% of the actual replacement value of the building and improvements thereto. The cost of said insurance is billed on a monthly basis to the tenant. Cort is required to maintain property insurance for its personal property on the premises, including all inventory, equipment, fixtures and tenant improvements that have not become a part of the premises, in an amount equal to the full replacement value of such personal property. Pursuant to the terms of the Cort Loan, the Cort Joint Venture is required to carry and maintain earthquake insurance on the Cort Furniture Building for the full replacement value of the building. Management believes that the Cort Furniture Building is adequately insured against loss for property damage, personal injury and deaths of persons in or about the premises.

Property Management Fees

Iomega Building. Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Advisor and the Company, has been retained to manage and lease all of the properties currently owned by the IX-X-XI-REIT Joint Venture, including the Iomega Building. While Wells Fund XI and the Company 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, as of August 1, 1998, Wells Fund IX and Wells Fund X held an aggregate 89.4% ownership percentage interest in the IX-X-XI-REIT Joint Venture, while Wells Fund XI and the Company held an aggregate 10.6% ownership percentage interest in the IX-X-XI-REIT Joint Venture, 89.4% of the gross revenues of the IX-X-XI-REIT Joint Venture are subject to a 6% property management and leasing fee, while 10.6% of the gross revenues of the IX-X-XI-REIT Joint Venture are subject to a 4.5% property management and leasing fee.

Fairchild and Cort Furniture Buildings. Wells Management has also been

retained to manage and lease the Fairchild Building and the Cort Furniture Building. The Fremont Joint Venture and the Cort Joint Venture shall each pay 4.5% of gross revenues of these buildings to Wells Management for property management and leasing services.

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

The information contained on page 46 in the "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" 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:

> The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of August 10, 1998, the Company had raised a total of $5,739,061 in offering proceeds (573,906 Shares). After the payment of $200,867 in acquisition and advisory fees and acquisition expenses, the payment of $717,382 in selling commissions and organizational and offering expenses, capital contributions of $1,421,466 to the IX-X-XI-REIT Joint Venture, capital contributions of $995,480 to the Fremont Joint Venture and capital contributions of $168,000 to the Cort Joint Venture, as of August 10, 1998, the Company was holding net offering proceeds of $2,235,866 available for investment in additional properties.

Financial Statements

The financial statements of the Iomega Building, the Fairchild Building and the Cort Furniture Building for the year ended December 31, 1997, included herein as Appendix I to this Supplement No. 3, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein upon the authority of said firm as experts in giving said reports. The pro forma financial information for Wells Real Estate Investment Trust, Inc. for the year ended December 31, 1997 and for the six month period ended June 30, 1998, and the financial statements of the Iomega Building, the Fairchild Building and the Cort Furniture Building for the six month period ended June 30, 1998, which are included in Appendix I to this Supplement No. 3, have not been audited.

APPENDIX F

INDEX TO FINANCIAL STATEMENTS

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 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.

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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(Unaudited Pro Forma Financial Statements)

The following unaudited pro forma balance sheet as of June 30, 1998 and the pro forma statements of (loss) income for the year ended December 31, 1997 and six months ended June 30, 1998 have been prepared to give effect to the following transaction as if each occurred as of June 30, 1998 with respect to the balance sheet and on January 1, 1997 with respect to the statements of (loss) income : (i) Wells Real Estate Investment Trust, Inc.'s adjusted equity interest in the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("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. and formerly Fund IX--Fund X Associates) after giving effect to the Joint Venture's acquisition of the Lucent Building and the contribution by Wells Real Estate Fund X, L.P. of the Iomega Building to the Joint Venture; (ii) the acquisition of the Cort Furniture Building by Wells/Orange County Associates (a joint venture between Wells Operating Partnership, L.P. and Wells Development Corporation), and (iii) the acquisition of the Fairchild Building by Wells/Fremont Associates (a joint venture between Wells Operating Partnership, L.P. and Wells Development Corporation).

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.

The pro forma financial statements are based on available information and certain assumptions that management believes are reasonable. Final adjustments may differ from the pro forma adjustments herein.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

JUNE 30, 1998

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Fairchild Building	Pro Forma Adjustments: Cort Furniture Building	Pro Forma Total
ASSETS:				
Investment in joint venture	$ 1,472,065	$ 1,039,082(a)	$ 175,001(d)	$ 2,686,148
Cash and cash equivalents	1,112,656	(995,480)(b)	(117,176)(e)	0
Deferred project costs	34,651	(34,651)(c)	0	0
Deferred offering costs	604,201	0	0	604,201
Due from affiliates	15,307	0	0	15,307
Prepared expenses and other assets	10,000	0	0	10,000
Total assets	3,248,880	8,951	57,825	3,315,656
LIABILITIES:				
Sales commission payable	33,675	0	0	33,675
Due to affiliate	655,160	8,951(c)	57,825(e,f)	721,936
Total liabilities	688,835	8,951	57,825	755,611
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	200,000
SHAREHOLDERS' EQUITY:				
Common shares, $.01 par value; 40,000,000 shares				

authorized, 268,459 shares issued and outstanding	2,685	0	0	2,685
Additional paid-in capital	2,346,461	0	0	2,346,461
Retained earnings	10,899	0	0	10,899
Total shareholder's equity	2,360,045	0	0	2,360,045
Total liabilities and shareholder's equity	$ 3,248,880	$ 8,951	$ 57,825	$ 3,315,656

(a) Reflects Wells Operating Partnership, L.P.'s contribution to Wells/Fremont Associates.

(b) Reflects Wells Operating Partnership, L.P.'s portion of the $8,900,000 purchase price related to the Fairchild Building.

(c) Reflects deferred project costs allocated to Wells Operating Partnership, L.P.'s investment in Wells/Fremont Associates

(d) Reflects Wells Operating Partnership, L.P.'s contribution to Wells/Orange County Associates.

(e) Reflects Wells Operating Partnership, L.P.'s portion of the $6,400,000 purchase price related to the Cort Furniture Building.

(f) Reflects deferred project costs allocated to Wells Operating Partnership, L.P.'s investment in Wells/Orange County Associates.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 1997

(Unaudited)

		Pro Forma Adjustments			
	Wells Real Estate Investment Trust, Inc.	Fund IX, Fund X, Fund XI and REIT Joint Venture	Fairchild Building	Cort Furniture Building	Pro Forma Total
REVENUES:					
Equity in income (loss) of joint venture	$0	$ 12,341(a)	$(203,458)(b)	$ 18,252(c)	$(172,865)
EXPENSES	0	0	0	0	0
NET INCOME (LOSS)	$0	$ 12,341	$(203,458)	$ 18,252	$(172,865)
INCOME (LOSS) PER SHARE (basic and diluted)	$0	$ 123.41	$(2,034.58)	$ 182.52	$(1,728.65)

(a) Reflects Wells Operating Partnership, L.P.'s 3.9% equity in earnings of Fund IX, Fund X, Fund XI, and REIT Joint Venture which totaled $316,445 after giving effect to the contribution by Wells Real Estate Fund X of the Iomega Building to the Joint Venture. The pro forma adjustments result from rental revenues less operating expenses, management fees, and depreciation expense.

(b) Reflects Wells Operating Partnership, L.P.'s 33.3% equity in net loss of Wells/Fremont Associates which totaled $610,374. The pro forma adjustments result from rental revenues less operating expenses, management fees, depreciation, and interest expense.

(c) Reflects Wells Operating Partnership, L.P.'s 10% equity in earnings of Wells/Orange County Associates which totaled $182,520. The pro forma adjustments result from rental revenues less operating expenses, management fees, depreciation, and interest expense.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 1998

(Unaudited)

		Pro Forma Adjustments			
	Wells Real Estate Investment Trust, Inc.	Fund IX, Fund X, Fund XI, and REIT Joint Venture	Fairchild Building	Cort Furniture Building	Pro Forma Total
REVENUES:					
Equity in income of joint ventures	$ 6,631	$33,348(a)	$12,201(b)	$9,848(c)	$62,028
Interest income	4,286	0	0	0	4,286
	10,917	33,348	12,201	9,848	66,314
EXPENSES:					
Office expense	18	0	0	0	18
NET INCOME	$10,899	$33,348	$12,201	$9,848	$66,296
EARNINGS PER SHARE (basic and diluted)	$0.04	$0.12	$0.05	$0.04	$0.25

(a) Reflects Wells Operating Partnership, L.P.'s 3.9% equity in earnings of Fund IX, Fund X, Fund XI, and REIT Joint Venture which totaled $855,066 after giving effect to the Joint Venture's acquisition of the Lucent Building and the contribution by Wells Real Estate Fund X of the Iomega Building to the Joint Venture.. The pro forma adjustments result from rental revenues less operating expenses, management fees, depreciation, and amortization.

(b) Reflects Wells Operating Partnership, L.P.'s 33.3% equity in earnings of Wells/Fremont Associates which totaled $36,606. The pro forma adjustments result from rental revenues less operating expenses, management fees, depreciation, and interest expense.

(c) Reflects Wells Operating Partnership, L.P.'s 10% equity in earnings of Wells/Orange County Associates which totaled $98,480. The pro forma adjustments result from rental revenues less operating expenses, management fees, depreciation, and interest expense.

SUPPLEMENT NO. 6 DATED JANUARY 15, 1999 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998, Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998 (collectively, the "Prospectus"). This Supplement No. 6 supersedes Supplement No. 4 and Supplement No. 5. Unless otherwise defined herein, 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 in Wells Real Estate Investment Trust, Inc. (the "Company");

(2) Revisions to the "Investor Suitability Standards" and "Plan of Distribution" sections of the Prospectus;

(3) Revisions to the "Legal Matters" and "Conflicts of Interest -Lack of Separate Representation" sections of the Prospectus;

(4) Contract for an undivided interest in a 7.25 acre tract of land located in Knox County, Tennessee (the "Associates Property") with Wells Development Corporation ("Wells Development"), an Affiliate of the Advisor, and the proposed construction and development of an office building thereon;

(5) The acquisition of an office building in Tampa, Hillsborough County, Florida within the Sunforest Business Park;

(6) The status of the ABB Building;

(7) The status of the Cort Furniture Building;

(8) The status of the Fairchild Building;

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

(10) Pro Forma Balance Sheet included as Appendix I.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of January 10, 1999, the Company had raised a total of $32,484,200 in offering proceeds (3,248,420 shares).

INVESTOR SUITABILITY STANDARDS

The information contained on page 15 in the "Investor Suitability Standards" section of the Prospectus, as amended in Supplement No. 1 to the Prospectus, is revised and amended as of the date of this Supplement by the deletion of the fourth full paragraph of that section and the insertion of the following paragraph in lieu thereof:

> The minimum purchase is 100 shares ($1,000) (except in certain states and as otherwise described below). No transfers will be permitted of less than the minimum required purchase, nor (except in very limited circumstances) may an investor transfer, fractionalize or subdivide such shares so as to retain less

than such minimum number thereof. For purposes of satisfying the minimum

investment requirement for Retirement Plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate Individual Retirement Accounts ("IRAs"), provided that each such contribution is made in increments of at least $100. It should be noted, however, that an investment in the Company will not, in itself, create a Retirement Plan for any investor and that in order to create a Retirement Plan, an investor must comply with all applicable provisions of the Code. Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirements and have purchased units in Prior Wells Public Programs or units or shares in other public real estate programs may purchase less than the minimum number of shares set forth above, but in no event less than 2.5 shares ($25). The minimum purchase for New York investors is 250 shares ($2,500); however, the minimum investment for New York IRAs is 100 shares ($1,000). After an investor has purchased the minimum investment, any additional investments must be made in increments of at least 2.5 shares ($25), except for (i) those made by investors in Maine, who must still meet the minimum investment requirement for Maine residents of $1,000 for IRAs and $2,500 for non-IRAs, (ii) purchases of shares pursuant to the Reinvestment Plan or reinvestment plans of other public real estate programs, which may be in lesser amounts, and (iii) the minimum purchase requirement for Minnesota investors other than IRAs and Qualified Plans of 250 shares ($2,500), and the minimum purchase requirement for Minnesota IRAs and Qualified Plans of 200 shares ($2,000).

LACK OF SEPARATE REPRESENTATION

The information contained on page 23 in the "Conflicts of Interest" section of the Prospectus under the heading "Lack of Separate Representation" shall be amended by inserting the following paragraph:

The firm of Hunton & Williams ceased acting as counsel to the Company, the Advisor and their Affiliates immediately following the effective date of the Prospectus. Holland & Knight LLP has served as counsel to the Company since the effective date of the Prospectus. Holland & Knight LLP also serves as counsel to the Advisor, the Dealer Manager and their Affiliates. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Company, the Advisor, the Dealer Manager or their Affiliates, the Advisor may be required to cause the Company to retain separate counsel for such matters.

CONTRACT BETWEEN WELLS DEVELOPMENT AND WELLS OPERATING PARTNERSHIP, L.P. FOR ASSOCIATES PROPERTY

Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized to own and operate properties on behalf of the Company, entered into an Agreement for the Purchase and Sale of Property (the "Purchase Agreement") with Wells Development dated September 15, 1998 for the purchase of an undivided interest in the Associates Property. The purchase price to be paid by Wells OP for its undivided interest shall be $1,650,000 representing a 55% undivided interest in the Associates Property. Simultaneously, Wells Development entered into another Agreement for the Purchase and Sale of Property for the remaining undivided interest with Beaver Ruin-ARC Way, Ltd. and Carter Boulevard, Ltd., both Georgia limited partnerships affiliated with the Advisor (collectively referred to as "Beaver/Carter"). The purchase price of the undivided interest to be acquired by Beaver/Carter shall be $1,350,000 representing a 45% undivided interest in the Associates Property. Beaver/Carter has paid $1,350,000 to Wells Development as an earnest money deposit pursuant to its contract, and is scheduled to close on its 45% undivided interest on or before January 19, 1999. Wells Development will use the earnest money deposit received from Beaver/Carter, along with a loan in the amount of $4,500,000 from First Capital Bank (as described below), to partially fund the purchase and development of the Associates Property. It is currently anticipated that Wells OP will close on its 55% undivided interest at such time as Wells Development has expended the $1,350,000 earnest money deposit and $4,500,000 in loan proceeds. Wells Development shall not make any profit or incur any loss in connection with this transaction. At closing, Wells OP shall pay the purchase price for its 55% undivided interest in cash or execute a promissory note for

any unfunded portion of the purchase price.

At closing, Wells OP shall deliver to Wells Development a closing statement, a Tenancy-in-Common Agreement, and such other documents as may be reasonably required by Wells Development in order to effectuate the transaction. Wells OP's obligation to close on the undivided interest is conditioned upon the following events:

- Wells OP shall have available to it at the date of closing sufficient proceeds available for investment in properties to fund the purchase price;
- all the representations and warranties set forth in the Purchase Agreement shall be true and correct in all material respects on the date of closing;
- the receipt by Wells OP of an acceptable appraisal for the property;
- the receipt by Wells OP of evidence reasonably satisfactory to it that the property is free of any Hazardous Materials;
- the receipt of evidence that Associates Housing Finance, LLC has executed an acceptable lease in connection with the Associates Property;
- the execution of a Tenancy-in-Common Agreement with Beaver/Carter in form and substance reasonably satisfactory to Wells OP;
- evidence that the transaction contemplated by the Beaver/Carter agreement has closed; and
- a policy of title insurance insuring Wells OP's undivided interest in the Associates Property.

TENANCY-IN-COMMON

Tenancy-in-Common Agreement. At or near the date that Wells OP closes the acquisition of its undivided interest in the Associates Property, Wells OP will enter into a Tenancy-in-Common Agreement with Beaver/Carter or assume the obligations of Wells Development under a Tenancy-in-Common Agreement with Beaver/Carter. This Tenancy-in-Common Agreement will set forth the rights of the parties with regard to their co-ownership of the Associates Property including, but not limited to, the contribution of funds for the payment of expenses required in connection with the ownership and management of the property. While the Tenancy-in-Common Agreement to be entered into with Beaver/Carter has not yet been prepared, it is anticipated that such agreement may contain a right of first refusal or buy-sell provision which would allow either party to require the other party to sell its interest in the Associates Property upon the happening of certain events. In the event that the Tenancy-in-Common Agreement does contain such a right of first refusal or buy-sell provision, the Company may be unable to finance any such buy-out right at the required time. Further, in the event that such Tenancy-in-Common Agreement fails to grant the Company the power to control property decisions, an impasse could be reached on matters pertaining to the ownership or operation of the Associates Property, which may have a detrimental impact on the success of this property.

Co-Tenancy Risks. Due to the nature of a co-tenancy interest, it may be difficult for the Company to sell its co-tenancy interest in the Associates Property. Further, ownership of properties in co-tenancies involves certain risks not otherwise present, including the possibility that the co-tenant in the investment might become bankrupt, that the co-tenant may be in a position to take action contrary to the Company's policies or objectives, or that the co-

tenant may have economic or business interests or goals which are inconsistent with the business interests and goals of the Company. It should be noted in this regard that Beaver/Carter obtained the proceeds used to invest in the Associates Property from a sale of another property in a transaction intended to qualify as a tax free like-kind exchange. Accordingly, Beaver/Carter has a relatively low tax basis in its interest in the Associates Property and may not desire to sell the Associates Property at the same time as the Company desires to sell the Associates Property.

THE ASSOCIATES PROPERTY

Purchase of the Associates Property. Wells Development entered into a Real Estate Option Agreement for Lot 10 dated June 21, 1998 and a Real Estate Option Agreement for Lot 11 dated April 22, 1998, (collectively, the "Option Agreement") with The Development Corporation of Knox County, a Tennessee nonprofit corporation (the "Seller"). The Option Agreement provided Wells Development the option to purchase the Associates Property for

a purchase price of $130,000 per acre. The Seller is not affiliated with the Company or its Advisor. Wells Development exercised the options pursuant to the Option Agreement and acquired the Associates Property on October 7, 1998 for a purchase price of $812,500 reflecting a site preparation discount of $130,000. In connection with the closing of the acquisition of the Associates Property, Wells Development paid title insurance premiums of $2,400 and other miscellaneous closing costs of $3,245.

Wells Development entered into a Development Agreement (as hereinafter described) for the construction of a one-story office building containing approximately 71,400 rentable square feet to be erected on the Associates Property (the "Project"). Wells Development entered into a Lease Agreement (the "Associates Lease") with Associates Housing Finance, LLC ("Associates") pursuant to which Associates agreed to lease 50,000 rentable square feet of the Project upon its completion.

An independent appraisal of the Associates Property was prepared by CB Richard Ellis, Inc., real estate appraisers as of September 14, 1998, pursuant to which the market value of the land and the leased fee interest in the Associates Property subject to the Associates Lease (described below) was estimated to be $7,800,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Project will be finished in accordance with plans and specifications and that the building will be operating following completion at a stabilized level with Associates occupying 50,000 rentable square feet and 94% of the remaining rentable area occupied by other tenants. Wells Development also obtained an environmental report prior to closing evidencing that the environmental condition of the Associates Property was satisfactory.

The Associates Loan. Wells Development obtained a construction loan from First Capital Bank in the amount of $4,500,000, the proceeds of which are being used to fund the development and construction of the Project (the "Associates Loan"). The Associates Loan matures on November 30, 1999, unless Wells Development exercises its option to extend the Associates Loan maturity date an additional 12 months. The interest rate on the Associates Loan is a variable rate equal to the six month London Inter Bank Offered Rate, plus 200 basis points, rounded up to the nearest 1/8%. Wells Development is required to pay to First Capital Bank monthly installments of interest only with a final payment of principal, plus all accrued and unpaid interest due on the maturity date. The Associates Loan will be secured by a first priority mortgage against the Project. In addition, Leo F. Wells, III (an officer and director of the Company and the Advisor) and Wells Management Company, Inc., an Affiliate of the Advisor, will be co-guarantors of the Associates Loan. At closing, Wells OP shall assume or take title to the Associates Property subject to the Associates Loan.

A nonrefundable loan fee of $22,500 (.5% of the loan amount) has been paid by Wells Development. An additional nonrefundable loan extension fee of $11,250 (.25% of the loan amount) will be payable upon acceptance of the 12 month extension option, if exercised.

Location of the Associates Property. The Associates Property is located in an office park known as Centerpoint Business Park, on Pellissippi Parkway just north of the intersection of Interstates 40 and 75, in Knox County, Tennessee. The site is outside the city limits of Knoxville and approximately 10 miles west of the Knoxville central business district. Pellissippi Parkway and the commercial area along the Interstate 40/75 corridor has evolved recently from a residential suburb into one of the area's fastest growing commercial and retail districts. The area has become competitive with the metropolitan Knoxville area office market due to its growth in office space.

Knoxville, the county seat of Knox County, Tennessee, is the third largest city in the State of Tennessee, after Memphis and Nashville, and the largest city in eastern Tennessee. Knoxville is located at the intersection of two major interstate highways, I-40 which extends east to west, and I-75 which extends north to south. The Knoxville economy is largely oriented to trade and manufacturing, due to its location as the geographic center of the eastern portion of the United States and the wide range of available transportation resources. Knoxville's central location and transportation access has also caused it to emerge as a convention center. The Knoxville metropolitan statistical area population in 1990 was 604,812, compared to the 1980 census of 565,970.

The western portion of Knox County, in which the Associates Property is located, has experienced the most growth and development in the Knoxville metropolitan area during the past 12 years due primarily to available land

and services. It is anticipated that the Knoxville metropolitan area will continue to grow as a major regional center of trade and tourism due to its location at the intersection of Interstates 40 and 75 and the recent extension of the Pellissippi Parkway to the Knoxville airport.

Access to the Associates Property is provided by Pellissippi Parkway, a limited access thoroughfare traversing southeast to the Knoxville airport, with an interchange at Interstate 40/75 south of the Associates Property. Nearby Kingston Pike also provides east and west traffic flow for the Centerpoint Business Park, and serves as the major commercial center in the immediate area with a number of large strip shopping centers, a regional mall, gas stations, convenience stores, office buildings, restaurants and other various retail/commercial uses. The Project will be highly visible from both Centerpoint Parkway and Pellissippi Parkway, since the building elevation will be at or above road grade.

Wells Development will experience competition for tenants from owners and managers of various other office buildings located in the immediate area of the Project which would adversely effect Wells Development's ability to attract and retain tenants.

Development Agreement. On September 15, 1998, Wells Development entered into a Development Agreement (the "Development Agreement") with ADEVCO Corporation, a Georgia corporation (the "Developer"), as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the 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 the Advisor. In this regard, the Developer entered

into:

- a development agreement with Wells Real Estate Fund III, L.P. ("Wells Fund III"), a public real estate program previously sponsored by the Advisor and its Affiliates, for the development of a two-story office building containing approximately 34,300 rentable square feet located in Greenville, North Carolina (the "Greenville Project");

- 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"), both public real estate programs previously sponsored by the Advisor and its Affiliates, for the development of a four-story office building located in Jacksonville, Florida containing approximately 87,600 rentable square feet (the "Jacksonville IBM Project");

- 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"), both public real estate programs previously sponsored by the Advisor and its Affiliates, for the development of a two-story office building containing approximately 62,000 rentable square feet located in Alachua County, near Gainesville, Florida (the "Gainesville Project");

- 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"), a public real estate program previously sponsored by the Advisor and its Affiliates, 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 (the "BellSouth Project");

- 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"), a public real estate program sponsored by the Advisor and its Affiliates, for the development of a four-story office building containing approximately 96,750 rentable square feet located in Madison, Wisconsin (the "Madison Project"); 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 "ABB Building").

The Greenville Project was completed on schedule, and International Business Machines Corporation ("IBM"), which leased approximately 23,312 rentable square feet of the building, took possession under its lease on April 16, 1991. The Jacksonville IBM Project was also completed on schedule, and IBM, which leased approximately 68,100 rentable square feet of the building, took possession under its lease on June 1, 1993. The Gainesville Project was completed in advance of schedule, and CH2M Hill, Inc., which leased approximately 50,000 rentable square feet of the building, took possession under its lease on December 18, 1995. The BellSouth Project was completed in advance of schedule, and BellSouth, which leased approximately 64,558 rentable square feet of the building, took possession under its lease on May 20, 1996. Construction of the Madison Building was completed on schedule, and Westel-Milwaukee Company, Inc. d/b/a Cellular One, which leased approximately 75,000 rentable square feet of the building, took possession under its lease on June 15, 1997. The ABB Building was completed on schedule, and ABB Flakt, Inc., which leased approximately 55,000 rentable square feet of the building took possession under its lease on January 1, 1998.

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 (as hereinafter described) pursuant to the terms of a separate Guaranty Agreement. Neither the Developer nor Mr. Kraxberger are affiliated with the Advisor or its Affiliates.

The primary responsibilities of the Developer under the Development Agreement include:

- the supervision, coordination, administration and management of the work, activities and performance of the architect under the Architect's Agreement (as described below) and the contractor under the Construction Contract (as described below);

- the implementation of a development budget setting forth an estimate of all expenses and costs to be incurred with respect to the planning, design, development and construction of the Project;

- the review of all applications for disbursement made by or on behalf of Wells Development under the Architect's Agreement and the Construction Contract;

- the supervision and management of tenant build-out at the Project; and

- the negotiation of contracts with, supervision of the performance of, and review and verification of applications for payment of the fees, charges and expenses of such design and engineering professionals, consultants and suppliers as the Developer deems necessary for the design and construction of the Project in accordance with the development budget.

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the Contractor of major subcontractors and reviewing all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Project or any portion thereof. The Developer is required to advise Wells Development on a weekly basis as to the status of the Project and submit to Wells Development monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells Development before incurring and paying any

costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then prevailing status of the Project and will not adequately provide for the completion of the Project, the Developer will prepare and submit to Wells Development for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells Development. The Developer has agreed to indemnify Wells Development from any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the negligence, fraud or any willful act or omission by the Developer. Wells Development has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits

and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or authority, excluding negligence, fraud or willful acts of the Developer, and (2) the negligence, fraud or any willful act or omission on the part of Wells Development.

Wells Development may elect to provide funds to the Developer so that the Developer can pay Wells Development's obligations with respect to the construction and development of the Project directly. All such funds of Wells Development which may be received by the Developer with respect to the development or construction of the Project will be deposited in a bank account approved by Wells Development. If at any time there are in the bank account funds of Wells Development temporarily exceeding the immediate cash needs of the Project, the Developer may invest such excess funds in savings accounts, certificates of deposit, United States Treasury obligations and commercial paper as the Developer deems appropriate or as Wells Development may direct, provided that the form of any such investment is consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the Project. The Developer shall be reimbursed for all advances, costs and expenses paid for and on behalf of Wells Development. The Developer will not be reimbursed, however, for its own administrative costs or for costs relating to travel and lodging incurred by its employees and agents. The Developer may be required to advance its own funds for the payment of any costs or expenses incurred by or on behalf of Wells Development in connection with the development of the Project if there are cost overruns in excess of the contingency contained in the development budget.

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells Development will pay a development fee of $112,500. The fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Project is completed. Wells Development will also pay the Developer an "Associates Work Fee" of $112,500. The Associates 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 Associates pursuant to the Associates Lease. The fee is due and payable in one lump sum upon the completion of the construction of the Project and the tenant improvements under the Associates Lease.

As of the date of this Supplement No. 6, Wells Development has spent in excess of $1,350,000 towards the construction of the Project. It is anticipated that the aggregate of all costs and expenses to be incurred by Wells Development with respect to the acquisition of the Property, the planning, design, development, construction and completion of the Project and the build-out of tenant improvements under the Associates Lease and tenant improvements for the premises not leased initially by Associates will total approximately $7,428,090 comprised of the following expenditures:

Construction Contract	$2,726,640
Tenant Improvements - Associates Premises	2,042,000
Tenant Improvements - Additional Space	380,000
Land	812,500
Contractor's Bond	28,000
Work Fee	60,000
Architectural Fees	141,300
Architect's Expenses	36,000
Space Planning	150,000

Development Fee	112,500
Associates Work Fee	112,500
Additional site work	130,000
Survey and Engineering	47,050
Landscaping	137,500
Signage	12,500
Marketing	25,500

Contingency	199,100
Construction Interest	175,000
Loan Fees	25,000
Legal Fees	75,000

The total of all the foregoing expenses anticipated to be incurred by Wells Development with respect to the Project, exclusive of costs relating to marketing, closing costs and tenant improvements and leasing commissions for the premises not leased initially by Associates, will total approximately $6,205,590. 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 $6,205,590, 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 $225,000.

In the event the Developer should for any reason cease to manage the development of the Project, Wells Development would have to locate a suitable successor development manager. No assurances can be given as to whether a suitable successor development manager could be found, or what the contractual terms or arrangement with any such successor would be.

Construction Contract. Wells Development entered into a construction contract (the "Construction Contract") on September 10, 1998 with the general contracting firm of Integra Construction, Inc. (the "Contractor") for the construction of the Project. The Contractor is a Georgia corporation based in Atlanta specializing in commercial, industrial and institutional building. The Contractor commenced operations in November 1994. Its principals were formerly employed by McDevitt & Street Company, a large general contracting firm which operates throughout the United States and which has served previously as the general contractor for properties developed by limited partnerships sponsored by the Advisor. The Contractor is presently engaged in the construction of five projects with a total construction value of in excess of $14,400,000, and since July 1995, has completed twenty-six projects with a total construction value in excess of $28,600,000. The Contractor has served as the general contractor for the construction of the Gainesville Project, an office building in Gainesville, Florida which is owned by a joint venture between Wells Fund VII and Wells Fund VIII, and the ABB Building, an office building in Knoxville, Tennessee which is owned by a joint venture among Wells Fund IX, Wells Fund X, Wells Fund XI and Wells OP. The Contractor is not affiliated with Wells Development or the Advisor.

The Contractor has begun construction of the Project which will consist of a one-story steel framed office building with reflective insulated glass and brick exterior containing approximately 71,400 rentable square feet. As of December 31, 1998, the Project was estimated to be 21% complete and the Contractor has billed Wells Development $599,773. As of January 15, 1999, Wells Development has paid the full balance of $599,773 to the Contractor. The Property is currently zoned to permit the intended development and operation of the Project as a commercial office building and has access to all utilities necessary for the development and operation of the Project, including water, electricity, sanitary sewer and telephone.

The Construction Contract provides that Wells Development will pay the Contractor a fixed sum of $2,726,640 for the construction of the Project, excluding tenant improvements. It is anticipated that the Construction Contract will be amended to provide for the construction of the tenant improvements required pursuant to the Associates Lease at such time as the plans and specifications are drawn for such improvements and the budget for such improvements is firmly established. The Contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for completion of the 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 Project.

Wells Development is making 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 Development; provided, however, that when a total of $137,732 has been withheld as retainage, no further retainage will be withheld from the monthly progress payments. As of December 31, 1998, $59,977 has been withheld as retainage. When construction is substantially complete and the space is available for occupancy, Wells Development will make a semi-final payment in the amount of all of the unpaid balance, except that Wells Development may retain an amount in accordance with the terms of the Construction Contract which is necessary to protect its remaining interest until final completion of the Project. Wells Development will pay the entire unpaid balance when the 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 Development.

The Contractor will be responsible to Wells Development for the acts or omissions of its subcontractors and suppliers of materials and of persons either directly or indirectly employed by them. The Contractor has agreed to indemnify Wells Development 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 Project, adequate insurance coverage relating to the 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 Project within the contract time. The Contractor is required to employ all such additional labor, services and supervision, including such extra shifts and overtime, as may be necessary to maintain progress in accordance with the construction schedule. It is anticipated that the Project will be completed on or before January 1, 2000. As described below, in the event the Project is not completed by January 1, 2000, Associates' sole remedy shall be to terminate its lease with Wells Development. Wells Development shall obtain a completion and performance bond in an amount sufficient to complete construction and development of the Project to reduce the risk of non-performance and to assure compliance with approved plans and specifications. In addition, performance by the Contractor of the Construction Contract has been personally guaranteed by David B. Blackmore and Drew S. White, founding principals of the Contractor, as well as David Kraxberger, a principal of the Developer.

Architect's Agreement. Smallwood, Reynolds, Stewart, Stewart & Associates, Inc. (the "Architect") is the architect for the Project pursuant to the Architect's Agreement entered into with Wells Development. 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 the Gainesville Project and the Knoxville Project. The Architect is not affiliated with Wells Development or the Advisor.

The Architect's basic services under the Architect's Agreement include the

schematic design phase, the design development phase, the construction documents phase and the construction phase. During the schematic design phase, the Architect prepares schematic design documents consisting of drawings and other documents illustrating the scale and relationship of Project components. The Architect has completed the schematic design phase, and has been paid a fee of $21,195 for such services. During the design development phase, the Architect prepares design development documents consisting of drawings and other documents to fix and describe the size and character of the entire Project as to architectural, structural, mechanical, plumbing and fire protection and electrical systems, materials and such other elements as may be appropriate. The Architect has completed the design development stage, and has been paid $42,390 for these services. During the construction documents phase, the Architect prepares construction documents consisting of drawings and specifications setting forth in detail the

requirements for the construction of the Project. The Architect has completed approximately 95% of the construction documents phase, and has been paid $63,585 for these services. During the construction phase, the Architect is to provide administration of the Construction Contract and advise and consult with the Developer and Wells Development concerning various matters relating to the construction of the Project. The Architect is required to visit the Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells Development informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the Contractor based on observations of the site and evaluations of the Contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Contract described above. The Architect will also conduct inspections to determine the date of completion of the Project and shall issue a final certificate for payment. The Architect will be paid $14,130 for its services performed during the construction phase.

The total amount of fees payable to the Architect under the Architect's Agreement is $141,300. 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 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 Project. It is estimated that the total reimbursable expenses in connection with the development of the Project will be approximately $36,000.

Associates Lease. On September 10, 1998, Wells Development entered into a
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Lease Agreement (the "Associates Lease") with Associates Housing Finance, LLC ("Associates") pursuant to which Associates agreed to lease 50,000 rentable square feet of the Project, comprising approximately 70% of the Project.

Associates is a wholly owned subsidiary of Associates First Capital Corporation ("First Capital"), a Delaware corporation which was recently spun off by Ford Motor Company. First Capital is a leading diversified consumer and commercial finance company which provides finance, leasing and related services to individual consumers and businesses in the United States and internationally. First Capital reported net income for the year ended December 31, 1997 of over $1 billion on gross revenues of over $8 billion and a net worth of over $6 billion. First Capital has guaranteed $6,206,952 of the Associates Lease. This guaranteed amount declines on a monthly basis over the lease term provided there is no continuing default under the Associates Lease.

First Capital divides its activities into consumer finance and commercial finance. First Capital's consumer finance operations provide a variety of consumer financing products and services, including home equity lending, personal lending, retail sales finance and credit cards. The commercial finance

operations provide retail financing, leasing and wholesale financing for heavy-duty and medium-duty trucks and truck trailers, construction, material handling and other industrial and communications equipment, manufactured housing, recreational vehicle, auto fleet leasing and other commercial products and services.

Associates is First Capital's subsidiary engaged in the financing of manufactured housing, and is the third largest provider of such services in the United States. Associates purchases manufactured housing retail installment contracts originated by retail dealers, originates and services direct loans to purchasers, and provides wholesale financing to approved manufactured housing dealers. Associates also provides commercial business loans to certain manufactured housing dealers to provide capital to build new retail sales centers, update existing facilities or expand into community park sales.

The initial term of the Associates Lease will be eighty-four months to commence on the earlier of (1) the date which is thirty (30) days after substantial completion of the building, or (2) the date upon which tenant takes possession and occupies any portion of the premises for business purposes. Associates has the option to extend the initial term of the Associates Lease for two successive five year periods. Each extension option must be exercised no less than nine months prior to the expiration of the then current lease term.

The annual base rent payable under the Associates Lease will be $600,000 ($12.00 per square foot) payable in equal monthly installments of $50,000 during the first twenty-eight months of the lease term; $625,000 ($12.50

per square foot) payable in equal monthly installments of $52,083 during the next twenty-eight months of the lease term; and $650,000 ($13.00 per square foot) payable in equal monthly installments of $54,167 during the last twenty-eight months of the lease term. The annual base rent for each extended term under the Associates Lease will be the "market rate" for the period covered by the extended term. The term "market rate" is defined in the Associates Lease as the annual effective rental rate per square foot of rentable floor area then being charged by landlords under new leases of office space in the metropolitan Knoxville, Tennessee market for similar space in a building of comparable quality and with comparable parking and other amenities. The Associates Lease provides that if the parties cannot agree on the appropriate market rate, the market rate shall be established by real estate appraisers.

In addition to the base rent, Associates is required to pay additional rent equal to its share of all "operating expenses" during the lease term. "Operating expenses" is defined to include all expenses, costs and disbursements (excluding specific costs billed to specific tenants of the building) of every kind and nature, relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the Project. "Operating expenses" include compensation of employees engaged in the operation, management or maintenance of the Project, supplies, equipment and materials, utilities, repairs and general maintenance, insurance, a management fee in the amount of 3.5% of the gross rental income from the Project, and all taxes and governmental charges attributable to the Project or its operation (excluding taxes imposed or measured on or by the income of Wells Development from the operation of the Project).

Under the terms of the Associates Lease, Wells Development is responsible for a construction allowance of $1,500,000 (calculated at the rate of $30 per usable square foot of the premises). The Associates Lease also provides that so long as Associates shall occupy 50% or more of the rentable floor area of the building, Associates shall have the right to design and designate the location of one monument-type sign naming the building and Wells Development will pay $7,500 of the cost associated with purchasing and installing such sign.

The terms of the Associates Lease provide that Associates has a right of first refusal for the lease of any space in the building not initially leased by Associates. In the event that Wells Development has secured a potential tenant

for any of such space, Wells Development has agreed to give Associates 10 business days to exercise its right to add such space to the leased premises. In the event that Associates exercises its right of first refusal, the lease of the additional space will be subject to all the terms and conditions of the Associates Lease, including the base rental which shall be based upon the number of square feet of rentable area added to the premises. If Associates does not so exercise its right of first refusal within such 10 business day period, Wells Development will have the right to lease the space to the potential tenant and Associates shall have no further rights relating to the additional space.

The Associates Lease provides that Wells Development is required to cause the Project to be substantially completed as soon as practicable under the circumstances, with a goal of achieving substantial completion on or before January 1, 2000 (subject to force majeure and any delays caused by Associates). If substantial completion has not occurred on or before January 1, 2000, Associates' sole right and remedy shall be to terminate the Associates Lease upon 10 days written notice to Wells Development; provided substantial completion does not occur during such 10 day period.

Property Management Fees. Following construction and completion of the Project, property management and leasing services will be performed by Wells Management Company, Inc. (the "Property Manager"), an Affiliate of the Advisor. As compensation for its services, the Property Manager will receive fees equal to 4.5% of the gross revenues for property management services and leasing services with respect to the Project. In addition, the Property Manager will receive a one-time initial lease-up fee relating to the Associates Lease equal to the first month's rent plus 5% of the gross revenues over the initial term of the Associates Lease. In addition, the Property Manager may also receive initial lease-up fees relating to the lease-up of space not initially leased by Associates, as provided in the Prospectus.

Lease-Up Risk. As set forth above, Associates has agreed to lease approximately 70% of the Project. However, since Wells Development has not yet obtained any leases for the remaining approximately 30% of office space at the Project, Wells Development will be subject to the normal lease-up risks of a new commercial office

building with respect to the unleased portion of the Project. No assurances can be given that Wells Development will be able to attract or obtain suitable tenants for the remaining approximately 30% of space at the Project or that it will be able to attract or obtain suitable tenants for the space initially leased by Associates upon the expiration of its lease.

THE PWC BUILDING

Purchase of the PWC Building. On December 31, 1998, Wells OP acquired a four-story office building containing approximately 130,090 rentable square feet (the "PWC Building") which was recently developed and constructed on an approximately 9 acre tract of real property located in Tampa, Hillsborough County, Florida. Wells OP purchased the PWC Building from Carter Sunforest, L.P. (the "Seller"), a Georgia limited partnership, pursuant to the terms of the Amended and Restated Purchase Agreement dated December 4, 1998 (the "Purchase Agreement") between the Seller and Wells OP. The total purchase price for the PWC Building pursuant to the Purchase Agreement was $21,127,854. Wells OP paid TriNet Corporate Realty Trust, a Maryland corporation, ("TriNet"), the sum of $420,000 for the rights to purchase the PWC Building as they were the original purchasers under the Purchase Agreement, out of which TriNet paid the Seller $100,000 as a real estate commission. At the closing, Wells OP paid a purchase price of $20,707,854 to the Seller plus $98,609.30 for closing costs. Neither Seller nor TriNet are affiliated with the Company or its Advisor.

The SouthTrust Loan. Wells OP purchased the PWC Building subject to a loan

from SouthTrust Bank, National Association ("SouthTrust") in the outstanding principal amount of $14,132,537.87 (the "SouthTrust Loan"). The SouthTrust Loan consists of a revolving credit facility whereby SouthTrust agreed to loan up to $15.5 million. 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 thirty day period plus 185 basis points. Commencing on February 1, 1999, Wells OP is required to pay to SouthTrust monthly installments of principal in the amount of $12,500.00 plus accrued interest. The SouthTrust Loan is secured by a first mortgage against the PWC Building.

Description of the Building and the Site. The PWC Building is a four-story office building with 130,091 rentable square feet located in Tampa, Florida. The building is constructed using a steel frame design and concrete tilt-up wall panels. Construction of the PWC Building was completed in December 1998. The parking area contains approximately 600 paved parking spaces, including a two level parking deck accommodating 312 spaces, approximately 126 of which are covered.

An independent appraisal of the PWC Building was prepared by RE Marketing Consultants, Inc., as of March 2, 1998, pursuant to which the market value of the land and the leased fee interest subject to the PWC Lease (described below) was estimated to be $22,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the PWC Building will continue operating at a stabilized level with PWC occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. Wells OP also obtained an environmental report prior to closing evidencing that the environmental condition of the land encompassing the PWC Building was satisfactory.

The site consists of approximately 9 acres of land located between Eisenhower Boulevard and George Road approximately 1,250 feet south of West Hillsborough Avenue. The site is located in Sunforest Business Park which is located in the southwest quadrant of the Veteran's Expressway and 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 total supply of office space in this subsector is 9.8 million square feet, which is 3.57 million square feet larger than the Downtown Central Business District. The overall occupancy rate in the Westshore Business District is 93.5% compared to the countywide occupancy rate of 90.5%.

According to the 1990 census, the Tampa Bay area, including Tampa, St. Petersburg and Clearwater, comprises 2.16 million people, and is the 22nd largest metropolitan area in the United States. Tampa is bordered on the west and south by Upper and Old Tampa Bays and is divided by the Hillsborough River. The City of Tampa is located in Hillsborough County midway down the west coast of Florida. In contrast to much of Florida's West

Coast, Hillsborough County is relatively young with approximately 87% of the population under 65 years of age and a median of age 33.2 years.

The PWC Lease. On December 31, 1998, the Seller assigned all of its rights pursuant to the Lease Agreement dated as of March 30, 1998 between the Seller, as landlord, and Price Waterhouse LLP, which has subsequently merged with Coopers & Lybrand to form PriceWaterhouseCoopers ("PWC"), as tenant (such agreement, as assigned, is referred to herein as the "PWC Lease"). 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 will be $1,915,741.13 ($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 $13,009.00 ($.10 per square foot) as additional rent. Under the PWC Lease, PWC is responsible for the payment of all property taxes, operating expenses and other repair and maintenance work relating to the PWC Building. PWC is also required to reimburse the landlord the cost of casualty insurance for the property. Wells OP, as landlord, is responsible for all maintenance, repairs and replacements to the roof and structural components of the PWC Building, including without limitation, the roof system, exterior walls, load bearing walls, foundations, glazing and curtain wall systems.

The initial term of the PWC Lease is ten years which commenced on December 28, 1998 (the "Rental Commencement Date"). As stated above, PWC has the option to extend the initial term of the PWC Lease for two additional five year periods. Each extension option must be exercised by giving (i) written "non-binding" notice to the landlord at least 15 months but not more than 18 months prior to the expiration date of the then current lease term, or (ii) written "binding" notice to the landlord at least 12 months prior to the expiration date of the then current lease term. The annual base rent for each renewal term under the lease will be equal to the greater of (i) ninety percent (90%) of the "market rent rate" for such space multiplied by the rentable area of the leased premises, or (ii) 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 (i) 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 (ii) 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 (i) 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 thirty (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 thirty (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 (7) days of expiration of the thirty (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 (5) days either party may request in writing to resolve the dispute by arbitration. The "market rate rent" should 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 (the "Expansion Building") 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 sixtieth (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 (10) 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 thirty (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 (the "Purchase Option"), as described below.

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 (4) 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 (the "Maximum Expansion Cost"). 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 twenty (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 thirty (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 in the form of cash, wire transfer or cashier's check. 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 (the "Average Annual Base Rent"), and (b) the Average Annual Base Rent shall be multiplied by 11.

There are no assurances that Wells OP will be able to attract or obtain suitable replacement tenants for the PWC Building upon the expiration of the PWC Lease.

PROPERTY MANAGEMENT FEES

Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease the PWC Building. The Company shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues.

THE STATUS OF THE ABB BUILDING

On September 10, 1998, a joint venture by and among Wells Fund IX, Wells Fund X, Wells Fund XI and Wells OP (the "Fund IX-X-XI-REIT Joint Venture"), entered into a Lease Agreement (the "Temporary Lease") with Associates pursuant to which Associates has agreed to lease 23,490 rentable square feet of the ABB

Building on a temporary basis until substantial completion of the Project (as defined in the Associates Lease). The rental

commencement date of the Temporary Lease is September 14, 1998 and the expiration date of the lease term is May 31, 1999 subject to Associates' right to extend the Temporary Lease and subject to Associates' right to terminate the lease in the event the rental commencement date of the Associates Lease takes place. In any event, the Temporary Lease may not be extended beyond May 31, 2000.

The annual base rental rate for the Temporary Lease is $234,900 ($10 per square foot) payable in equal monthly installments of $19,575 during the term of the Temporary Lease, subject to an increase to $293,625 ($12.50 per square foot) payable in equal monthly installments of $24,469 under certain conditions.

Under the Temporary Lease, Associates is responsible for its share of all expenses, costs and disbursements (excluding specific costs billed to specific tenants of the building) of every kind and nature relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the ABB Building, including compensation of employees engaged in the operation and management or maintenance of the ABB Building, supplies, equipment and materials, utilities, repairs and general maintenance, insurance, a management fee in the amount of 4% of the gross rental income from the ABB Building and all taxes and governmental charges attributable to the ABB Building or its operations (excluding taxes imposed or measured on by the income of the Fund IX-X-XI-REIT Joint Venture from operation of the ABB Building).

Under the terms of the Temporary Lease, the Fund IX-X-XI-REIT Joint Venture is responsible for a construction allowance of $233,155 (calculated at the rate of $9.50 per square foot of the premises).

THE STATUS OF THE CORT FURNITURE BUILDING

On September 1, 1998, the Fund X-XI Joint Venture, a Georgia Joint Venture by and between Wells Fund X and Wells Fund XI, acquired Wells Development's equity interest in Wells/Orange County Associates, a Georgia joint venture with Wells OP (the "Cort Joint Venture"). As of January 10, 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 44%, 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%. Prior to the Fund X-XI Joint Venture's acquisition of an equity interest in the Cort Joint Venture, the NationsBank Loan previously encumbering the Cort Furniture Building was paid off and satisfied of record.

THE STATUS OF THE FAIRCHILD BUILDING

On October 8, 1998, the Fund X-XI Joint Venture acquired Wells Development's equity interest in Wells/Fremont Associates, a Georgia joint venture with Wells OP (the "Fremont Joint Venture"). As of January 10, 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%. Prior to the Fund X-XI Joint Venture's acquisition of an equity interest in the Fremont Joint Venture, the NationsBank Loan previously encumbering the Fairchild Building was paid off and satisfied of record.

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

The information contained on page 46 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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:

> The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of January 10, 1999, the Company had raised a total of $32,484,200 in offering proceeds (3,248,420 shares), and had paid $1,136,947 in acquisition and advisory fees and acquisition expenses and $4,060,525 in selling commissions and organizational and offering expenses. As of January 10, 1999, the

> Company had invested $18,442,540 in properties and was holding net offering proceeds of $8,844,188 available for investment in additional properties.

PLAN OF DISTRIBUTION

The information contained on page 74 in the "Plan of Distribution" section of the Prospectus is revised as of the date of this Supplement by the deletion of the fourth full paragraph on that page and the insertion of the following paragraph in lieu thereof:

> Payment for shares should be made by check payable to "NationsBank, N.A., as Escrow Agent." Subscriptions will be effective only upon acceptance by the Company, and the Company reserves the right to reject any subscription in whole or in part. In no event may a subscription for shares be accepted until at least five business days after the date the subscriber receives this Prospectus. Each subscriber will receive a confirmation of his purchase. Except for purchases pursuant to the Reinvestment Plan or reinvestment plans of other public real estate programs, all accepted subscriptions will be for not less than 100 shares ($1,000). See "Investor Suitability Standards." Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirement and have purchased units in Prior Wells Public Programs 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 pursuant to the Reinvestment Plan or reinvestment plans of other public real estate programs.

LEGAL MATTERS

The information contained on page 77 in the "Legal Matters" section of the Prospectus is revised and amended by insertion of the following paragraph after the first paragraph in that section:

> Immediately following the effective date of the Prospectus, Hunton & Williams ceased acting as counsel to the Company and the Advisor. Holland & Knight LLP has, since that time, served as counsel to the Company and the Advisor. Holland & Knight LLP has represented the Advisor, as well as Affiliates of the Advisor, in other matters in the past and is likely to continue to do so in the future. See "Conflicts of Interest."

FINANCIAL STATEMENTS

The pro forma balance sheet of Wells Real Estate Investment Trust, Inc. as of September 30, 1998, which is included in Appendix I to this Supplement No. 6, has not been audited.

INDEX TO FINANCIAL STATEMENTS

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(Unaudited Pro Forma Balance Sheet)

The following unaudited pro forma balance sheet as of September 30, 1998 has been prepared to give effect to Wells Real Estate Investment Trust, Inc.'s acquisition of the PricewaterhouseCoopers Building as if the transaction had occurred as of September 30, 1998.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 1998

(Unaudited)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
ASSETS:			
Real estate assets, at cost:			
Land	$ 0	$ 1,520,834 (a)	$ 1,520,834
Building	0	20,076,845 (a)	20,076,845
Total real estate assets	0	21,597,679	21,597,679
Investment in joint ventures	9,861,770	0	9,861,770
Cash	591,122	(591,122)(a)	0
Due from affiliates	162,877	0	162,877
Deferred project costs	10,584	(10,584)(b)	0
Deferred offering costs	648,130	0	648,130
Prepaid expenses and other assets	11,250	0	11,250
Total assets	$11,285,733	$20,995,973	$32,281,706
LIABILITIES:			
Notes payable	$ 0	$14,132,538 (a)	$14,132,538
Sales commissions payable	99,599	0	99,599
Due to affiliates	681,674	6,863,435(a)(b)	7,545,109
Partnership distribution payable	102,987	0	102,987
Minority interest of unit holder in Operating Partnership	200,000	0	200,000
Total liabilities	1,084,260	20,995,973	22,080,233
SHAREHOLDER'S EQUITY:			
Common shares, $.01 par value, 165,000,000 shares authorized, 1,169,292 issued and outstanding	11,693	0	11,693
Additional paid-in capital	10,219,740	0	10,219,740
Account deficit	(29,690)	0	(29,690)

Total shareholders' equity	10,201,473	0	10,201,473
Total liabilities and shareholders' equity	$11,285,733	$20,995,973	$32,281,706

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

(b) Reflects the deferred project costs allocated to the PricewaterhouseCoopers Building.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUPPLEMENT NO. 7 DATED APRIL 15, 1999 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998 and Supplement No. 6 dated January 15, 1999 (collectively, the "Prospectus"). Supplement No. 6 included the information in and superseded Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998. Unless otherwise defined herein, 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:

(i) The status of the offering of shares of common stock in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) The acquisition of an office building in Harrisburg, Pennsylvania (the "Vanguard Cellular Building") by Wells Operating Partnership, L.P. ("Wells OP"), the operating partnership of the Company;

(iii) The acquisition of land in Lake Forest, Orange County, California by Wells OP and the approximately 150,000 square foot office building to be developed thereon (the "Matsushita Project");

(iv) Revisions to the "Management" section of the Prospectus;

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

(vi) Revisions to the "Plan of Distribution" section of the Prospectus and the Subscription Agreement;

(vii) Updated Audited Financial Statements of the Company, an Audited Statement of Revenues Over Certain Operating Expenses relating to the Vanguard Cellular Building and Unaudited Pro Forma Financial Statements of the Company are contained in Appendix I hereto; and

(viii) Updated Prior Performance Tables are included as Exhibit "A" hereto.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of April 5, 1999, the Company had raised a total of $57,235,152 in

offering proceeds (5,723,515 shares).

THE VANGUARD CELLULAR BUILDING

Purchase of the Vanguard Cellular Building. On February 4, 1999, Wells OP acquired a four-story office building containing approximately 81,859 rentable square feet which was recently developed on an approximately 10.5 acre tract of real property located in Harrisburg, Dauphin County, Pennsylvania.

Wells OP purchased the Vanguard Cellular Building from Walsh Higgins No. 33, L.P. ("Walsh Higgins") for a purchase price of $12,291,200 pursuant to the terms of the Agreement for the Purchase and Sale of Property dated November 30, 1998. At the closing, Wells OP incurred acquisition expenses, including transfer taxes, title insurance premiums, recording fees and tax proration items, of approximately $161,700. In addition, Wells OP paid legal fees of approximately $50,000 outside of closing. Wells OP expended cash proceeds in the amount of $6,332,100 and obtained a loan in the amount of $6,425,000 from NationsBank, N.A., the net proceeds of which were used to fund the remainder of the purchase price of the Vanguard Cellular Building (the "Vanguard Loan"). Walsh Higgins is not affiliated with the Company or the Advisor.

The Vanguard Loan. The Vanguard Loan matures on January 4, 2002. The interest rate on the Vanguard 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. A principal installment in the amount of $6,150,000 is due and payable by Wells OP on August 1, 1999. Thereafter, Wells OP is required to make quarterly installments of principal in an amount equal to one-ninth of the outstanding principal balance as of October 1, 1999. The Vanguard Loan is secured by a first mortgage against the Vanguard Cellular Building. Leo F. Wells, III (an officer and director of the Company and the Advisor), and the Company are co-guarantors of the Vanguard Loan. Wells OP incurred loan expenses, including legal fees, loan origination fees and appraisal fees, of approximately $29,000 in connection with obtaining the Vanguard Loan.

Description of the Building and the Site. The Vanguard Cellular Building is a four-story office building with 81,859 rentable square feet consisting of over 24,000 square feet of gross floor area on each of first three levels and approximately 8,200 square feet of gross floor area on the lower level. The building is constructed using a steel frame design and finished with a high quality brick masonry exterior. Construction of the Vanguard Cellular Building was completed in November 1998. The parking area contains approximately 570 paved parking spaces.

An independent appraisal of the Vanguard Cellular Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of December 1, 1998, pursuant to which the market value of the land and the leased fee interest subject to the Vanguard Cellular Lease (described below) was estimated to be $13,100,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Vanguard Cellular Building will continue operating at a stabilized level with Pennsylvania Cellular Telephone Corp. ("Pennsylvania Telephone"), a North Carolina corporation and wholly owned subsidiary of Vanguard Cellular Systems, Inc. ("Vanguard Cellular"), occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. Wells OP also obtained an environmental report prior to closing evidencing that the environmental condition of the land encompassing the Vanguard Cellular Building was satisfactory.

The site is located in the Lower Paxton Township, a suburb of Harrisburg in Dauphin County, Pennsylvania. The site consists of approximately 10.5 acres of land in Commerce Park, a planned business park, at the intersection of Progress Avenue and Interstate Drive just off of the Progress Avenue exit of Interstate 81. The Greater Harrisburg Area is subdivided into three submarkets: the

Downtown Business District; the East Shore Business District; and the West Shore Business District. The Greater Harrisburg Area's office building market is evenly distributed among the three submarkets with no one submarket containing more than thirty-eight percent (38%) of the total office buildings. The Vanguard Cellular Building is located in the East Shore Business District on the eastern side of the Susquehanna River approximately 10 miles northeast of the Downtown Business District.

Harrisburg is the capital of the State of Pennsylvania, and is well positioned to take advantage of the established road, rail and water transportation systems in the northeast region. Harrisburg is located approximately 100 miles west of Philadelphia, approximately 195 miles east of Pittsburgh, approximately 75 miles north of Baltimore and approximately 90 miles north of Washington, D.C. This central location allows Harrisburg to take advantage of the economic, trade and industrial activities that occur in the region. Over the past several years, the Harrisburg area has experienced increases in population, income levels and employment. In fact, the unemployment rate in Dauphin County is considerably lower than the statewide and national rates. The Harrisburg area's economy is based principally in the industrial and manufacturing, government and services sectors.

The Vanguard Cellular Lease. The Vanguard Cellular Building is leased to Pennsylvania Telephone, a subsidiary of Vanguard Cellular, pursuant to the Build-To-Suit Office Lease Agreement dated as of September 26, 1997, as amended by instruments on September 15, 1998 and January 18, 1999 (the "Vanguard Cellular Lease"). At the closing of the Vanguard Cellular Building, the Walsh Higgins assigned all of its rights to the Vanguard Cellular Lease to Wells OP.

Vanguard Cellular is an independent operator of cellular telephone systems in the United States with over 664,000 subscribers located in twenty-six 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 (i) greater network capacity, (ii) greater roaming revenue opportunities, (iii) lower distribution costs, and (iv) higher barriers to entry by competitors. The obligations of Pennsylvania Telephone under the Vanguard Cellular Lease are guaranteed by Vanguard Cellular, which 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.

As of October 2, 1998, Vanguard Cellular had entered into a definitive merger agreement, as amended, with AT&T Corp. pursuant to which Vanguard Cellular will be merged with and into a wholly owned subsidiary of AT&T. The board of directors of each company have approved the merger. However, the transaction is subject to the approval of Vanguard Cellular's shareholders and certain other conditions. A special meeting of Vanguard Cellular's shareholders to consider the merger is scheduled for April 27, 1999.

The initial term of the Vanguard Cellular Lease is ten years which commenced on November 16, 1998 (the "Vanguard Commencement Date"). 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 eleven month period. Each extension option must be exercised by giving written notice to the landlord at least twelve months prior to the expiration date of the then current lease term. The following table summarizes the annual base rent payable during the initial term of the Vanguard Cellular Lease:

YEAR	ANNUAL RENT	$ PER SQ. FT.	MONTHLY RENT
1	$ 880,264.10	$10.75	
Month 1			$ 0.00
Months 2-7			51,853.50
Months 8-12			113,828.62
2	1,390,833.11	16.99	115,902.76
3	1,416,220.59	17.30	118,018.38
4	1,442,115.81	17.62	120,176.32
5	1,468,528.94	17.94	122,377.41
6	1,374,010.89	16.79	114,500.91
7	1,401,491.11	17.12	116,790.93
8	1,429,520.93	17.46	119,126.74
9	1,458,111.35	17.81	121,509.28
10	1,487,273.58	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 (i) as agreed upon by the parties, or (ii) 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.

Under the Vanguard Cellular Lease, the tenant is required to pay as additional rent all real estate taxes, special assessments, water rates and charges, sewer rates and charges, public utilities, insurance premiums, street lighting, excise levies, licenses, permits, governmental inspection fees and other governmental charges and all other charges incurred in the use, occupancy, operation, leasing or possession of the Vanguard Cellular Building. In addition, the tenant is responsible for all routine maintenance and repairs relating to the Vanguard Cellular Building. Wells OP, as the landlord, is responsible for (i) maintenance, repairs and replacements to the structural components of the Vanguard Cellular Building, including without limitation, the roof, floor slabs, foundation walls and footings, structural steel, exterior walls, driveways, roadways, sidewalks, curbs, parking areas and loading areas, and (ii) making necessary capital replacements of the heating, ventilation and air condition system, electrical, plumbing, fire protection and other mechanical systems in the building.

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 (the "Expansion Improvements"). 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 (i) that Pennsylvania Telephone authorizes Wells OP to proceed with the construction of the Expansion Improvements, (ii) 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 (iii) 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 (i) expansion costs, multiplied by (ii) a factor of 1.07, multiplied by (iii) the greater of (A) 10.50%, or (B) 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 (the "Expansion Commencement Date"). Thereafter, the annual base rent for the Expansion Improvements shall be increased annually by the lesser of (a) 5%, or (b) 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 (the "CPI Index") published nearest to the expiration date of each twelve month period subsequent to the Expansion Commencement Date is greater than the CPI Index most recently published prior to the Vanguard Commencement Date.

Management of the Company believes that the Vanguard Cellular Building has been adequately insured against loss from fire, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles and aircraft, smoke damage, water damage, and such other risks or hazards which are customarily insured against with respect to improvements similar in design, construction, general location, use and occupancy to the Vanguard Cellular Building. Management also believes that the Vanguard Cellular Building is adequately insured against claims for bodily injury, personal injury or property damage for any loss, liability or damage that may occur on the premises.

Property Management Fees. Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease the Vanguard Cellular Building. Wells OP shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Vanguard Cellular Building.

Financial Statements. Attached as Appendix I are an Audited Statement of Revenues Over Certain Operating Expenses relating to the Vanguard Cellular Building and Unaudited Pro Forma Financial Statements of the Company.

THE MATSUSHITA PROPERTY

Purchase of the Matsushita Property. On March 15, 1999, Wells OP purchased an 8.837 acre tract of land located in Lake Forest, Orange County, California (the "Matsushita Property") pursuant to that certain Purchase and Sale Agreement

and Joint Escrow Instructions dated February 17, 1999 between Wells OP and MSGW California I, L.L.C., a Delaware limited liability company ("MSGW"). The purchase price for the Matsushita Property was $4,450,230. In connection with the closing of the acquisition of the Matsushita Property, Wells OP paid title insurance premiums and other miscellaneous closing costs of approximately $16,000. Wells OP paid legal fees of $39,514 outside of the closing. MSGW is not affiliated with the Company or the Advisor.

Wells OP entered into a Development Agreement (as described below) for the construction of a two-story office building containing approximately 150,000 rentable square feet to be erected on the Matsushita Property (the "Matsushita Project"). Wells OP entered into an Office Lease (the "Matsushita Lease") with Matsushita Avionics Systems Corporation, a Delaware 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 (the "Existing Building") pursuant to an Office Lease dated April 29, 1996 (the "Existing Lease"). The Existing Building is owned by Fund VIII and Fund IX Associates (the "Fund VIII-IX Joint Venture"), a Georgia joint venture between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., both of which are Affiliates of the Company and the Advisor. 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 and relieved of any of its obligations under the Existing Lease upon the Matsushita Commencement Date of the Matsushita Lease, as described below.

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 as of 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 rent and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the Existing Lease.

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 be constructed using concrete tilt-up walls and high performance glass with parking for approximately 600 vehicles. The Matsushita Property is currently zoned to permit the intended development and operation of the Matsushita Project as a commercial office building and has access to all utilities necessary for the development and operation of the Matsushita Project, including water, electricity, sanitary sewer and telephone.

The site consists of an 8.837 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. The John Wayne Airport is located approximately eight miles from the site.

The City of Lake Forest was incorporated in 1991, and is located between the cities of Irvine and Mission Viejo. Lake Forest is experiencing growth as a result of northeastern expansion of already developed areas of Orange County. One of the major factors in the recent growth is its location along the route of the Foothill Transportation Corridor, a planned tollway with one leg of construction that has been completed in the vicinity of the Pacific Commercentre. Existing land uses in the area include residential tracts of varying densities and small commercial centers. There are several large ranches that are planned for development as master planned communities containing a

variety of residential, commercial and industrial uses.

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 (described below) 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), NationsBank 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 $3,500,000 in additional financing for the Matsushita Project from SouthTrust Bank, N.A. pursuant to the revolving credit facility (the "SouthTrust Loan") extended to Wells OP in connection with the acquisition of the PriceWaterhouseCoopers Building in Tampa, Florida (the "PWC Building"), which is secured by a first mortgage against the PWC Building. See Supplement No. 6 to the Prospectus for a discussion of the terms of the SouthTrust Loan. Subsequent to the acquisition of the PWC Building, the Company had used the proceeds from the sale of its shares to pay-down the balance of the SouthTrust Loan to zero, leaving in place a revolving credit facility secured by the PWC Building available to fund additional property acquisitions.

In addition, Wells OP obtained a commitment for a construction loan from NationsBank, N.A. ("NationsBank") in the maximum principal amount of $15,375,000, the proceeds of which will be used to fund the development and construction of the Matsushita Project (the "Matsushita Loan"). The Matsushita Loan shall 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 NationsBank "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 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 will pay a nonrefundable origination fee of $76,900 to NationsBank. The Matsushita Loan will be 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 co-guarantors of the Matsushita Loan. The Matsushita Loan, if obtained, will result in 100% financing of the Matsushita Project.

Although management of Wells OP currently anticipates obtaining the Matsushita Loan from NationsBank as described above, Wells OP has not yet entered into a loan agreement. Therefore, there is no guarantee that Wells OP will obtain the Matsushita Loan or that the loan obtained to fund the Matsushita Project will be on the terms described above.

Development Agreement. On March 31, 1999, Wells OP entered into a Development Agreement (the "Development Agreement") with ADEVCO Corporation, a Georgia corporation (the "Developer"), 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 seven office buildings for Affiliates of the Advisor. See Supplement No. 6 to the Prospectus for a description of the Developer and projects previously developed by the Developer.

The primary responsibilities of the Developer under the Development Agreement include:

- the supervision, coordination, administration and management of the work, activities and performance of the architect under the Architect's Agreement (as described below) and the contractor under the Construction Contract (as described below);

- the implementation of a development budget setting forth an estimate of all expenses and costs to be incurred with respect to the planning, design, development and construction of the Matsushita Project;

- the review of all applications for disbursement made by or on behalf of Wells OP under the Architect's Agreement and the Construction Contract;

- the supervision and management of tenant build-out at the Matsushita Project; and

- the negotiation of contracts with, supervision of the performance of, and review and verification of applications for payment of the fees, charges and expenses of such design and engineering professionals, consultants and suppliers as the Developer deems necessary for the design and construction of the Matsushita Project in accordance with the development budget.

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the Contractor of major subcontractors and reviewing all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Matsushita Project or any portion thereof. The Developer is required to advise Wells OP on a weekly basis as to the status of the Matsushita Project and submit to Wells OP monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells OP before incurring and paying any costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then prevailing status of the Matsushita Project and will not adequately provide for the completion of the Matsushita Project, the Developer will prepare and submit to Wells OP for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells OP. The Developer has agreed to indemnify Wells OP from any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the negligence, fraud or any willful act or omission by the Developer. Wells OP has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or authority, excluding negligence, fraud or willful acts of the Developer, and (2) the negligence, fraud or any

willful act or omission on the part of Wells OP and its partners and their respective officers, directors and employees.

Wells OP may elect to provide funds to the Developer so that the Developer can pay Wells OP's obligations with respect to the construction and development of the Matsushita Project directly. All such funds of Wells OP which may be received by the Developer with respect to the development or construction of the Matsushita Project will be deposited in a bank account approved by Wells OP. If at any time the funds contained in the bank account of Wells OP temporarily exceeds the immediate cash needs of the Matsushita Project, the Developer may invest such excess funds in savings accounts, certificates of deposit, United States Treasury obligations and commercial paper as the Developer deems appropriate or as Wells OP may direct, provided that the form of any such investment is consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the Matsushita Project. The Developer shall be reimbursed for all advances, costs and expenses paid for and on behalf of Wells OP. The Developer will not be reimbursed, however, for its own administrative costs or for costs relating to travel and lodging incurred by its employees and agents. The Developer may be required to advance its own funds for the payment of any costs or expenses incurred by or on behalf of Wells OP in connection with the development of the Matsushita Project if there are cost overruns in excess of the contingency contained in the development budget.

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells OP will pay a development fee of $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.

It is anticipated 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. Since the development budget has not yet been finalized as of the date of this Supplement, a detailed breakdown of costs is not available at this time.

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.

In the event the Developer should for any reason cease to manage the development of the Matsushita Project, Wells OP would have to locate a suitable successor development manager. No assurances can be given as to whether a suitable successor development manager could be found, or what the contractual terms or arrangement with any such successor would be.

Construction Contract. Wells OP anticipates entering into a construction contract (the "Construction Contract") with the general contracting firm of GWGC, Inc. doing business as Gordon & Williams General Contractors, Inc. (the "Contractor") 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 commenced operations in 1990. 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. It is anticipated that the Contractor will begin construction of the Matsushita Project in May 1999.

The Construction Contract will provide 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 (the "Guaranteed Maximum Price"), 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 a condition of final payment, the Contractor will be required to execute and deliver a release of all claims and liens against Wells OP.

The Contractor will be responsible to Wells OP for the acts or omissions of its subcontractors and suppliers of materials and of persons either directly or indirectly employed by them. The Contractor 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.

The Contractor will be required to work expeditiously and diligently to maintain progress in accordance with the construction schedule and to achieve substantial completion of the Matsushita Project within the contract time. The Contractor will be required to employ all such additional labor, services and supervision, including such extra shifts and overtime, as may be necessary to maintain progress in accordance with the construction schedule. It is anticipated that the Matsushita Project will be completed on or before December 20, 1999. Wells OP shall obtain a completion and performance bond in an amount sufficient to complete construction and development of the Matsushita Project to reduce the risk of non-performance and to assure compliance with approved plans and specifications. 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. Ware & Malcomb Architects, Inc. (the "Architect") 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 has additional offices in Woodland Hills and Pleasanton, California. The Architect had revenues in 1998 of over $12 million. The Architect is not affiliated with the Company or the 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 Matsushita Project components. The Architect will be paid a fee of $93,371 for such services. During the design development phase, the Architect will prepare design development documents consisting of drawings and other documents to fix and describe the size and character of the entire Matsushita Project as to architectural, structural, mechanical, plumbing and fire protection and electrical systems, materials and such other elements as may be appropriate. The Architect will be paid $124,494 for these services. During the construction documents phase, the Architect will prepare construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the Matsushita Project. The Architect will be paid $311,236 for these services. During the bidding or negotiation phase, the Architect will assist Wells OP in obtaining bids or negotiated proposals and assist in awarding and preparing contracts for construction. The Architect will be paid $31,124 for these services. During the construction phase, the Architect is to provide administration of the Construction Contract and advise and consult with the Developer and Wells OP concerning various matters relating to the construction of the Matsushita Project. The Architect is required to visit the Matsushita Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells OP informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the Contractor based on observations of the site and evaluations of the Contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Contract described above. The Architect will also conduct inspections to determine the date of completion of the Matsushita Project and shall issue a final certificate for payment. The Architect will be paid $62,247 for its services performed during 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 (the "Matsushita 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"), a Delaware corporation. Matsushita Avionics manufactures and sells audiovisual 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 U.S., 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 $709 million on gross revenues of over $8 billion and a net worth of over $1.2 billion.

The initial term of the Matsushita Lease will be seven years to commence (the "Matsushita Commencement Date") 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 monthly base rent payable under the Matsushita Lease shall be as follows:

Lease Year	Monthly Installment of Base Rent
1-2	$152,500
3-4	$162,260
5-6	$172,020
7	$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.

In addition to the monthly base rent, Matsushita Avionics is required to pay additional rent equal to all "operating expenses" and "tax expenses" during the lease term. "Operating expenses" is defined to include all direct and indirect costs, expenses and assessments charged to the real property with

respect to its efficient and economical operation, management, use, maintenance and repair, including insurance premiums. Tax expenses shall mean all federal, state, county or local government taxes, fees or other impositions of every kind and nature in connection with the ownership, leasing and operation of the Matsushita Project. Matsushita Avionics shall also be responsible for the furnishing of all services and utilities to the premises, including but not limited to, heating, ventilation and air conditioning, electricity, water, telephone, janitorial and security services, window washing and landscaping services.

Under the terms of the Matsushita Lease, Matsushita Avionics shall operate, keep, and maintain, and as necessary, repair, restore, replace, and make any capital improvements to the structural portions of the building, including the ceilings, floor surface, interior walls and wall covering, shafts, stairs, parking areas, stairwells, elevator cabs, washrooms, and building mechanical, electrical, gas, plumbing and sprinkler systems. Wells OP shall maintain and repair the structural skeleton of the building consisting only of the floor slabs, foundation, roof structure, roof membrane, exterior walls and exterior glass and mullions.

Property Management Fees. Following construction and completion of the Matsushita Project, property management and leasing services will be performed by Wells Management Company, Inc. (the "Property Manager"), an Affiliate of the Company and the Advisor. As compensation for its services, the Property Manager will receive fees equal to 4.5% of the gross revenues for property management services and leasing services with respect to the Matsushita Project. In addition, the Property Manager will receive a one-time initial lease-up fee relating to the Matsushita Lease equal to the first month's rent plus 5% of the gross revenues over the initial term of the Matsushita Lease.

MANAGEMENT

The information contained on page 35 in the "Compensation of Directors and Officers" subsection of the "Management" section of the Prospectus is revised as of the date of this Supplement by the deletion of that full paragraph and the insertion of the following in lieu thereof:

> Each Independent Director of the Board of Directors is paid a fee of $250 for each board meeting attended by such director. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with meetings of the Board of Directors. No director who is also an officer of the Company receives separate compensation for services rendered as a director.
>
> On March 17, 1999, the Board of Directors adopted the Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan (the "Plan") to foster and promote the long-term financial success of the Company by providing an incentive to persons not affiliated with the Company to serve as directors through stock ownership in the Company. If the Plan is approved by the Shareholders at the upcoming 1999 Annual Meeting of Shareholders, each of the seven Independent Directors of the Company will immediately receive an initial grant of options to purchase 2,500 shares of the Company (the "Initial Options"), and subsequent grants of options to purchase 1,000 shares of the Company on the date of each annual meeting of shareholders beginning with the 2000 Annual Meeting (the "Subsequent Options"). The Initial Options and the Subsequent Options are hereinafter 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 the 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 as defined in Section 3.5 of the Plan.
>
> One-fifth of the Initial Options are exercisable beginning on the date of their grant and an additional one-fifth of the Initial Options will become exercisable on each anniversary of the date of their grant 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 of their grant.

A total of 100,000 shares have been authorized and reserved for issuance under the Plan. If the number of outstanding shares is increased, decreased or changed into, or exchanged for, a different number or kind of shares or securities of the Company through a reorganization or merger in which the Company is the surviving entity, or through a combination, recapitalization, reclassification, stock split, stock dividend, stock consolidation or otherwise, an appropriate adjustment will be made in the number and kind of shares that may be issued pursuant to 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 be made without change in the total payment, if any, applicable to the portion of the Options not exercised but with a corresponding adjustment in 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 of grant, (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 pursuant to the Plan may be exercised if such exercise would jeopardize the Company's status as a REIT under the Internal Revenue Code.

No Option may be sold, pledged, assigned or transferred by an Independent Director in any manner otherwise than by will or the laws of descent or distribution.

Upon the dissolution or liquidation of the Company or upon the reorganization, merger or consolidation with one or more corporations as a result of which the Company is not the surviving corporation or upon sale of all or substantially all of the properties, the Plan will terminate, and any outstanding Options will terminate and be forfeited. Notwithstanding the foregoing, the Board of Directors may provide in writing in connection with, or in contemplation of, any such transaction for any or all of the following alternatives: (1) for the assumption by the successor corporation of the Options granted or the substitution by such corporation for such Options of options covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and exercise prices; (2) for the continuance of the Plan by such successor corporation in which event the Plan and the Options will continue in the manner and under the terms so provided; or (3) for the payment in cash or shares of common stock in lieu of and in complete satisfaction of such Options.

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

The information contained on page 46 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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:

The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of April 5, 1999, the Company had raised a total of $57,235,152 in offering proceeds (5,723,515 Shares), and had paid $2,003,230 in

acquisition and advisory fees and acquisition expenses and $7,154,394 in selling commissions and organizational and offering expenses. As of April 5, 1999, the Company had invested $43,472,358 in properties and was holding net offering proceeds of $4,605,170 available for investment in additional properties.

The following shall be added to the "Management's Discussion and Analysis of Financial Condition and Result of Operations" section of the Prospectus:

YEAR 2000 ISSUES

The Company is presently reviewing the potential impact of Year 2000 compliance issues on its information systems and business operations. A full assessment of Year 2000 compliance issues was begun in late 1997 and was completed on March 31, 1999. Renovations and replacements of equipment have been and are being made as warranted. The costs incurred by the Company and its Affiliates thus far for renovations and replacements have been immaterial. Some testing of systems has begun and all testing is expected to be complete by June 30, 1999.

As to the status of the Company's information technology systems, it is presently believed that all major systems and software packages with the exception of the accounting and property management package are Year 2000 compliant. The Company's affiliated entities are purchasing the upgrade for the accounting and property management package system; however, it is not slated to be installed until second quarter 1999. At the present time, it is believed that all major non-information technology systems are Year 2000 compliant. The cost to upgrade any non-compliant systems is believed to be immaterial.

The Company is in the process of confirming with the Company's vendors, including third-party service providers such as banks, that their systems will be Year 2000 compliant. Based on the information received thus far, the primary third-party service providers with which the Company has relationships have confirmed their Year 2000 readiness.

The Company relies on computers and operating systems provided by equipment manufacturers, and also on application software designed for use with its accounting, property management and investment portfolio tracking. The Company has 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 the future operations or financial condition of the Company. The Company will perform due diligence as to the Year 2000 readiness of each property owned by the Company and each property contemplated for purchase by the Company.

The Company's reliance on embedded computer systems (i.e., microcontrollers) is limited to facilities related matters, such as office security systems and environmental control systems.

The Company is currently formulating contingency plans to cover any areas of concern. Alternate means of operating the business are being developed in the unlikely circumstance that the computer and phone systems are rendered inoperable. An off-site facility from which the Company could operate is being sought as well as alternate means of communication with key third-party vendors. A written plan is being developed for testing and dispensation to each staff member of the Advisor of the Company.

Management believes that the Company's 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 the Company's properties would fail or the key third-party vendors upon which the Company relies would be unable to provide accurate investor information. In the event that the elevator shuts down, the Company has 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, the Company has 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, the Company intends to perform a full system back-up of all investor information as of December 31, 1999 so that the Company will have accurate hard-copy investor information.

The information contained on page 77 in the "Plan of Distribution" section of the Prospectus is revised as of the date of this Supplement by the addition of the following paragraph after the second full paragraph on that page:

Investors who wish to elect the Deferred Commission Option should make the election on their Subscription Agreement Signature Page, the revised form of which is included as Exhibit "B" to this Supplement. Election of the Deferred Commission Option shall authorize the Company to withhold dividends or other cash distributions otherwise payable to such investor for the purpose of paying commissions due under the Deferred Commission Option. Such dividends or cash distributions otherwise payable to investors may be pledged by the Company, 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.

FINANCIAL STATEMENTS AND PRIOR PERFORMANCE TABLES

The financial statements of the Company 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 Supplement in Appendix I have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this Supplement in reliance upon the authority of said firm as experts in giving said report.

The statement of revenues over certain operating expenses of the Vanguard Cellular Building for the period from Inception (November 16, 1998) to December 31, 1998, included in this Supplement in Appendix I, has been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and is included herein upon the authority of said firm as experts in giving said report. The pro forma financial information for Wells Real Estate Investment Trust, Inc. as of December 31, 1998 and for the year ended December 31, 1998, which are included in Appendix I to this Supplement, have not been audited.

Prior Performance Tables dated as of December 31, 1998 are included as Exhibit "A" to this Supplement.

APPENDIX I

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 and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule 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 and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 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.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 27, 1999

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.

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

THE FUND IX, X, XI, AND REIT JOINT VENTURE
(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)

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 Increase	$27,421,687
(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.

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.

ARTHUR ANDERSEN LLP

/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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(UNAUDITED PRO FORMA FINANCIAL STATEMENTS)

The following unaudited pro forma balance sheet as of December 31, 1998 and the pro forma statement of income for the year ended December 31, 1998 have been prepared to give effect to Wells Real Estate Investment Trust, Inc.'s acquisition (through Wells Operating Partnership, L.P.) of the Vanguard Cellular Building as if it had occurred as of December 31, 1998 with respect to the balance sheet and on November 16, 1998 (lease inception date) with respect to the income statement. Wells Operating Partnership, L.P. is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells Operating Partnership, L.P.

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.

PRO FORMA BALANCE SHEET

DECEMBER 31, 1998

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	TOTAL
ASSETS:			
Cash	$ 7,979,403	$(6,382,100)(a)	$ 1,597,329
Due to affiliate	262,345	0	262,345
Investment in JV	11,568,677	0	11,568,677
Prepaid and other assets	504,807	0	504,807
Deferred project costs	335,420	(265,896)(b)	69,498
Deferred offering costs	548,729	0	548,729
Loan origination costs, net	0	29,205	29,205
Tenant receivable	35,512	0	35,512
Land	1,520,834	689,584(a)(b)	2,210,418
Building, net	20,076,846	12,079,207(a)(b)	32,156,053
Total assets	$42,832,573	$ 6,150,000	$48,982,573
LIABILITIES:			
Notes payable	$14,059,930	$(6,150,000(a)	$20,209,930
Due to affiliates	554,953	0	554,953
Partnership distribution payable	408,176	0	408,176
Accounts payable	84,941	0	84,941
Commission payable	102,886	0	102,886
Minority interest	200,000	0	200,000
Total liabilities	15,410,886	6,150,000	21,560,886
SHAREHOLDERS' EQUITY:			
Common stock	31,541	0	31,541
Additional paid-in capital	27,056,112	0	27,056,112
Retained earnings	334,034	0	334,034
Total shareholders' equity	27,421,687	0	27,421,687
Total liabilities and shareholders' equity	$42,832,573	$ 6,150,000	$48,982,573

(a) Reflects Wells Real Estate Investment Trust Inc.'s purchase price related to the Vanguard Cellular Building.

(b) Reflects the deferred project costs allocated to the Vanguard Cellular Building.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA INCOME STATEMENT

FOR THE YEAR ENDED

DECEMBER 31, 1998

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	TOTAL
REVENUE:			
Rental income	$ 20,994	$171,855(a)	$192,849
Equity in earnings of investment in joint ventures	263,315	0	263,315
Interest income	110,869	0	110,869
Total revenue	395,178	171,855	567,033
EXPENSES:			
Legal and accounting	19,552	0	19,552
Management and leasing fees	0	1,167	1,167
Partnership administration	17,861	0	17,861
Computer costs	616	0	616
Other operating	23,114	0	23,114
Total operating expenses	61,143	1,167	62,310
NET OPERATING INCOME	334,035	170,688	504,723
DEPRECIATION EXPENSE	0	60,896(b)	60,896
AMORTIZATION EXPENSE	0	1,217	1,217
INTEREST EXPENSE	0	54,255(c)	54,255
Net income	$334,035	$ 54,320	$388,355

(a) Rental income recognized on a straight-line basis.

(b) Depreciation expense on the Vanguard Cellular Building based on the straight-line method and a 25 year life.

(c) Interest expense on the $6,150,000 note payable which bears interest at 7%.

EXHIBIT "A"

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (the "Tables") provide information relating to real estate investment programs sponsored by the Advisor and its Affiliates ("Wells Prior Public Programs") which have investment objectives substantially similar to the Company. The Company's investment objectives are to maximize Net Cash From Operations; to preserve original Capital Contributions; and to realize capital appreciation over a period of time. (See "Investment Objectives and Criteria.") All of the Wells Prior Public Programs, except for the Company, 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 Prior Public Programs as set forth in the "Prior Performance Summary" section of this Prospectus.

Investors in the Company will not own any interest in the other Wells Prior Public Programs and should not assume that they will experience returns, if any, comparable to those experienced by investors in the Wells Prior Public Programs.

The Advisor is responsible for the acquisition, operation, maintenance and resale of the real estate properties. The financial results of the Wells Prior 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 Prior Public Programs

TABLE IV (Results of completed programs) and TABLE V (sales or disposals of property) have been omitted since none of the Wells Prior Public Programs have sold any of their properties to date.

Additional information relating to the acquisition of properties by the Wells Prior Public Programs is contained in TABLE VI, which is included in Part II of the registration statement which the Company has filed with the Securities and Exchange Commission. As described above, no Wells Prior Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

The following are definitions of certain terms used in the Tables:

"ACQUISITION FEES" shall mean fees and commissions paid by a partnership in connection with its purchase or development of a property, except development fees paid to a person not affiliated with the partnership or with a general partner of the partnership in connection with the actual development of a project after acquisition of the land by the partnership.

"ORGANIZATION EXPENSES" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the general partners or their affiliates in connection with the planning and formation of the partnership.

"UNDERWRITING FEES" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the general partners and their affiliates in Wells Prior 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%	0.0%
Cash Down Payment	80.0%	66.4%	42.1%	29.5%
Acquisition Fees/(2)/	4.5%	4.5%	4.5%	3.5%
Development and Construction Costs	.4%	10.1%	12.0%	0.0%
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 Prior 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 Prior 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 Cash Generated (Deficiency) after Cash Distributions	$ 11,158	$ (183,315)	$ (227,520)	225,077	
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions/(5)/	--	--	1,898,147	30,144,542	
	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%

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(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 "B"

SUBSCRIPTION AGREEMENT

To: WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Ladies and Gentlemen:

The undersigned, by signing and delivering a copy of the attached Subscription Agreement Signature Page, hereby tenders this subscription and applies for the purchase of the number of shares of common stock ("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 "NationsBank, N.A., as Escrow Agent."

Payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 125,000 Shares ($1,250,000), except with respect to residents of the States of New York and Pennsylvania, whose payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 250,000 Shares ($2,500,000) from all investors.

I hereby acknowledge receipt of the Prospectus of the Company dated January 30, 1998 (the "Prospectus").

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

Prospective investors are hereby advised of the following:

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

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

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

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 "NATIONSBANK, 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) 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.

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 "Investor Suitability Standards" in the Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investment sin 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. DISTRIBUTIONS	a.	DISTRIBUTION REINVESTMENT PLAN: By electing the Distribution Reinvestment Plan, the investor elects to reinvest all distributions of Cash Available for Distribution in the Company and to have the option in the future to invest net cash from operations in limited partnerships sponsored by the Advisor or its affiliates which have substantially identical investment objectives as 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 distributions.
	b.	DISTRIBUTION ADDRESS: If cash distributions 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:
NATIONSBANK, 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:

(REVERSE SIDE MUST BE COMPLETED)

(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 Initials and had during the last tax year or estimate that I will have during the

Initials 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 "Investor 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 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 Distribution Reinvestment Plan: [_]

7b. Complete the following section only to direct distributions to a party other than registered owner:

Name

Account Number

Street Address or P.O. Box

City State Zip Code

8. ===== BROKER-DEALER =====

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

The Broker-Dealer or authorized representative must sign below to complete order. Broker-Dealer warrants that it is a duly licensed Broker-Dealer and may lawfully offer Shares in the state designated as the investor's address or the state in which the sale was made, if different. The Broker-Dealer or authorized representative warrants that he has reasonable grounds to believe this investment is suitable for the subscriber as defined in Section 3(b) of Appendix F and that he has informed subscriber of all aspects of liquidity and marketability of this investment as required by Section 4 of Appendix F (Attachment No. 1 to Dealer Agreement).

Broker-Dealer Name Telephone No. ( )

Broker-Dealer Street Address or P.O. Box

City State Zip Code

Registered Representative Name Telephone No. ( )

Reg. Rep. Street Address or P.O. Box

City State Zip Code

Broker-Dealer Signature, if required | Registered Representative Signature

Please mail completed Subscription Agreement (with all signatures) and check(s) made payable to
NationsBank, N.A., as Escrow Agent to:
WELLS INVESTMENT SECURITIES, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
800-448-1010 or 770-449-7800

Overnight address:
3885 Holcomb Bridge Road
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 #

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 8 DATED JUNE 15, 1999 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998, Supplement

No. 6 dated January 15, 1999 and Supplement No. 7 dated April 15, 1999 (collectively, the "Prospectus"). Supplement No. 6 included the information in and superseded Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998. Unless otherwise defined herein, 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:

(i) The status of the offering of shares of common stock in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) Revisions to the "Plan of Distribution" section of the Prospectus;

(iii) The acquisition of an interest in an industrial building in Greenville County, South Carolina;

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

(v) Audited financial statements relating to the EYBL CarTex Building and unaudited pro forma financial statements of the Company.

Status of the Offering

Pursuant to the Prospectus, the offering of shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of May 31, 1999, the Company had raised a total of $70,839,115 in offering proceeds (7,083,912 shares).

Plan of Distribution

The information contained on page 74 in the "PLAN OF DISTRIBUTION" section of the Prospectus is revised as of the date of this Supplement by the deletion of the third full paragraph on that page and the insertion of the following in lieu thereof:

> Executive officers and directors of the Company, as well as officers and employees of the Advisor or other Affiliates, may purchase Shares offered in this Offering at a discount. The purchase price for such Shares shall be $9.05 per Share reflecting the amount of selling commissions and dealer manager fees that will not be payable in connection with such sales. The net proceeds to the Company will not be affected by such sales of Shares at a discount. The Advisor and its Affiliates shall be expected to hold Shares purchased as shareholders for investment and not with a view
>
> towards distribution. In addition, Shares purchased by the Advisor or its Affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote.

The information contained on page 77 in the "PLAN OF DISTRIBUTION" section of the Prospectus, as previously amended by Supplement No. 1 and Supplement No. 7 to the Prospectus, is revised as of the date of this Supplement by the deletion of the second full paragraph on that page and the insertion of the following in lieu thereof:

> 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 (the "Deferred Commission Option"). Shareholders electing the Deferred Commission Option will be required to pay a total of $9.40 per share purchased upon subscription, rather than $10.00 per Share, with respect to which $0.10 per Share will be payable as commissions due upon subscription. For 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 Company to pay deferred commission

obligations. The net proceeds to the Company will not be affected by the election of the Deferred Commission Option. Under this arrangement, a Shareholder electing the Deferred Commission Option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from dividends or other cash distributions otherwise payable to such Shareholder and used by the Company to satisfy commission obligations. The foregoing commission amounts may be adjusted with approval of the Dealer Manager by application of the volume discount provisions previously described on page 75 of the Prospectus.

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 Company 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 Company 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 Company, 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 the Company's remaining commission obligations, the remaining commissions due under the Deferred Commission Option may be accelerated by the Company. In such event, the Company 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 Company 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 Company 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 the Company and its 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 the Company's shares.

The EYBL CarTex Building

Purchase of the EYBL CarTex Building. On May 18, 1999, Wells Real Estate, LLC SC I ("Wells LLC"), a Georgia limited liability company wholly owned by The Wells Fund XIREIT Joint Venture (the "Joint Venture"), acquired an industrial building located in Fountain Inn, South Carolina (the "EYBL CarTex Building").

The Joint Venture is a joint venture partnership between Wells Operating Partnership, L.P., the operating partnership of the Company, and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), a Georgia limited partnership affiliated with the Company. The Joint Venture was formed on May 1, 1999 for the purpose of acquiring, owning, leasing, operating and managing real properties. Wells LLC was formed by the Joint Venture solely for the purpose of acquiring, owning and

operating the EYBL CarTex Building.

Wells LLC purchased the EYBL CarTex Building from Liberty Property Limited Partnership, a Pennsylvania limited partnership (the "Seller"), pursuant to an Agreement of Sale and Purchase (the "Contract") with the Seller. The original purchaser under the Contract was Wells Capital, Inc., the Advisor of the Company. Wells Capital, Inc. assigned its rights under the Contract to Wells LLC at closing. The Seller is not in any way affiliated with the Company or the Advisor.

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 approximately $37,000.

Wells OP contributed $3,592,000 to the Joint Venture and holds an equity percentage interest in the Joint Venture of approximately 70.1% for its share of the purchase of the EYBL CarTex Building. Wells Fund XI contributed $1,530,000 to the Joint Venture and holds an equity percentage interest in the Joint Venture of approximately 29.9% for its share of the purchase. All income, loss, profit, net cash flow, resale gain and sale proceeds of the Joint Venture are allocated and distributed between Wells OP and Wells Fund XI based upon their respective capital contributions to the Joint Venture.

Description of the Building and the Site. The EYBL CarTex Building is an industrial 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. An addition to the EYBL CarTex Building was constructed in 1989, which consisted of an additional 64,000 square feet of warehouse space located in the manufacturing portion of the building. The building is constructed of concrete tilt-up panels and has an interior height of 28 feet. The construction of each portion of the building is very similar, utilizing slabs-on-grade, CMU foundation walls at the truck docks, structural tilt-up insulated concrete panels and structural steel columns on concrete footings. Four dock-high doors with

hydraulic dock levelers are provided along the south side of the building. The exterior of the office area is primarily made of a brick veneer.

All roof and mezzanine floor structures are constructed of steel trusses, beams and girders, with metal decking. Each portion of the building is protected by a single-ply mechanically-fastened membrane roof system, which was manufactured by J.P. Stevens. The manufacturer of the roof recently reviewed the application and issued a ten-year warranty.

The property was developed in the early 1980s on a site of approximately 11.94 acres. The site is located at 111 SouthChase Boulevard in the SouthChase Industrial Park, which is located adjacent to I-385 in southwest Greenville. The site has easy access to I-85. The current configuration of the parking lot allows for approximately 252 spaces for vehicles, which has proven adequate for the current tenant. The landscaping at the facility is in good condition and is consistent with the quality level of the entire complex.

An independent appraisal of the EYBL CarTex Building was prepared by CB Richard Ellis, real estate appraisers, as of April 27, 1999. The appraisers estimated the market value of the land and the leased fee interest subject to the Lease (described below) to be $5,250,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the EYBL CarTex Building will continue operating at a stabilized level with EYBL CarTex occupying 100% of the rentable area. The value estimate set forth in the appraisal is not necessarily an accurate reflection of the fair market value of the property.

Prior to closing, the Joint Venture also obtained an environmental report prepared by Law Engineering and Environmental Testing, Inc., evidencing that the environmental condition of the land and the EYBL CarTex Building was satisfactory.

Greenville County is the hub of the metropolitan statistical area ("MSA") which also includes Spartanburg, Anderson, Pickens and Cherokee Counties. During the period from 1990 to 1998, Greenville County's labor force has grown by approximately 12%. During that same time period, the unemployment rate in Greenville County and the surrounding MSA has decreased significantly.

Within the last two decades, the economic base has diversified from the once dominant textile industry toward other types of industries. During that time period, several corporations, including Michelin, BMW Manufacturing Corporation, Umbra Apparel and Boldwater Paper Products, have moved their North American or national headquarters into the area. The largest and most significant of these was the decision in 1992 by BMW Manufacturing Corporation to construct a $600 million facility near Spartanburg. As of April 27, 1999, this facility employed over 2,000 people. BMW's announcement led to the relocation of several auto parts manufacturers into the region, as well as other supportive industries. The result of the recent corporate relocations and the marketing efforts of local authorities as been a substantial flow of capital into the area, elevating metropolitan Greenville to the second highest MSA in the nation in terms of capital investment.

The Lease. The entire 169,510 rentable square feet of the EYBL CarTex Building is currently leased to EYBL CarTex, Inc., a South Carolina corporation ("EYBL CarTex"), pursuant to an Agreement of Lease dated February 13, 1998, as amended by First Amendment to Agreement of Lease dated July 24, 1998 and Second Amendment to Agreement of Lease dated November 4, 1998 (the "Lease"). The Lease was assigned to Wells LLC at the closing with the result that

Wells LLC is now the landlord under the Lease.

EYBL CarTex produces automotive textiles for BMW, as well as for Mercedes, GM Bali, VW Mexico and Golf A4, and is 100% owned by EYBL International, AG, Krems/Austria. This company, which was founded in 1868, had 2,000 employees at the end of 1998 and sales in 1998 of $260 million. 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 U.S. (the EYBL CarTex Building). Recent financial information for EYBL International is as follows:

($ U.S. millions*)	1998	1997	1996
Sales	$264.4	$200.4	$168.3
Net Income	$ 9.4	$ 5.4	$ 2.1
Net Worth	$ 49.7	$ 17.2	$ 12.3

* Based upon the 4/8/99 conversion rate of 12.7 schillings to 1.0 U.S. $

In North America, EYBL CarTex supplies customers in the U.S. and Mexico. The capacity of this plant was raised in 1998 as a result of the contract with VW Mexico and will consist of 16 circular knitting machines as of March 1999. EYBL CarTex does not produce separate financial statements.

The initial term of the Lease is ten years, which commenced on March 1, 1998, and expires in February 2008. EYBL CarTex 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 base rent payable under the Lease for the remainder of the lease term is 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, the tenant may require that the fair market rent be determined by three appraisers, one of which will be selected by the tenant, one selected by the landlord and one selected by the first two appraisers.

Under the Lease, EYBL CarTex is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance and other operating costs with respect to the EYBL CarTex Building during the term of the Lease. In addition, EYBL CarTex is responsible for all routine maintenance and repairs to the EYBL CarTex Building. Wells LLC, as landlord, is responsible for maintenance of the footings and foundations and the structural steel columns and girders associated with the building.

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 Wells LLC by March 1, 2007. Within 30 days after the landlord receives notice of the tenant's intent to exercise its purchase option, the landlord is required to 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 the tenant does not agree to the proposed purchase price, the tenant may require that the purchase price be established by three appraisers, one selected by the tenant, one selected by the landlord and one selected by the first two appraisers. In no event, however, will the purchase price under the purchase option be less than $5,500,000.

Pursuant to a Lease Commission Agreement dated February 12, 1998, between the Seller and The McNamara Company, Inc., Wells LLC is required to pay annual brokerage commissions of $13,787 to The McNamara Company, Inc., an unaffiliated real estate brokerage which procured the Lease.

Property Management Fees. Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease the EYBL CarTex Building. Wells LLC will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the EYBL CarTex Building on a monthly basis.

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

The information contained on page 46 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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:

> The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of May 31, 1999, the Company had raised a total of $70,839,115 in offering proceeds (7,083,912 Shares), and had paid $2,479,369 in acquisition and advisory fees and acquisition expenses and $8,854,889 in selling commissions and organizational and offering expenses. As of May 31, 1999, the Company had invested $48,070,328 in properties and was holding net offering proceeds of $11,434,529 available for investment in additional properties.

Financial Statements and Exhibits.

The Statements of Revenues over Certain Operating Expenses of the EYBL CarTex Building for the year ended December 31, 1998, included in this Supplement in Appendix F, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in reliance upon the authority of said firm as experts in giving said report. The Statements of Revenues over Certain Operating Expenses of the EYBL CarTex Building for the three months ended March 31, 1999, and the pro forma financial

information for Wells Real Estate Investment Trust, Inc. as of December 31, 1998 and for the three months ended March 31, 1999 have not been audited.

APPENDIX F

INDEX TO FINANCIAL STATEMENTS

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 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 REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.] and Wells Real Estate Fund XI, 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.

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 holds an equity percentage interest in the Joint Venture of 29.87% for its share of the purchase of the EYBL CarTex Building. Wells OP contributed $3,591,828 to the Joint Venture and holds an equity percentage interest in the Joint Venture of 70.13% for its share of the purchase of the EYBL CarTex Building. All income, loss, profit, net cash flow, resale gain, and sale proceeds of the Joint Venture are allocated and distributed between Wells Fund XI and Wells OP based on their respective capital contributions 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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of March 31, 1999 and the pro forma statements of income for the year ended December 31, 1998 and the three months ended March 31, 1999 have been prepared to give effect to the acquisition of the EYBL CarTex Building by the Wells XI-REIT Joint Venture (a joint venture between the Wells Operating Partnership and Wells Real Estate Fund XI, L.P.) as if the acquisition occurred as of March 31, 1999 with respect to the balance sheet and on January 1, 1998 with respect to the statements of income. Wells Operating Partnership, L.P. is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells Operating Partnership, L.P.

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.

BALANCE SHEET

MARCH 31, 1999

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REAL ESTATE, AT COST:			
Land	$ 6,787,902	$ 0	$ 6,787,902
Building and improvements, less accumulated depreciation of $286,242 in 1999	33,058,522	0	33,058,522
Total real estate	39,846,424	0	39,846,424
INVESTMENTS IN JOINT VENTURES	11,494,134	3,740,428 (b)	15,234,562
DUE TO AFFILIATES	267,279	0	267,279
CASH AND CASH EQUIVALENTS	7,864,546	(3,591,828)(a)	4,272,718
DEFERRED PROJECT COSTS	375,126	(148,600)(c)	226,526
DEFERRED OFFERING COSTS	294,037	0	294,037
PREPAID EXPENSES AND OTHER ASSETS	746,736	0	746,736
Total assets	$60,888,282	$ 0	$60,888,282

LIABILITIES AND SHAREHOLDERS' EQUITY

ACCOUNTS PAYABLE	$ 578,328	$ 0	$ 578,328
NOTES PAYABLE	9,650,000	0	9,650,000
DUE TO AFFILIATES	348,342	0	348,342
DIVIDENDS PAYABLE	628,182	0	628,182
MINORITY INTEREST OF UNIT HOLD IN OPERATING PARTNERSHIP	200,000	0	200,000
Total liabilities	11,404,852	0	11,404,852
COMMON SHARES, $0.01 par value; 16,500,000 shares authorized, 5,702,329 shares issued and outstanding at March 31, 1999	57,023	0	57,023
ADDITIONAL PAID-IN CAPITAL	48,698,935	0	48,698,935
RETAINED EARNINGS	727,472	0	727,472
Total shareholders' equity	49,483,430	0	49,483,430
Total liabilities and shareholders' equity	$60,888,282	$ 0	$60,888,282

(a) Reflects Wells Real Estate Investment Trust's portion of the purchase price related to the EYBL CarTex Building.

(b) Reflects Wells Real Estate Investment Trust's contribution to the Wells XI-REIT Joint Venture.

(c) Reflects deferred project costs contributed to the Wells XI-REIT Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

STATEMENT OF INCOME

FOR THE PERIOD ENDING DECEMBER 31, 1998

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustment	Pro Forma Total
REVENUES:			
Rental income	$ 20,994	$ 0	$ 20,994
Equity in income (loss) of joint ventures	263,315	(6,204)(a)	257,111
Interest income	110,869	0	110,869
	395,178	(6,204)	388,974
EXPENSES:			
Operating costs, net of reimbursements	11,033	0	11,033
General and administrative	29,943	0	29,943
Legal and accounting	19,552	0	19,552
Computer costs	616	0	616
	61,144	0	61,144
NET (LOSS) INCOME	$334,034	$(6,204)	$327,830
EARNING PER SHARE (BASIC AND DILUTED)	$ 0.40	$ (0.01)	$ 0.39

(a) Reflects Wells Real Estate Investment Trust's equity in loss of the Wells XI-REIT Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

STATEMENT OF INCOME

FOR THE PERIOD ENDING MARCH 31, 1999

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustment	Pro Forma Total
REVENUES:			
Rental income	$726,183	$ 0	$726,183
Equity in income of joint ven tures	192,723	7,596(a)	200,319
Interest income	69,094	0	69,094
	988,000	7,596	995,596
EXPENSES:			
Operating costs, net of reimbursements	204,115	0	204,115
Management and leasing fees	44,692	0	44,692
Depreciation	286,242	0	286,242
Administrative costs	29,710	0	29,710
Legal and accounting	27,100	0	27,100
Computer costs	2,703	0	2,703
	594,562	0	594,562
NET (LOSS) INCOME	$393,438	$7,596	$401,034
EARNING PER SHARE (BASIC AND DILUTED)	$ 0.10	$ 0.00	$ 0.10

(a) Reflects Wells Real Estate Investment Trust's equity in income of the Wells XI-REIT Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 10 DATED OCTOBER 10, 1999 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998, Supplement No. 6 dated January 15, 1999, Supplement No. 7 dated April 15, 1999 and Supplement No. 8 dated June 15, 1999 (collectively, the "Prospectus"). Supplement No. 6 included the information in and superseded Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998. This Supplement includes the information in and supersedes Supplement No. 9 dated September 1, 1999. Unless otherwise defined herein, 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:

(i) The status of the offering of shares of common stock in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) Revisions to the "Management" section of the Prospectus;

(iii) Revisions to "The Advisor and the Advisory Agreement" section of the Prospectus;

(iv) Revisions to the "Distribution Policy" section of the Prospectus;

(v) The Joint Venture Partnership Agreement entered into among Wells Operating Partnership, L.P. ("Wells OP"), Wells Real Estate Fund XI, L.P. ("Wells Fund XI") and Wells Real Estate Fund XII, L.P. ("Wells Fund XII");

(vi) The acquisition of an interest in an office building in Johnson County, Kansas (the "Sprint Building");

(vii) The acquisition of land in Richmond, Virginia by Wells OP and the approximately 100,000 square foot office building to be developed thereon (the "ABB Richmond Project")

(viii) The acquisition of an interest in a manufacturing and office building in Chester County, Pennsylvania (the "Johnson Matthey Building");

(ix) The status of the Matsushita Project;

(x) The acquisition of an office, assembly and manufacturing building in DuPage County, Illinois (the "Videojet Building");

(xi) The acquisition of an interest in an office building in Lee County, Florida (the "Gartner Building");

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

(xiii) Financial statements relating to the Sprint Building, the Johnson Matthey Building, the Videojet Building, the Gartner Building and unaudited pro forma financial statements of the Company.

Status of the Offering

Pursuant to the Prospectus, the offering of shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of October 4, 1999, the Company had raised a total of $108,997,320 in offering proceeds (10,899,732 Shares).

Management

Directors and Executive Officers

Effective July 30, 1999, Brian M. Conlon resigned as an executive officer and director of the Company, and as Vice President of Wells Real Estate Funds, Inc., Wells Capital, Inc. (the "Advisor"), Wells Investment Securities, Inc. (the "Dealer Manager") and Wells Development Corporation. On July 30, 1999, the Board of Directors of the Company elected Douglas P. Williams, age 49, as successor Executive Vice President, Secretary and Treasurer of the Company.

Douglas P. Williams, who was elected as Executive Vice President, Secretary and Treasurer of the Company 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.

The Advisor and the Advisory Agreement

The Advisor

As set forth above, Brian M. Conlon resigned as an executive officer of the Advisor effective as of July 30, 1999. The Board of Directors of the Advisor elected Douglas P. Williams, age 49, and Stephen G. Franklin, age 52, as successor Senior Vice Presidents of the Advisor effective July 30, 1999. In addition, Mr. Williams was elected as successor Assistant Secretary of the Advisor. The background of Douglas P. Williams is described above.

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.

Distribution Policy

The information contained on page 45 in the "Distribution Policy" section of the Prospectus is revised as of the date of this Supplement by the deletion of the second paragraph of that section and the insertion of the following paragraph in lieu thereof:

> Dividends will be paid on a quarterly basis regardless of the frequency with which distributions are declared. Dividends will be paid to investors who are stockholders as of the record dates selected by the directors. The Company calculates quarterly dividends based upon daily record and dividend declaration dates with the result that investors will be entitled to be paid dividends immediately upon their purchase of shares. Generally, income distributed to stockholders will not be taxable to the Company under federal income tax laws if the Company distributes at least 95% of its annual taxable income. If Cash Available for Distribution is

insufficient to pay such distributions, the Company may obtain the necessary funds by borrowing, issuing new securities, or selling assets. These methods of obtaining funds could affect future distributions by increasing operating costs. To the extent that distributions to stockholders exceed the Company's current and accumulated earnings and profits, such amounts will constitute a return of capital for federal income tax purposes, although such distributions will not reduce stockholders' aggregate Invested Capital.

The Wells Fund XI - Fund XII - REIT Joint Venture

On May 1, 1999, Wells OP and Wells Fund XI entered into a Joint Venture Partnership Agreement (the "Joint Venture Agreement") for the purpose of acquiring, owning, leasing, operating and managing real properties. On June 21, 1999, the Joint Venture Agreement was amended to admit Wells Real Estate Fund XII, L.P. ("Wells Fund XII") as a joint venture partner. The joint venture partnership is known as The Wells Fund XI - Fund XII - REIT Joint Venture (the "XI-XII-REIT Joint Venture"). As of October 1, 1999, Wells OP had made total capital contributions to the XI-XII-REIT Joint Venture of $17,634,796 and held an equity percentage interest in the joint venture of approximately

56.77%; Wells Fund XI had made total capital contributions to the XI-XII-REIT Joint Venture of $8,131,351 and held an equity percentage interest in the joint venture of approximately 26.17%; and Wells Fund XII had made total capital contributions to the XI-XII-REIT Joint Venture of $5,300,000 and held an equity percentage interest in the joint venture of approximately 17.06%. All income, loss, profit, net cash flow, resale gain and sale proceeds of the XI-XII-REIT Joint Venture are allocated and distributed between Wells OP, Wells Fund XI and Wells Fund XII based upon their respective capital contributions to the joint venture.

Wells OP is acting as the initial Administrative Venturer of the XI-XII-REIT Joint Venture and, as such, is responsible for establishing policies and operating procedures with respect to the business and affairs of the joint venture. However, approval of Wells Fund XI and Wells Fund XII will be required for any major decision or any action which materially affects such joint venture or its real properties.

The Sprint Building

Purchase of the Sprint Building. On July 2, 1999, the XI-XII-REIT Joint Venture acquired a three-story office building containing approximately 68,900 rentable square feet located in Leawood, Johnson County, Kansas (the "Sprint Building") from Bridge Information Systems America, Inc. ("Bridge"), pursuant to that certain Agreement for the Purchase and Sale of Property between Bridge and Wells Capital, Inc., the Advisor. Bridge is not in any way affiliated with the Company or its Advisor.

The rights under the agreement were assigned by Wells Capital, Inc, the original purchaser under the agreement, to the XI-XII-REIT Joint Venture at closing. The purchase price paid for the Sprint Building was $9,500,000. The 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.

Wells OP contributed $5,546,210, Wells Fund XI contributed $3,000,000 and Wells Fund XII contributed $1,000,000 to the XI-XII-REIT Joint Venture for their respective shares of the acquisition costs for the Sprint Building.

Description of the Building and the Site. The Sprint Building is a three-story office building containing approximately 68,900 rentable square feet. The Sprint Building, which was completed in 1992, is a steel frame structure with a

pre-cast concrete panel exterior.

An independent appraisal of the Sprint Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of June 14, 1999, pursuant to which the market value of the land and the leased fee interest subject to the Sprint lease (described below) was estimated to be $10,100,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Sprint Building will continue operating at a stabilized level with Sprint Communications Company L.P. ("Sprint") occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. The XI-XII-REIT Joint Venture also obtained an environmental report prior to closing evidencing that the environmental condition of the land and the Sprint Building were satisfactory.

Location of the Sprint Building. The Sprint Building is located approximately three miles south of the Kansas City Central Business District within the city limits of Leawood and is adjacent to the Leawood Country Club near the affluent Overland Park suburb of Kansas City. The location is within walking

distance to Ward Parkway Mall and offers convenient access to downtown Kansas City and I-435, the interstate loop around Kansas City. Hewlett Packard and John Deere are among the corporations located within the immediate vicinity of the Sprint Building.

The site is a 7.12 acre tract of land located in Leawood, Johnson County, Kansas. The majority of the neighborhood consists of older single and multiple family residential properties built in the late 1930s and 1940s. There are hotel and office buildings sparsely located throughout the area. Commercial development is located east, south and west of the site with park land to the north.

Kansas City is situated within 250 miles of both the geographic and population centers of the United States. The ten county Kansas City metropolitan area covers more than 5,000 square miles and includes more than 100 municipalities located in two states.

The metropolitan Kansas City area is a production and service center for the midwest. With a General Motors and a Ford assembly plant located within the area, Kansas City is the nation's third largest producer of automobiles. The area is also home to U.S. Sprint, Hallmark Cards, Marion Laboratories, Farmland Industries, Interstate Bakeries and United Telecommunications. It is also one of 12 regional centers for the federal government, serving as a focus for many Missouri and Kansas state agencies, public and private health and educational services, and midwestern financial, insurance, and real estate interests.

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

The initial term of the Sprint lease is ten years which commenced on May 19, 1997 and expires on May 18, 2007. Sprint has the right to extend the Sprint lease for two additional five year periods of time. 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 Sprint lease will be $83,254.17 ($14.50 per square foot) through May 18, 2002 and $91,866.67 ($16.00 per square foot) 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" 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. 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 joint venture and the final appraiser will be selected by the two appraisers previously selected.

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

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 of its expansion options 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 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.

Property Management Fees. Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor, has been retained to manage and lease the Sprint Building. The XI-XII-REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Sprint Building.

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 (the "ABB Richmond Property") pursuant to that certain Purchase and Sale Agreement and Escrow Agreement dated May 25, 1999 between Wells OP and Idlewood Properties, Inc. ("Idlewood"). Wells OP, as original purchaser under the agreement, assigned all of its rights in the agreement to Wells LLC VA. The purchase price paid for the ABB Richmond Property was $936,250. In connection with the closing of the acquisition of the ABB Richmond Property, Wells LLC VA paid title insurance premiums and other miscellaneous closing costs of approximately $10,000. Wells LLC VA incurred legal fees of approximately $10,000 outside of the closing. Idlewood is not affiliated with the Company or the Advisor.

Wells LLC VA entered into a Development Agreement with Adevco Corporation (as described below) on June 28, 1999, 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 (the "ABB Richmond Project"). Wells LLC VA entered into an Office Lease with ABB Power Generation Inc.

("ABB Power"), a Delaware corporation, pursuant to which ABB Power agreed to lease approximately 80% of 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 ABB Richmond Property is currently zoned to permit the intended development and operation of the ABB Richmond Project as a commercial office building and has access to all utilities necessary for the development and operation of the ABB Richmond Project, including water, electricity, sanitary sewer and telephone.

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 (described below) 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"). The ABB Richmond Loan shall mature 30 months from the date of the loan closing. The interest rate on the ABB Richmond Loan will be 225 basis points over the London Inter Bank Offered Rate with a 1/2 point origination fee. Wells LLC VA shall pay interest only for the first 18 months of the loan. A fixed principal

payment of $600,000 is required in the 19th month of the loan. The ABB Richmond Loan will be secured by a pledge of the real estate, the ABB Richmond lease and the $4,000,000 letter of credit issued by Unibank described below. Leo F. Wells, III (an officer and director of the Company and the Advisor) will be a guarantor of the ABB Richmond Loan.

Although management of Wells LLC VA currently anticipates obtaining the ABB Richmond Loan from SouthTrust 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
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Development Agreement (the "Development Agreement") with ADEVCO Corporation, a Georgia corporation (the

"Developer"), as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the ABB Richmond 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 seven office buildings for Affiliates of the Advisor including the Matsushita Project in Lake Forest, California. See Supplement No. 6 to the Prospectus for a description of the Developer and projects previously developed by the Developer.

The primary responsibilities of the Developer under the Development Agreement include:

- the supervision, coordination, administration and management of the work, activities and performance of the architect under the Architect's Agreement (as described below) and the contractor under the Construction Contract (as described below);

- the implementation of a development budget setting forth an estimate of all expenses and costs to be incurred with respect to the planning, design, development and construction of the ABB Richmond Project;

- the review of all applications for disbursement made by or on behalf of Wells LLC VA under the Architect's Agreement and the Construction Contract;

- the supervision and management of tenant build-out at the ABB Richmond Project; and

- the negotiation of contracts with, supervision of the performance of, and review and verification of applications for payment of the fees, charges and expenses of such design and engineering professionals, consultants and suppliers as the Developer deems necessary for the design and construction of the ABB Richmond Project in accordance with the development budget.

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the Contractor of major subcontractors and reviewing all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the ABB Richmond Project or any portion thereof. The Developer is required to advise Wells LLC VA on a weekly basis as to the status of the ABB

Richmond Project and submit to Wells LLC VA monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells LLC VA before incurring and paying any costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then prevailing status of the ABB Richmond Project and will not adequately provide for the completion of the ABB Richmond Project, the Developer will prepare and submit to Wells LLC VA for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells LLC VA. The Developer has agreed to indemnify Wells LLC VA from any and all claims, demands, losses,

liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the negligence, fraud or any willful act or omission by the Developer. Wells LLC VA has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or authority, excluding negligence, fraud or willful acts of the Developer, and (2) the negligence, fraud or any willful act or omission on the part of Wells LLC VA and its members and their respective partners, officers, directors and employees.

Wells LLC VA may elect to provide funds to the Developer so that the Developer can pay Wells LLC VA's obligations with respect to the construction and development of the ABB Richmond Project directly. All such funds of Wells LLC VA which may be received by the Developer with respect to the development or construction of the ABB Richmond Project will be deposited in a bank account approved by Wells LLC VA. If at any time the funds contained in the bank account of Wells LLC VA temporarily exceeds the immediate cash needs of the ABB Richmond Project, the Developer may invest such excess funds in savings accounts, certificates of deposit, United States Treasury obligations and commercial paper as the Developer deems appropriate or as Wells LLC VA may direct, provided that the form of any such investment is consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the ABB Richmond Project. The Developer shall be reimbursed for all advances, costs and expenses paid for and on behalf of Wells LLC VA. The Developer will not be reimbursed, however, for its own administrative costs or for costs relating to travel and lodging incurred by its employees and agents. The Developer may be required to advance its own funds for the payment of any costs or expenses incurred by or on behalf of Wells LLC VA in connection with the development of the ABB Richmond Project if there are cost overruns in excess of the contingency contained in the development budget.

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells 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.

In the event that the Developer shall serve as the construction manager with respect to any portion of the tenant improvements not initially leased by ABB Power, the Developer will be paid a "Small Tenant Work Fee" equal to $2.00 multiplied by the number of square feet of rentable area not initially leased by ABB Power. In addition, if the Developer procures a tenant for such space not

initially leased by ABB Power, the Developer shall be paid a "Small Tenant Leasing Fee" equal to 5% of gross base rents paid by the tenant during the initial term of the lease and any bargained for renewals of such lease.

It is anticipated 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.

In the event the Developer should for any reason cease to manage the development of the ABB Richmond Project, Wells LLC VA would have to locate a suitable successor development manager. No assurances can be given as to whether a suitable successor development manager could be found, or what the contractual terms or arrangement with any such successor would be.

Construction Contract. Wells LLC VA entered into a construction contract (the "Construction Contract") dated June 14, 1999 with the general contracting firm of Bovis Construction Corp. (the "Contractor") 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.

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. It is anticipated that the ABB Richmond Project will be completed within 315 days after work commences. 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. (the "Architect") 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 Company and is currently performing such services for the Matsushita Project. The Architect is not affiliated with the Company or the 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.

During the design development phase, the Architect will prepare design development documents consisting of drawings and other documents to fix and describe the size and character of the entire ABB Richmond Project as to architectural, structural, mechanical, plumbing and fire protection and electrical systems, materials and such other elements as may be appropriate. The Architect will be paid $70,380 for these services.

During the construction documents phase, the Architect will prepare construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the ABB Richmond Project. The Architect will be paid $105,570 for these services.

During the bidding or negotiation phase, the Architect will assist Wells LLC VA in obtaining bids or negotiated proposals and assist in awarding and preparing contracts for construction.

During the construction phase, the Architect is to provide administration of the Construction Contract and advise and consult with the Developer and Wells LLC VA concerning various matters relating to the construction of the ABB Richmond Project. The Architect is required to visit the ABB Richmond Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells LLC VA informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the Contractor based on observations of the site and evaluations of the Contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Contract described above. The Architect will also conduct inspections to determine the date of completion of the ABB Richmond Project and shall issue a final certificate for payment. The Architect will be paid $23,460 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. On June 1, 1999, Wells LLC VA entered into an Office Lease pursuant to which ABB Power agreed to lease 80,000 rentable square feet of the ABB Richmond Project. While ABB Power is not legally obligated to do so, management anticipates that ABB Power is likely to lease the remaining approximately 20,000 rentable square feet which would result in ABB Power renting 100% 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 (10) 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 monthly base rent payable under the ABB Richmond lease shall be as follows:

Lease Year	Monthly Installment of Base Rent
1	$79,666.67
2	$81,658.33
3	$83,699.79
4	$85,792.28
5	$87,937.09
6	$90,135.51
7	$92,388.90

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.

In addition to the monthly base rent, ABB Power is required to pay additional rent equal to all "operating expenses" and "tenant taxes" during the lease term. "Operating expenses" is defined to include all expenses, costs and disbursements of every kind and nature, computed on the accrual basis, relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the ABB Richmond Project including but not limited to: (i) costs of all supplies, tools equipment and materials used in the operation, management and maintenance of the ABB Richmond Project, (ii) maintenance and repairs of the project, (iii) trash and garbage removal and (iv) all accounting and legal services in connection with maintenance, operation and repair of the Project. "Tenant taxes" shall mean any taxes directly or indirectly imposed or assessed upon Tenant's gross sales, business operations, machinery, equipment, trade fixtures and other personal property or assets. ABB Power shall also be responsible for the furnishing of all services and utilities to the premises, including but not limited to, heating, ventilation and air conditioning, electricity, water, telephone, janitorial and security services, window washing and landscaping services.

Under the ABB Richmond lease, Wells LLC VA may not lease any space in the building to anyone other than ABB Power prior to December 31, 1999. Beginning on December 31, 1999 and ending on the last day of the third lease year, ABB Power shall have a right of first refusal to the remaining approximately 20,000 square feet of rentable area. In the event that Wells LLC VA has

secured a potential tenant for any of such space, Wells LLC VA has agreed to give ABB Power three days to provide written notice of its intent to exercise its right to add such space to the leased premises. The base rent payable and other charges and allowances shall be as set forth in the notice to ABB Power of the proposed terms of the lease for the potential tenant of such space. If ABB Power does not so exercise its right of first refusal within such three day period, Wells LLC VA will have the right to lease the space to the potential tenant, except that, after the expiration of any such lease to another party,

such space will again become subject to ABB Power's right of first refusal.

In addition, beginning on December 31, 1999 and ending on the last day of the third lease year, ABB Power shall have the option to expand its leased premises to include all or any portion of the remaining rentable area that has not been leased to another tenant. The expansion space shall be leased to ABB Power at the same rate per square foot as the remainder of the premises leased by ABB Power.

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.

Property Management Fees. Following construction and completion of the ABB Richmond Project, property management and leasing services will be performed by Wells Management, an Affiliate of the Advisor. As compensation for its services, Wells Management will receive fees equal to 4.5% of the gross revenues for property management services and leasing services with respect to the ABB Richmond Project. In addition, Wells Management will receive a one-time initial lease-up fee relating to the ABB Richmond lease equal to the first month's rent on the initial leases signed on the building which is estimated to be approximately $100,000.

The Johnson Matthey Building

Purchase of the Johnson Matthey Building. On August 17, 1999, the XI-XII-REIT Joint Venture acquired the Johnson Matthey Building from Alliance Commercial Properties Ltd. ("Alliance") pursuant to an Agreement of Sale and Purchase. Wells Capital, Inc., as original purchaser under the agreement, assigned its rights under the agreement to the XI-XII-REIT Joint Venture at closing. Alliance is not in any way affiliated with the Company or its Advisor.

The purchase price paid for the Johnson Matthey Building was $8,000,000. The 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.

Wells OP contributed approximately $3,055,700, Wells Fund XI contributed approximately $3,494,800 and Wells Fund XII contributed $1,500,000 to the XI-XII-REIT Joint Venture for their respective shares of the acquisition costs for the Johnson Matthey Building.

Description of the Building and the Site. 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 multi-tenant facility. It was subsequently converted into a single-tenant facility in 1998. The building is constructed of a structural steel frame and is rectangular in shape with two rectangular cut-outs at the front corners. The exterior is cinderblock, with brick on the lower ten feet of the north, east and west walls. The south wall is all cinderblock. The interior contains office space that comprises approximately 23% of the rentable square feet of the Johnson Matthey Building.

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.

An independent appraisal of the Johnson Matthey Building was prepared by CB Richard Ellis, real estate appraisers, as of June 24, 1999. The appraisers estimated the market value of the land and the leased fee interest subject to the Johnson Matthey lease (described below) to be $8,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Johnson Matthey Building will continue operating at a stabilized level with Johnson Matthey, Inc. ("Johnson Matthey") occupying 100% of the rentable area. The value estimate set forth in the appraisal is not necessarily an accurate reflection of the fair market value of the property.

The XI-XII-REIT Joint Venture also 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 Company is satisfied that the environmental condition of the site is satisfactory and believes that the rights assigned under this insurance policy protect the Company from potential liability exposure resulting from environmental contamination.

The Johnson Matthey Lease. The entire 130,000 rentable square feet of the

Johnson Matthey Building is currently leased to Johnson Matthey. The Johnson Matthey lease was assigned to the XI-XII-REIT Joint Venture at the closing with the result that the joint venture is now the landlord under the lease.

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 (the "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.

While Johnson Matthey does not publish financial statements, the following financial information was verbally disclosed by Johnson Matthey relating to its 1998 performance in U.S. Dollars:

Sales:	$ 1.1 Billion
Assets:	$ 750 Million
Net Worth	$ 120 Million

In addition, Johnson Matthey, PLC, the parent company of the tenant, published the following financial data for 1998 converted to U.S. Dollars:

Sales:	$ 5.0 Billion
Assets:	$ 1.9 Billion
Net Worth:	$ 857 Million

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

Lease Year	Annual 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.

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 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 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.

Property Management Fees. Wells Management, an Affiliate of the Advisor, has been retained to manage and lease the Johnson Matthey Building. The XI-XII-REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Johnson Matthey Building on a monthly basis.

The Videojet Building

Purchase of the Videojet Building. On September 10, 1999, Wells OP acquired an office, assembly and manufacturing building containing approximately 250,354 rentable square feet located in Wood Dale, DuPage County, Illinois (the "Videojet Building"). Wells OP acquired the Videojet Building from Sun-Pla, A California Limited Partnership ("Sun-Pla"), pursuant to that certain Agreement of Purchase and Sale between Sun-Pla and Wells Capital, Inc. Sun-Pla is not in any way affiliated with the Company or its Advisor.

The rights under the agreement were assigned by Wells Capital, Inc, the original purchaser under the agreement, to Wells OP at closing. The original purchase price for the Videojet Building was $33,100,000. Sun-Pla was subject to a loan prepayment penalty to its lender in connection with the sale of the Videojet Building to Wells OP. Since the prepayment penalty was less than the parties had

anticipated, the purchase price was adjusted downward by $469,060 resulting in an adjusted purchase price of $32,630,940. Since the parties believe that the lender made an error in calculating the prepayment penalty and as a condition to receiving the benefit of the full purchase price adjustment of $469,060, Wells OP agreed to assume an obligation of up to $183,000 in the event that the lender requests retribution. 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 $33,158,865 required to close the Videojet acquisition consisted of $26,158,865 in cash funded from a capital contribution by the Company and $7,000,000 in loan proceeds obtained from SouthTrust Bank, N.A. pursuant to the revolving credit facility (the "SouthTrust Loan") originally extended to Wells OP in connection with the acquisition of the PriceWaterhouseCoopers Building in Tampa, Florida (the "PWC Building").

Description of the SouthTrust Loan. On December 31, 1998, Wells OP purchased the PWC Building subject to the SouthTrust Loan which, at that time, had an outstanding principal balance of $14,132,538. Wells OP has since used proceeds from the sale of shares of common stock by the Registrant from its public offering to pay off the entire principal balance of this loan. Subsequently,

Wells OP borrowed $7,000,000 pursuant to the SouthTrust Loan in order to partially finance the acquisition and development of the Matsushita Project, which is still under construction.

The SouthTrust Loan consists of a revolving credit facility whereby SouthTrust has agreed to loan up to $15,200,000 to Wells OP. 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.

Following the funding of the additional $7,000,000 in loan proceeds required to close the Videojet acquisition, the current outstanding balance of the SouthTrust Loan is $14,000,000.

Description of the Building and the Site. 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, which was completed in 1991, has tilt-up concrete panels throughout with bands of insulated glass surrounding the office portion of the building.

An independent appraisal of the Videojet Building was prepared by Appraisal Research Counselors, Ltd., real estate appraisers, as of August 16, 1999, pursuant to which the market value of the land and the leased fee interest subject to the Videojet lease (described below) was estimated to be $33,600,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Videojet Building will continue operating at a stabilized level with Videojet Systems International, Inc. ("Videojet") 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 a sale of this property. Wells OP also obtained an environmental report prior to closing evidencing that the environmental condition of the land and the Videojet Building were satisfactory.

The Videojet Building is located at 1500 Mittel Boulevard in the Chancellory Business Park in Wood Dale, Illinois. The Chancellory Business Park consists of good quality office, manufacturing and warehouse buildings mostly occupied by national tenants such as Sony, Mitsubishi, NEC Minolta and United Airlines. The 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.

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 Lease. The entire 250,354 rentable square feet of the Videojet Building is currently under a net lease agreement with Videojet dated May 31, 1991. The landlord's interest in the Videojet lease was assigned to Wells OP at the closing.

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 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. 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 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 repair 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.

The Gartner Building

Purchase of the Gartner Building. On September 20, 1999, the XI-XII-REIT Joint Venture acquired a two story office building with approximately 62,400 rentable square feet located at 12600 Gateway Blvd. in Fort Myers, Lee County, Florida (the "Gartner Building") from Hogan Triad Ft. Myers I, Ltd., a Florida limited partnership ("Hogan"), pursuant to that certain Agreement of Purchase and Sale of

Property between Hogan and Wells Capital, Inc. Hogan is not in any way affiliated with the Company or its Advisor.

The rights under the agreement were assigned by Wells Capital, Inc, the original purchaser under the agreement, to the XI-XII-REIT Joint Venture at closing. The purchase price for the Gartner Building was $8,320,000. The 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.

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

Description of the Building and the Site. As set forth above, the Gartner Building is a two story office building containing approximately 62,400 rentable square feet. The Gartner Building, which was completed in 1998, is a reinforced concrete structure with curtained glass.

An independent appraisal of the Gartner Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of September 1, 1999, pursuant to which the market value of the land and the leased fee interest subject to the Gartner lease (described below) was estimated to be $8,350,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Gartner Building will continue operating at a stabilized

level with Gartner Group, Inc. ("Gartner") occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. The XI-XII-REIT Joint Venture also obtained an environmental report prior to closing evidencing that the environmental condition of the land and the Gartner Building were satisfactory.

The Gartner Building is located on 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 Meyers 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 Lease. 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 landlord's interest in the Gartner lease was assigned to the XI-XII-REIT Joint Venture at the closing.

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 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. 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.

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.

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 lease. In addition, Gartner is responsible for all routine maintenance and repairs to the Gartner Building. The XI-XII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the roof, structure 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 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, an Affiliate of the Advisor, has been retained to manage and lease the Gartner Building. The XI-XII-REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Gartner Building.

The Status of the Matsushita Project

As of October 1, 1999, Wells OP had spent in excess of $9,500,000 towards the construction of the approximately 130,000 square foot office building on the Matsushita Property in Lake Forest, California. The Matsushita Project is estimated to be approximately 51% complete and is expected to be completed in January 2000. It is anticipated that the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition and construction of the Matsushita Project will total approximately $18,400,000.

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

The information contained on page 46 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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:

> The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of October 4, 1999, the Company had raised a total of $108,997,320 in offering proceeds (10,899,732 Shares), and had paid $3,814,906 in acquisition and advisory fees and acquisition expenses and $13,624,665 in selling commissions and organizational and offering expenses. As of October 4, 1999, the Company had invested $89,658,197 in properties and was holding net offering proceeds of $1,899,552 available for investment in additional properties.

Financial Statements and Exhibits.

The Statements of Revenues over Certain Operating Expenses of the Sprint Building, the Johnson Matthey Building, the Videojet Building and the Gartner Building for the year ended December 31, 1998, included in this Supplement as Appendix F, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in reliance upon the authority of said firm as experts in giving said reports. The Statements of Revenues over Certain Operating Expenses of the Sprint Building for the three months ended March 31, 1999 and the Johnson Matthey Building, the Videojet Building and the Gartner Building for the six months ended June 30, 1999, and the pro forma financial information for Wells Real Estate Investment Trust, Inc. as of June 30, 1999, and for the year ended December 31, 1998 and for the six months ended June 30, 1999, have not been audited.

APPENDIX F

INDEX TO FINANCIAL STATEMENTS

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 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

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

FOR THE SIX MONTHS ENDED JUNE 30, 1999

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.

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 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.

The following unaudited pro forma balance sheet as of June 30, 1999 has been prepared to give effect to the acquisition of the Sprint Building, Johnson Matthey Building, and Gartner Building by the Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P., Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P.) as if each acquisition occurred as of June 30, 1999. The following unaudited pro forma statements of income have been prepared to give effect to the acquisition of the Sprint Building, Johnson Matthey Building, and Gartner Building by the Wells Fund XI-Fund XII-REIT Joint Venture as if each acquisition occurred on January 1, 1998.

The following unaudited pro forma balance sheet as of June 30, 1999 has been prepared to give effect to the acquisition of the Videojet Building by the Wells Operating Partnership, L.P. as if the acquisition occurred as of June 30, 1999. The following unaudited pro forma statements of income have been prepared to give effect to the acquisition of the Videojet Building by the Wells Operating Partnership, L.P. as if the acquisition occurred on January 1, 1998.

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

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.

PRO FORMA BALANCE SHEET

JUNE 30, 1999

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments			Videojet	Pro Forma Total
		Sprint	Johnson Matthey	Gartner		
REAL ESTATE, at cost:						
Land	$ 6,787,902	$ 0	$ 0	$ 0	$ 5,208,335(b)(d)	$ 11,996,237
Building and improvements, less accumulated depreciation of $612,243	34,483,001	0	0	0	29,332,160(b)(d)	63,815,161
Total real estate	41,270,903	0	0	0		
INVESTMENTS IN JOINT VENTURES	15,143,866	5,777,321 (a)	3,183,025 (a)	5,667,779 (a)		
DUE TO AFFILIATES	297,953	0	0	0		
CASH AND CASH EQUIVALENTS	19,449,957	(5,546,210)(b)	(3,055,694)(b)	(5,441,050)(b)		
DEFERRED PROJECT COSTS	949,252	(231,111)(c)	(127,331)(c)	(226,729)(c)		
DEFERRED OFFERING COSTS	529,524	0	0	0		
PREPAID EXPENSES AND OTHER ASSETS	1,594,178	0	0	0		
Total assets	$ 79,235,633	$ 0	$ 0	$ 0		

Total real estate	34,540,495	75,811,398
INVESTMENTS IN JOINT VENTURES	0	29,771,991
DUE TO AFFILIATES	0	297,953
CASH AND CASH EQUIVALENTS	(5,407,003)(b)	0
DEFERRED PROJECT COSTS	(364,081)(d)	0
DEFERRED OFFERING COSTS	0	529,524
PREPAID EXPENSES AND OTHER ASSETS	0	1,594,178
Total assets	$28,769,411	$108,005,044

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Sprint	Johnson Matthey	Gartner	Videojet	Pro Forma Total
ACCOUNTS PAYABLE	$ 321,444	$ 0	$ 0	$ 0	$ 0	$ 321,444
NOTES PAYABLE	9,918,935	0	0	0	7,000,000(b)	16,918,935
DUE TO AFFILIATES	614,274	0	0	0	20,751,862(b)(e) 1,017,549(d)(e)	22,383,685
DIVIDENDS PAYABLE	1,119,829	0	0	0	0	1,119,829
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	0	0	200,000
Total liabilities	12,174,482	0	0	0	28,769,411	40,943,893
COMMON SHARES, $.01 par value; 40,000,000 shares authorized, 7,770,581 shares issued and outstanding	77,706	0	0	0	0	77,706
ADDITIONAL PAID-IN CAPITAL	65,653,998	0	0	0	0	65,653,998
RETAINED EARNINGS	1,329,447	0	0	0	0	1,329,447
Total shareholders' equity	67,061,151	0	0	0	0	67,061,151
Total liabilities and shareholders' equity	$79,235,633	$ 0	$ 0	$ 0	$28,769,411	$108,005,044

(a) Reflects Wells Real Estate Investment Trust Inc.'s contribution to the Wells Fund XI-Fund XII-REIT Joint Venture.
(b) Reflects Wells Real Estate Investment Trust Inc.'s portion of the purchase price.
(c) Reflects deferred project costs contributed to the Wells Fund XI-Fund XII-REIT Joint Venture based on approximately 4.1% of the purchase price.
(d) Reflects deferred project costs allocated to the Videojet Building based on approximately 4.1% of the purchase price.
(e) These pro forma financial statements are as of June 30, 1999 but the actual acquisition of the Videojet Building was subsequent to thereto; prior to the acquisition of the Videojet Building, accordingly, the due to affiliate was satisfied at that time.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE YEAR ENDING DECEMBER 31, 1998

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments				Pro Forma Total
		Sprint	Johnson Matthey	Gartner	Videojet	
REVENUES:						
Rental income	$ 20,994	$ 0	$ 0	$ 0	$2,995,806(b)	$3,016,800
Equity in income of joint ventures	263,315	372,320(a)	223,708(a)	258,285(a)	0	1,117,628
Interest income	110,869	0	0	0	0	110,869
	395,178	372,320	223,708	258,285	2,995,806	4,245,297
EXPENSES:						
Operating costs, net of reimbursements	11,033	0	0	0	0	11,033
Depreciation	0	0	0	0	1,173,286(c)	1,173,286
Interest	0	0	0	0	520,625(d)	520,625
General and administrative	29,943	0	0	0	0	29,943
Legal and accounting	19,552	0	0	0	0	19,552
Computer costs	616	0	0	0	0	616
	61,144	0	0	0	1,693,911	1,755,055
NET INCOME	$334,034	$372,320	$223,708	$258,285	$1,301,895	$2,490,242
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.40					
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)						$ 0.24(e)

(a) Reflects Wells Real Estate Investment Trust Inc.'s equity in income of the Wells Fund XI-Fund XII-REIT Joint Venture. The pro forma adjustments result from rental revenues less operating expenses, management and leasing fees, and depreciation.

(b) Rental income recognized on a straight-line basis.

(c) Depreciation expense using the straight-line method and a 25-year life.

(d) Interest expense on the $7,000,000 note payable which bears interest at 7.4375%.

(e) 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.

PRO FORMA STATEMENT OF INCOME

FOR THE SIX-MONTH PERIOD ENDING JUNE 30, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments				Pro Forma Total
		Sprint	Johnson Matthey	Gartner	Videojet	
REVENUES:						
Rental income	$1,579,014	$ 0	$ 0	$ 0	$1,497,903(b)	$3,076,917
Equity in income of joint ventures	398,178	173,969(a)	124,807(a)	133,568(a)	0	830,522
Interest income	215,746	0	0	0	0	215,746
	2,192,938	173,969	124,807	133,568	1,497,903	4,123,185
EXPENSES:						
Operating costs, net of reimbursements	370,744	0	0	0	0	370,744
Management and leasing fees	82,085	0	0	0	0	82,085
Depreciation	612,243	0	0	0	586,643(c)	1,198,886
Interest	0	0	0	0	260,313(d)	260,313
Administrative costs	69,940	0	0	0	0	69,940
Legal and accounting	56,450	0	0	0	0	56,450
Computer costs	6,063	0	0	0	0	6,063
	1,197,525	0	0	0	846,956	2,044,481
NET INCOME	$ 995,413	$173,969	$124,807	$133,568	$ 650,947	$2,078,704
HISTORICAL EARNINGS PER SHARE BASIC AND						

DILUTED)	$ 0.19
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.20

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells Fund XI-Fund XII-REIT Joint Venture. The pro forma adjustments result from rental revenues less operating expenses, management and leasing fees, and depreciation.
(b) Rental income recognized on a straight-line basis.
(c) Depreciation expense using the straight-line method and a 25-year life.
(d) Interest expense on the $7,000,000 note payable which bears interest at 7.4375%.
(e) As of the latest property acquisition date, September 30, 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 six-month period ending June 30, 1999.

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. 333-32099.

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 are included in the Prospectus:

Audited Balance Sheet
(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheet as of December 31, 1997, and
(3) Notes to Consolidated Balance Sheet.

The following financial statements of Fund IX and X Associates are filed as part of this Registration Statement and are included in Supplement No. 2 to the Prospectus:

Financial Statements
(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 Joint Venture are filed as part of this Registration Statement and included in Supplement No. 2 to the Prospectus:

Audited Statement of Revenues Over Operating Expenses

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Operating Expenses for the three months ended March 31, 1998, and
(3) Notes to Statement of Revenues Over Operating Expenses for the three months ended March 31, 1998.

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 Supplement No. 2 to the Prospectus:

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of March 31, 1998,

(3) Pro Forma Statement of Loss for the year ended December 31, 1997, and
(4) Pro Forma Statement of Income for the three months ended March 31, 1998.

The following financial statements relating to the acquisition of the Iomega Building by the IX-X-XI-REIT Joint Venture are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

Statement of Revenues Over Operating Expenses

(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 the Cort Joint Venture are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

Statement of Revenues Over Operating Expenses

(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 the Fremont Joint Venture are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

Statement of Revenues Over Operating Expenses

(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 unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 3 to the Prospectus:

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 1998,
(3) Pro Forma Statement of Income (Loss) for the year ended December 31, 1997, and
(4) Pro Forma Statement of Income for the six months ended June 30, 1998.

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 Supplement No. 6 to the Prospectus:

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Balance Sheet, and
(2) Pro Forma Balance Sheet as of September 30, 1998.

The following financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 7 to 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 Shareholders' 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.

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 included in Supplement No. 7 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses

(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 unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 7 to the Prospectus:

Unaudited Pro Forma Financial Statements
(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of December 31, 1998,
(3) Pro Forma Statement of Income for the year ended December 31, 1998.

The following financial statements relating to the acquisition of the EYBL CarTex Building by Wells Real Estate, LLC - SC I are filed as part of this Registration Statement and included in Supplement No. 8 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses
(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 unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 8 to the Prospectus:

Unaudited Pro Forma Financial Statements
(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of March 31, 1999,
(3) Pro Forma Statement of Income for the year ended December 31, 1998,
(4) Pro Forma Statement of Income for the period ending March 31, 1999.

The following financial statements relating to the acquisition of the Sprint Building by the XI-XII-REIT Joint Venture are filed as part of this Registration Statement and are included in Supplement No. 10 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses
(1) Report of Independent Public Accountants,
(2) Statements 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 Statements 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 XI-XII-REIT Joint Venture are filed as part of this Registration Statement and are included in Supplement No. 10 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses
(1) Report of Independent Public Accountants,
(2) Statements 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 Statements 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 Supplement No. 10 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses
(1) Report of Independent Public Accountants,
(2) Statements 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 Statements 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 XI-XII-REIT Joint Venture are filed as part of this Registration Statement and are included in Supplement No. 10 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses
(1) Report of Independent Public Accountants,
(2) Statements 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 Statements 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 Supplement No. 10 to the Prospectus:

Unaudited Pro Forma Financial Statements
(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 1999,
(3) Pro Forma Statement of Income for the year ending December 31, 1998, and
(4) Pro Forma Statement of Income for the period ending June 30, 1999.

(b) Exhibits (See Exhibit Index):

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement between the Registrant and Wells Investment Securities, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
3.1	Form of Amended and Restated Articles of Incorporation of the Registrant (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
3.2	Bylaws of the Registrant (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
3.2(a)	Amendment No. 1 to Bylaws of the Registrant (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit B to Prospectus)
4.2	Form of Dividend Reinvestment Plan (included as Exhibit C to Prospectus)
5.1	Form of Opinion of Hunton & Williams (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No.333-32099)
8.1	Form of Opinion of Hunton & Williams as to Tax Matters (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.1	Form of Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.2	Form of Escrow Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3	Form of Advisory Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(a)	First Amendment to Advisory Agreement dated June 1, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(b)	Advisory Agreement dated January 30, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No.333-32099)
10.4	Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (the "IX-X-XI-REIT Joint Venture") dated June 11, 1998 (previously filed and incorporated by

reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.5 Lease Agreement for the ABB Building dated December 10, 1996 between the IX-X-XI-REIT Joint Venture (as successor in interest by assignment) and ABB Flakt, Inc. (previously filed as Exhibit 10(kk) and incorporated by reference to the Registration Statement on Form S-11 of Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., as amended, Commission File No. 33-83852)

10.6 Agreement for the Purchase and Sale of Real Property relating to the Ohmeda Building dated November 14, 1997 between Lincor Centennial, Ltd. and Wells Real Estate Fund X, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.7 Agreement for the Purchase and Sale of Property relating to the Interlocken Building dated February 11, 1998 between Orix Prime West Broomfield Venture and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.8 Agreement for the Purchase and Sale of Real Property relating to the Lucent Building dated May 30, 1997 between Wells Development Corporation and the IX-X-XI-REIT Joint Venture (previously filed as Exhibit 10(k) and incorporated by reference to the Registration Statement on Form S-11 of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)

10.8(a) First Amendment to the Agreement for the Purchase and Sale of Real Property relating to the Lucent Building dated April 21, 1998 between Wells Development Corporation and the IX-X-XI-REIT Joint Venture (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.9 Development Agreement relating to the Lucent Building dated May 30, 1997 between Wells Development Corporation and ADEVCO Corporation (previously filed as Exhibit 10(m) and incorporated by reference to the Registration Statement on Form S-11 of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)

10.10 Net Lease Agreement for the Lucent Building dated May 30, 1997 between the IX-X-XI-REIT Joint Venture (as successor in interest by assignment) and Lucent Technologies, Inc. (previously filed as Exhibit 10(l) and incorporated by reference to the Registration Statement on Form S-11 of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)

10.10(a) First Amendment to Net Lease Agreement for the Lucent Building dated March 30, 1998 between the IX-X-XI-REIT Joint Venture (as successor in interest by assignment) and Lucent Technologies, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.11 Purchase and Sale Agreement relating to the Iomega Building dated February 4, 1998 between the IX-X-XI-REIT Joint Venture and SCI Development Services Incorporated (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11,

as amended to date, Commission File No. 333-32099)

10.12 Lease Agreement for the Iomega Building dated April 9, 1996 between the IX-X-XI-REIT Joint Venture (as successor in interest by assignment) and Iomega Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.13 Agreement for the Purchase and Sale of Property relating to the Fairchild Building dated June 8, 1998 between the Fremont Joint Venture (as successor in interest by assignment) and Rose Ventures V, Inc., Thomas G. Haury and Carleen S. Haury (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.14 Restatement of and First Amendment to Agreement for the Purchase and Sale of Property relating to the Fairchild Building dated July 1, 1998 between the Fremont Joint Venture (as successor in interest by assignment) and Rose Ventures V, Inc., Thomas G. Haury and Carleen S. Haury (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

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10.16 Deed of Trust securing the Fairchild Building dated July 16, 1998 between the Fremont Joint Venture and NationsBank, N.A. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.17 Joint Venture Agreement of Wells/Fremont Associates (the "Fremont Joint Venture") dated July 15, 1998 between Wells Development Corporation and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.18 Joint Venture Agreement of Fund X and Fund XI Associates (the "Fund X-XI Joint Venture") dated July 15, 1998 between the Registrant and Wells Real Estate Fund X, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.19 Agreement for the Purchase and Sale of Joint Venture Interest relating to the Fremont Joint Venture dated July 17, 1998 between Wells Development Corporation and the Fund X-XI Joint Venture (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.20 Lease Agreement for the Fairchild Building dated September 19, 1997 between the Fremont Joint Venture (as successor in interest by assignment) and Fairchild Technologies USA, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

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Valley Holdings, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

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10.23 Promissory Note for $4,875,000 from the Cort Joint Venture to NationsBank, N.A. relating to the Cort Furniture Building dated July 30, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.24 Deed of Trust securing the Cort Furniture Building dated July 30, 1998 between the Fremont Joint Venture and NationsBank, N.A. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.25 Joint Venture Agreement of Wells/Orange County Associates (the "Cort Joint Venture") dated July 27, 1998 between Wells Development Corporation and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.26 Agreement for the Purchase and Sale of Joint Venture Interest relating to the Cort Joint Venture dated July 30, 1998 between Wells Development Corporation and the Fund X-XI Joint Venture (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.27 Real Estate Option Agreement for the purchase of Lot #11 dated April 22, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.28 Real Estate Option Agreement for the purchase of Lot #10 dated June 21, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.29 Amendment to Real Estate Option Agreements (Lots 10 and 11) dated September 8, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.30 Second Amendment to Real Estate Option Agreements (Lots 10 and 11) dated October 7, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.31 Agreement for the Purchase and Sale of Property for an undivided interest in the Associates Property dated September 15, 1998 between

Wells Development Corporation and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.32 Development Agreement for the Associates Building dated September 15, 1998 between Wells Development Corporation and ADEVCO Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.33 Guaranty of Development Agreement for the Associates Building dated September 15, 1998 by David M. Kraxberger (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.34 Owner-Contractor Agreement for the construction of the Associates Building dated September 10, 1998 between Wells Development Corporation and Integra Construction, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.35 Temporary Lease Agreement for remainder of the ABB Building dated September 10, 1998 between the IX-X-XI-REIT Joint Venture and Associates Housing Finance, LLC (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.36 Lease Agreement for the Associates Building dated September 10, 1998 between Wells Development Corporation and Associates Housing Finance, LLC (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.37 Amended and Restated Purchase Agreement relating to the PWC Building dated December 4, 1998 between Carter Sunforest, L.P. and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.38 Assignment and Assumption Agreement relating to the PWC Building dated December 4, 1998 between TriNet Corporate Realty Trust, Inc. and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.39 Amended and Restated Loan Agreement dated December 31, 1998 between Wells Operating Partnership, L.P. and SouthTrust Bank, National Association (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.40 Amended and Restated Promissory Note for $15,500,000 from Carter Sunforest, L.P. to SouthTrust Bank, National Association dated December 31, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.41 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building dated December 31, 1998 between Carter Sunforest, L.P. and SouthTrust Bank, National Association (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.42 Lease for the PWC Building dated March 30, 1998 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Price Waterhouse LLP (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.43 Amended and Restated Warrant Purchase Agreement dated December 31, 1998 between the Registrant and Wells Investment Securities, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.44 Agreement for the Purchase and Sale of Property for the Vanguard Cellular Building dated November 30, 1998 between Walsh Higgins No. 33, L.P. and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.45 Promissory Note for $6,425,000 from Wells Operating Partnership, L.P. to NationsBank, N.A. dated February 4, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.46 Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement from Wells Operating Partnership, L.P. to NationsBank, N.A. dated February 4, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.47 Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building dated September 26, 1997 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Pennsylvania Cellular Telephone Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.47(a) Amendment No. 1 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building dated September 15, 1998 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Pennsylvania Cellular Telephone Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.47(b) Amendment No. 2 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building dated January 18, 1999 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Pennsylvania Cellular Telephone Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.48 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the Vanguard Cellular Building dated September 26, 1997 by Vanguard Cellular Financial Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.49 Purchase and Sale Agreement and Joint Escrow Instructions for the Matsushita Property dated February 17, 1999 between Wells Operating Partnership, L.P. and MSGW California I, LLC (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.50 Development Agreement for the Matsushita Project dated March 31, 1999

between Wells Operating Partnership, L.P. and ADEVCO Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.51 Office Lease for the Matsushita Project dated February 18, 1999 between Wells Operating Partnership, L.P. and Matsushita Avionics Systems Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.52 Guaranty of Lease for the Matsushita Project by Matsushita Electric Corporation of America dated February 18, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.53 Rental Income Guaranty Agreement relating to the Bake Parkway Building dated February 18, 1999 between Wells Operating Partnership, L.P. and Fund VIII and Fund IX Associates (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.54 Agreement of Sale and Purchase for the EYBL CarTex Building between Wells Real Estate, LLC -SC I (as successor in interest by assignment) and Liberty Property Limited Partnership (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.55 Agreement of Sale and Purchase for the Sprint Building dated May 24, 1999 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Bridge Information Systems America, Inc. (previously filed as Exhibit 10.5 and incorporated by reference to Post-Effective amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 33-66657, filed on September 1, 1999)

10.56 Agreement of Sale and Purchase for the Johnson Matthey Building dated June 14, 1999 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Alliance Commercial Properties, Ltd. (previously filed as Exhibit 10.6 and incorporated by reference to Post-Effective amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 33-66657, filed on September 1, 1999)

10.57 Fifth Amendment to Lease for the Johnson Matthew Building dated March 5, 1998 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Johnson Matthew, Inc. (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., Commission File No. 33-66657, filed on September 1, 1999)

10.58 Agreement for the Purchase and Sale of Real Property for the ABB Richmond Property dated May 25, 1999 betweem Wells Operating Partnership, L.P. and Idlewood Properties, Inc.

10.59 Development Agreement for the ABB Richmond Project dated June 28, 1999 between Wells REIT, LLC - VA I and ADEVCO Corporation

10.60 Owner-Contractor Agreement for the ABB Richmond Project dated June 14, 1999 between Wells REIT, LLC - VA I and Bovis Construction Corp.

10.61 Lease Agreement for the ABB Richmond Project dated June 1, 1999 between Wells REIT, LLC -VA I and ABB Power Generation Inc.

10.62 Agreement of Purchase and Sale for the Videojet Building dated August 26, 1999 between Wells OP (as successor in interest by assignment) and Sun-Pla, a California Limited Partnership

10.63 Agreement of Purchase and Sale for the Garner Building dated August 20, 1999 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Hogan Triad Ft Myers I, Ltd.

10.64 Lease Agreement for the Gartner Building dated July 30, 1997 between The Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Gartner Group, Inc.

23.1 Consent of Hunton & Williams (included in Exhibits 5.1 and 8.1)

23.2 Consent of Arthur Andersen LLP

24.1 Power of Attorney

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Post-Effective Amendment No. 7 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 5th day of October, 1999.

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. 7 to Registration Statement has been signed below on October 5th, 1999 by the following persons in the capacities indicated.

/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 Walter W. Sessoms	*	Director
/s/ Neil H. Strickland Neil H. Strickland	*	Director

* By Leo F. Wells, III, as Attorney-in-fact, pursuant to Power of Attorney dated August 19, 1998 and included as Exhibit 24.1 herein.

EXHIBIT INDEX

Sequential Exhibit No.	Description
1.1	Form of Dealer Manager Agreement between the Registrant and Wells Investment Securities, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
3.1	Form of Amended and Restated Articles of Incorporation of the Registrant (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
3.2	Bylaws of the Registrant (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
3.2(a)	Amendment No. 1 to Bylaws of the Registrant (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit B to Prospectus)
4.2	Form of Dividend Reinvestment Plan (included as Exhibit C to Prospectus)
5.1	Form of Opinion of Hunton & Williams (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

8.1	Form of Opinion of Hunton & Williams as to Tax Matters (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.1	Form of Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.2	Form of Escrow Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3	Form of Advisory Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(a)	First Amendment to Advisory Agreement dated June 1, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(b)	Advisory Agreement dated January 30, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.4	Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (the "IX-X-XI-REIT Joint Venture") dated June 11, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.5	Lease Agreement for the ABB Building dated December 10, 1996 between the IX-X-XI-REIT Joint Venture (as successor in interest by assignment) and ABB Flakt, Inc. (previously filed as Exhibit 10(kk) and incorporated by reference to the Registration Statement on Form S-11 of Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., as amended, Commission File No. 33-83852)
10.6	Agreement for the Purchase and Sale of Real Property relating to the Ohmeda Building dated November 14, 1997 between Lincor Centennial, Ltd. and Wells Real Estate Fund X, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.7	Agreement for the Purchase and Sale of Property relating to the Interlocken Building dated February 11, 1998 between Orix Prime West Broomfield Venture and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.8	Agreement for the Purchase and Sale of Real Property relating to the Lucent Building dated May 30, 1997 between Wells Development Corporation and the IX-X-XI-REIT Joint Venture (previously filed as Exhibit 10(k) and incorporated by reference to the Registration Statement on Form S-11 of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., as amended to date, Commission File No. 333-7979)
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10.28 Real Estate Option Agreement for the purchase of Lot #10 dated June 21, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.29 Amendment to Real Estate Option Agreements (Lots 10 and 11) dated September 8, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.30 Second Amendment to Real Estate Option Agreements (Lots 10 and 11) dated October 7, 1998 between The Development Corporation of Knox County and Wells Development Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.31 Agreement for the Purchase and Sale of Property for an undivided interest in the Associates Property dated September 15, 1998 between Wells Development Corporation and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.32 Development Agreement for the Associates Building dated September 15, 1998 between Wells Development Corporation and ADEVCO Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.33 Guaranty of Development Agreement for the Associates Building dated September 15, 1998 by David M. Kraxberger (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.34 Owner-Contractor Agreement for the construction of the Associates Building dated September 10, 1998 between Wells Development Corporation and Integra Construction, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.35 Temporary Lease Agreement for remainder of the ABB Building dated September 10, 1998 between the IX-X-XI-REIT Joint Venture and Associates Housing Finance, LLC (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.36 Lease Agreement for the Associates Building dated September 10, 1998 between Wells Development Corporation and Associates Housing Finance, LLC (previously filed and incorporated by reference to

	the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.37	Amended and Restated Purchase Agreement relating to the PWC Building dated December 4, 1998 between Carter Sunforest, L.P. and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.38	Assignment and Assumption Agreement relating to the PWC Building dated December 4, 1998 between TriNet Corporate Realty Trust, Inc. and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.39	Amended and Restated Loan Agreement dated December 31, 1998 between Wells Operating Partnership, L.P. and SouthTrust Bank, National Association (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.40	Amended and Restated Promissory Note for $15,500,000 from Carter Sunforest, L.P. to SouthTrust Bank, National Association dated December 31, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.41	Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building dated December 31, 1998 between Carter Sunforest, L.P. and SouthTrust Bank, National Association (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.42	Lease for the PWC Building dated March 30, 1998 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Price Waterhouse LLP (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.43	Amended and Restated Warrant Purchase Agreement dated December 31, 1998 between the Registrant and Wells Investment Securities, Inc. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.44	Agreement for the Purchase and Sale of Property for the Vanguard Cellular Building dated November 30, 1998 between Walsh Higgins No. 33, L.P. and Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.45	Promissory Note for $6,425,000 from Wells Operating Partnership, L.P. to NationsBank, N.A. dated February 4, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.46	Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement from Wells Operating Partnership, L.P. to NationsBank, N.A. dated February 4, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.47 Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building dated September 26, 1997 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Pennsylvania Cellular Telephone Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.47(a) Amendment No. 1 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building dated September 15, 1998 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Pennsylvania Cellular Telephone Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.47(b) Amendment No. 2 to Build-To-Suit Office Lease Agreement for the Vanguard Cellular Building dated January 18, 1999 between Wells Operating Partnership, L.P. (as successor in interest by assignment) and Pennsylvania Cellular Telephone Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.48 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the Vanguard Cellular Building dated September 26, 1997 by Vanguard Cellular Financial Corp. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.49 Purchase and Sale Agreement and Joint Escrow Instructions for the Matsushita Property dated February 17, 1999 between Wells Operating Partnership, L.P. and MSGW California I, LLC (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.50 Development Agreement for the Matsushita Project dated March 31, 1999 between Wells Operating Partnership, L.P. and ADEVCO Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.51 Office Lease for the Matsushita Project dated February 18, 1999 between Wells Operating Partnership, L.P. and Matsushita Avionics Systems Corporation (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.52 Guaranty of Lease for the Matsushita Project by Matsushita Electric Corporation of America dated February 18, 1999 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.53 Rental Income Guaranty Agreement relating to the Bake Parkway Building dated February 18, 1999 between Wells Operating Partnership, L.P. and Fund VIII and Fund IX Associates (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.54 Agreement of Sale and Purchase for the EYBL CarTex Building between Wells Real Estate, LLC -SC I (as successor in interest by assignment) and Liberty Property Limited Partnership (previously

filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)

10.55 Agreement of Sale and Purchase for the Sprint Building dated May 24, 1999 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Bridge Information Systems America, Inc. (previously filed as Exhibit 10.5 and incorporated by reference to Post-Effective amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 33-66657, filed on September 1, 1999)

10.56 Agreement of Sale and Purchase for the Johnson Matthey Building dated June 14, 1999 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Alliance Commercial Properties, Ltd. (previously filed as Exhibit 10.6 and incorporated by reference to Post-Effective amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 33-66657, filed on September 1, 1999)

10.57 Fifth Amendment to Lease for the Johnson Matthew Building dated March 5, 1998 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Johnson Matthew, Inc. (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., Commission File No. 33-66657, filed on September 1, 1999)

10.58 Agreement for the Purchase and Sale of Real Property for the ABB Richmond Property dated May 25, 1999 betweem Wells Operating Partnership, L.P. and Idlewood Properties, Inc., filed herewith

10.59 Development Agreement for the ABB Richmond Project dated June 28, 1999 between Wells REIT, LLC - VA I and ADEVCO Corporation, filed herewith

10.60 Owner-Contractor Agreement for the ABB Richmond Project dated June 14, 1999 between Wells REIT, LLC - VA I and Bovis Construction Corp., filed herewith

10.61 Lease Agreement for the ABB Richmond Project dated June 1, 1999 between Wells REIT, LLC -VA I and ABB Power Generation Inc., filed herewith

10.62 Agreement of Purchase and Sale for the Videojet Building dated August 26, 1999 between Wells OP (as successor in interest by assignment) and Sun-Pla, a California Limited Partnership, filed herewith

10.63 Agreement of Purchase and Sale for the Garner Building dated August 20, 1999 between the Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Hogan Triad Ft Myers I, Ltd., filed herewith

10.64 Lease Agreement for the Gartner Building dated July 30, 1997 between The Wells Fund XI - Fund XII - REIT Joint Venture (as successor in interest by assignment) and Gartner Group, Inc., filed herewith

23.1 Consent of Hunton & Williams (included in Exhibits 5.1 and 8.1)

23.2 Consent of Arthur Andersen LLP, filed herewith

24.1 Power of Attorney, filed herewith

EXHIBIT 10.58

AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY

BETWEEN

IDLEWOOD PROPERTIES, INC.,
A WHOLLY OWNED SUBSIDIARY OF
TREDEGAR INDUSTRIES, INC.

AS SELLER

And

WELLS OPERATING PARTNERSHIP, L.P.

AS PURCHASER

AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY

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AGREEMENT FOR THE PURCHASE
AND SALE OF REAL PROPERTY

THIS AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY (this "Agreement") is made and entered into this 25/th/ day of May, 1999 by and between IDLEWOOD PROPERTIES, INC., a Virginia corporation and wholly owned subsidiary of Tredegar Industries, Inc., whose address is 1100 Boulders Parkway, Richmond, Virginia 23225 (herein referred to as "Seller"), and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, whose address is 3885 Holcomb Bridge Road, Norcross, Georgia 30092, Attn: Mr. Michael Berndt (herein referred to as "Purchaser").

W I T N E S S E T H :

WHEREAS, Seller now owns and desires to sell to Purchaser and Purchaser desires to acquire from Seller certain real property more particularly hereinafter described upon the terms and conditions hereinafter set forth;

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

1. Agreement to Buy and Sell.

Upon the terms and conditions set forth in this Agreement, Purchaser agrees to buy from Seller and Seller agrees to sell to Purchaser that certain real property lying and being in Chesterfield County, Virginia, and being more particularly shown and highlighted on Exhibit "A" attached hereto and by reference made a part hereof (hereinafter referred to as the "Land"), together with all rights, privileges, and easements appurtenant to the Land and improvements, including all water rights (including storm and surface water drainage and discharge rights), mineral rights, development rights, air 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 (the Land and the easements and interests described in this Paragraph 1 being hereinafter referred to collectively as the "Property").

2. Earnest Money.

Within three (3) business days following the effective date of this Agreement, Purchaser shall deliver to Chicago Title Insurance Company (the "Title Company") the sum of Five Thousand and No/100 Dollars ($5,000.00) (the "Initial Earnest Money"), which Initial Earnest Money shall be deposited by Title Company into an interest-bearing account and shall be held and disbursed by Title Company pursuant to a written Escrow Agreement in the form attached hereto as Exhibit "C" and by reference made a part hereof. Unless this Agreement is terminated by Purchaser pursuant to Paragraph 10 hereof, Purchaser shall deliver a check to Title Company

in the amount Twenty Thousand and no/100 Dollars ($20,000.00) (said amount being herein referred to as the "Additional Earnest Money") on or before the date which is three (3) days after the expiration of the Inspection Period (as hereinafter defined). If Purchaser fails to pay such Additional Earnest Money on

or before the date which is three (3) days after the expiration of the Inspection Period (as hereinafter defined), Purchaser shall be deemed to have terminated this Agreement under Paragraph 10 hereof and Title Company shall promptly disburse the Earnest Money (as hereinafter defined) in accordance with Paragraph 10 hereof, and this Agreement shall automatically terminate, and 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. For purposes of this Agreement, the term "Earnest Money" shall mean whatever sums have been delivered to Title Company as Earnest Money hereunder, including the Initial Earnest Money and the Additional Earnest Money, if any. If Closing (as hereinafter defined) occurs, the Earnest Money shall be paid by Title Company to Seller at Closing and shall be applied as a credit to the Purchase Price (as hereinafter defined). All interest and other income from time to time earned on the Earnest Money shall be deemed a part of the Earnest Money for all purposes of this Agreement. Except as otherwise expressly provided herein, the Earnest Money shall be paid to Seller as liquidated damages in accordance with Paragraph 11 hereof in the event Purchaser fails to purchase the Property in accordance with the terms of this Agreement.

3. Purchase Price.

Subject to adjustments and credits as otherwise specified in this Agreement, the purchase price (the "Purchase Price") Purchaser shall pay to Seller, in consideration of the conveyance of the Property to Purchaser, shall be ONE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 ($125,000.00) multiplied by the number of acres, to the nearest one-hundredth of an acre, contained in the Land. The number of acres contained in the Land for the purposes of calculating the Purchase Price shall be as specified on the Survey (as hereinafter defined) and reasonably acceptable to Seller or as otherwise agreed in writing by Seller and Purchaser pursuant to Paragraph 5 of this Agreement. The Purchase Price shall be paid by Purchaser to Seller at the Closing (as hereinafter defined) by cashier's check or by wire transfer of immediately available funds to an account designated by Seller.

4. Tests and Engineering.

Purchaser shall at all times before Closing have the privilege of going upon the Property with its agents or engineers as needed to inspect, examine, survey and otherwise do whatever Purchaser deems necessary in the engineering and planning for development of the Property; provided, however, that Purchaser's activities on the Property between the expiration of the Inspection Period and Closing shall be limited to engineering and planning in connection with Purchaser's proposed development of the Property and not studies to determine the feasibility of purchasing or developing the Property; and provided, further, that Purchaser shall have no right to begin any clearing of the Property or otherwise begin development of the Property until after Closing has occurred. Said privilege shall include the right, at Purchaser's sole expense, to make soil tests, borings, percolation tests and other tests to obtain other information necessary to determine surface, subsurface, environmental and topographic conditions. Furthermore, Seller hereby agrees to cooperate fully with Purchaser's inspection of the Property under this Paragraph

4 or under Paragraph 10 of the Agreement, including without limitation, providing Purchaser with copies of Seller's owner's title insurance policy, surveys, zoning materials, environmental reports, soil tests, borings, percolation tests and other tests used by Seller, if any, to obtain information necessary to determine surface, subsurface, environmental and topographic conditions on the Property; provided, however, that Seller shall not be required
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to incur any out of pocket expense or other liability due to such cooperation and Seller makes no representation or warranty as to whether such reports or tests are accurate or complete. Purchaser hereby indemnifies and agrees to hold Seller harmless from and against any claims, damages, losses, costs and expenses

(including reasonable attorneys' fees and related costs and expenses) incurred by Seller as a result of persons or firms entering the Property on Purchaser's behalf pursuant to the privilege granted under this Paragraph 4, and such indemnity obligation shall survive any termination of this Agreement.

5. Title to Property.

Attached hereto as Exhibit "D" and by reference made a part hereof is a true and correct copy of the owner's policy of title insurance issued to Seller upon the acquisition of the Land by Seller (the "Seller's Owner's Policy"). Seller makes no representation or warranty as to the completeness or accuracy of the information contained in the Seller's Owner's Policy. Purchaser shall have until the expiration of the Inspection Period during which to examine title to the Property and to cause a current and accurate survey (the "Survey") of the Property to be made at the expense of Purchaser and to advise Seller in writing of any defects or objections affecting the title to the Property or the use thereof by Purchaser disclosed by such title examination and/or Survey. The Survey shall be made by a surveyor duly licensed to perform such services within the Commonwealth of Virginia ("Purchaser's Surveyor") and shall show by metes and bounds the perimetrical boundaries of the Land, shall specify the acreage contained within the Land to the nearest one-hundredth of an acre, and shall be certified to both Purchaser and Seller. Purchaser shall deliver three (3) prints of the Survey to Seller. In the event that Seller objects in writing to the acreage of the Land specified in the Survey within ten (10) days after receipt by Seller of the aforesaid three prints of the Survey, and Seller and Purchaser do not agree in writing upon such acreage (for purposes of calculating the Purchase Price) within five (5) days after Purchaser receives such written objection, then Seller shall request that another duly licensed surveyor, reasonably acceptable to Seller ("Confirming Surveyor") to calculate such acreage at Seller's expense. In the event such acreage, as calculated by Confirming Surveyor, is greater than the acreage as calculated by Purchaser's Surveyor, Seller and Purchaser shall cause the surveyors to act reasonably and in good faith to agree upon the acreage of the Land. The legal description to be set forth in the special warranty deed of Seller referred to in Paragraph 6 hereof shall be based upon and shall conform to the metes and bounds description of the perimetrical boundaries of the Land shown on the Survey. From time to time, Purchaser may update the effective date of such title examination or Survey and give notice to Seller of all defects or objections appearing subsequent to the effective date of its previous title examination or Survey, as the case may be. Such matters as are disclosed by Purchaser's title examination and/or Survey and not objected to in writing by Purchaser are herein referred to as the "Permitted Exceptions".

Seller shall have until the date of Closing to cure such defects and objections to title set forth in Purchaser's notice(s). In the event Seller fails, refuses or elects not to cure any defects

and objections on or before the Closing, then, at the option of Purchaser, (a) Purchaser may terminate this Agreement, in which event the Earnest Money shall be immediately refunded to Purchaser, and this Agreement shall be deemed of no further force and effect and Purchaser and Seller shall have no further rights, obligations or liabilities hereunder, (b) if any such defect or objection arose by, through or under Seller which arose or was placed on the Property in the period between the date hereof and the Closing or is a mortgage, deed of trust, mechanics lien or other such monetary lien or encumbrance which Seller placed or caused or permitted to be placed against the Property after Seller's acquisition of the Property and is capable of being cured by the payment of a liquidated amount, Purchaser may cure such defect or objection, in which event the Purchase Price payable pursuant to Paragraph 3 hereof shall be reduced by an amount equal to the actual cost and expense incurred by Purchaser in connection with the curing of such defect or objection, (b) Purchaser may accept title to the Property subject to such defects and objections, or (d) any combination of items (b) and (c). In the event Purchaser elects to cure any such defects and

objections pursuant to item (b) hereof, Purchaser at its option, upon giving notice to Seller, may extend the date of Closing until the date which is ten (10) days after the curing of such defects or objections or sixty (60) days from and after the last date set forth in Paragraph 6 for Closing (as extended under any other provision of this Agreement), whichever shall first occur. If any defect or objection shall not have been cured within such period, Purchaser may exercise its option under either item (a) or (c) hereof. The legal description contained in the deed from Seller to Purchaser shall be a metes and bounds description of the Land drawn from the Survey, to be prepared by Purchaser at its expense.

6. Closing and Closing Date.

Subject to satisfaction of Purchaser's conditions precedent set forth in this Agreement, the consummation of the sale by Seller and the purchase by Purchaser of the Property (herein referred to as the "Closing") shall be held on or before the date which is not greater than sixty (60) days after the expiration of the Inspection Period (as hereinafter defined) (subject to extension as provided in Paragraph 10 hereof) at such specific place, time and date as shall be designated by Purchaser in a written notice to Seller not less than three (3) business days prior to the date of Closing. In the event Purchaser fails to give written notice of the specific place, time and date for Closing, the Closing shall occur at the local office of the Title Company, 5775-C Peachtree Dunwoody Road, Suite 200, Atlanta, Georgia, at two o'clock p.m. on the last date for Closing pursuant to this Agreement (as the same may be extended in writing pursuant to this Agreement). At Closing, Seller shall execute and deliver to Purchaser (a) a Special Warranty Deed conveying fee simple marketable record title to the Property to Purchaser, which conveyance shall be made expressly subject to the documents and instruments listed as special exceptions on Schedule B of Exhibit "D" attached hereto and on Exhibit "E" attached hereto if and to the extent such documents and instruments relate to the Property and to all other easements, agreements, covenants and restrictions that are duly recorded among the land records of Chesterfield County, Virginia, after the effective date of the Seller's Owner's Policy and prior to date hereof and that affect the Property or any portion thereof, (b) an Affidavit of Seller which has as its subject matter averments that, with respect to the Property, there are no rights or claims of parties in possession not shown by the public records and that there are no liens, or rights to a lien, for services, labor or materials furnished and/or imposed by law and not shown by the public records, (c) an Affidavit of Seller stating that Seller is not a "foreign person", as that term

is defined in 7 C.F.R. Section 781.2 of the Rules and Regulations promulgated under the Agricultural Foreign Investment Disclosure Act of 1978 and is not required to file any reports under said Act and its supporting rules and regulations, and further stating that Seller is not a "foreign person", as that term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and otherwise in form and content sufficient to eliminate Purchaser's withholding obligations under said Section 1445 with respect to the sale and purchase of the Property, (d) such information as is required for Purchaser to file IRS Form 1099-S, and (e) any and all other documents deemed reasonably necessary by Purchaser, Seller, or other governmental requirement to consummate the transaction contemplated herein in accordance with the terms of this Agreement.

7. Expenses and Prorations.

All real property ad valorem taxes applicable to the Land shall be prorated as of the date of Closing between Seller and Purchaser, said proration to be based upon the most recently available tax rate and valuation with respect to the Land; provided, however, that upon the issuance of the tax bills for such

taxes for the year of Closing, Purchaser and Seller shall promptly make such adjustments as may be necessary to insure that the actual amount of such taxes for the year of Closing shall be prorated between Purchaser and Seller as of the date of Closing. Likewise, all annual assessments under any private restrictive covenants applicable to the Land shall be prorated as of the date of Closing between Seller and Purchaser. Any assessments under any private restrictive covenants which are due and payable prior to the date of Closing shall be paid by Seller on or before the date they are due. Seller shall cooperate with Purchaser in obtaining appropriate estoppel certificates under such private restrictive covenants. Seller shall, at the Closing, pay the grantor's tax (under Va. Code (S) 58.1-802), and state and local taxes due and payable in connection with the recording of the deed from Seller to Purchaser and Seller's attorneys' fees and expenses. Purchaser shall, at Closing, pay the recording tax (under Va. Code (S) 58.1-801 and 58.1-814), the per page recording costs, all title examination fees and the cost of the owner's title insurance premium for the policy insuring Purchaser, and Purchaser's attorneys' fees and expenses. If, at Closing, any special assessment or assessments for improvements shall be or shall have been made against the Property, or any portion or portions thereof, or is payable prior to or at Closing, all unpaid installments of any such assessment (including those which are to become due and payable after Closing) shall be deemed due and payable prior to Closing and shall not be apportioned between Seller and Purchaser and shall be paid and discharged by Seller.

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 (whether in the nature of a "roll-back" tax or otherwise), 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.

8. Warranties and Representation of Seller.

To induce Purchaser to enter into this Agreement and to purchase the Property as herein provided, Seller does hereby state the following as of the date of this Agreement:

(a) To Seller's actual knowledge, there are no actions, suits or proceedings of any kind or nature whatsoever, legal or equitable, pending or threatened against Seller or the Property, or any portion or portions thereof, or relating to or arising out of the ownership of the Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality, including, without limitation, any condemnation or eminent domain proceedings.

(b) No person, firm, corporation or other legal entity whatsoever has any right or option whatsoever to acquire the Property or any portion or portions thereof or any interest or interests therein.

(c) Seller has no actual knowledge, and has not received any written notice, that the Property or any portion or portions thereof is or will be subject to or affected by any special assessments, whether or not presently a lien thereon.

(d) Seller has no actual knowledge, and has not received any written notice, that Seller is in violation or breach of any ordinance, code, law, rule, requirement or regulation applicable to the Property.

(e) Seller has no actual knowledge, and has not received any written notice, that Seller has used or operated the Property in any manner for the storage use, treatment, manufacture or disposal of any Hazardous Substances (hereinafter defined) or that the Property has been used or operated for the storage, use, treatment, manufacture or disposal of any Hazardous Substances.

For purposes hereof, the term "Hazardous Substances" shall mean and refer to any "hazardous waste" or "hazardous substance," as such terms arc set forth in, under or pursuant to the Environmental Laws and Regulations (as hereinafter defined), oil or petroleum products or their derivatives, polychlorinated biphenyls, asbestos, radioactive materials or waste, and any other toxic, ignitable, reactive, corrosive, explosive, contaminating or polluting materials which are now or in the future subject to governmental regulation. "Environmental Laws and Regulations" shall mean any federal, state or local laws now or hereafter in effect relating to pollution or protection of the environment or emissions, discharges, spills, releases or threatened releases of any Hazardous Substance into the environment (including without limitation indoor air, ambient air, surface water, ground water or land), including without limitation, the Resource Conservation and Recovery Act, 42 U.S.C. (S)(S) 6901 et seq, as amended, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. (S)(S) 9601 et seq, as amended, the Hazardous Materials Transportation Act, 49 U.S.C. (S)(S) 1801 et seq, as amended, the Clean Water Act, 33 U.S.C. (S)(S) 1251 et seq, as amended, the Clean Air Act, 42 U.S.C. (S)(S) 7401 et seq, as amended, the Toxic Substance Control Act, 15 U.S.C. (S)(S) 2601 et seq. as amended, and any rules and regulations now or hereafter promulgated under any of such acts.

(f) Seller has no actual knowledge that the Property has been used for or as a cemetery or landfill.

(g) Seller has no actual knowledge, nor has it received written notice, of any actions, suits, proceedings or proposals of any kind or nature whatsoever pending or being considered relating to any proposed changes to the highways, roadways and/or access ways adjoining or adjacent to the Property, including, without limitation, the widening thereof, construction of acceleration/deceleration lanes, changes in or additions to existing or approved curb cuts, proposed or pending installation or removal of traffic lights or any other changes or proposed changes in traffic patterns or management of traffic flow thereover.

(h) The Land has been, or prior to Closing will be, properly subdivided in accordance with all applicable laws and shall constitute a separate parcel of land for tax assessment and state or local subdivision regulation purposes.

(i) Seller has no actual knowledge, nor has it received written notice, that the Land has been classified under any designation authorized by law to obtain a special low ad valorem tax rate or to receive a reduction, abatement or deferment of ad valorem taxes which, in such case, will result in additional catch-up or roll-back ad valorem taxes in the future in order to recover the amounts previously reduced, abated or deferred.

(j) Any and all actions, if any, required by Seller to authorize the execution and delivery of this Agreement and the consummation of the transaction contemplated herein have heretofore been taken, and this Agreement shall constitute a valid and binding agreement, enforceable against Seller in accordance with the terms hereof.

The obligations of Purchaser under this Agreement are subject to and conditioned upon the foregoing statements by Seller continuing to be true and correct in all material respects as of the date of Closing.

9. Covenants and Agreements of Seller.

Seller hereby covenants and agrees that, from and after the date hereof and until the date of Closing, Seller shall not, without the prior written consent of Purchaser, materially change or alter the physical condition of the Property, remove any trees, or grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment or encumbrance affecting the Property or any portion or portions thereof, or pursue or consent to the pursuit of any

rezoning of the Property or any portion or portions thereof.

10. Conditions of Purchase.

The obligations of Purchaser under this Agreement are subject to and conditioned upon the determination by Purchaser, in its sole discretion and judgment and prior to the expiration of the Inspection Period, that the Property is satisfactory for the use and purposes intended by Purchaser, which includes a determination, prior to the expiration of the Inspection Period, that the necessary utilities are in place in accordance with Section 24 hereof. In the event such condition to Purchaser's obligations has been satisfied or waived, Purchaser shall give prior

written notice to Seller, not later than the date that is ninety (90) days after the effective date of this Agreement (such ninety (90) day period being herein referred to as the "Inspection Period"), that Purchaser has completed its due diligence with respect to the Property and agrees to accept the Property in its "AS IS, WHERE IS" condition and without representation or warranty except as expressly set forth in this Agreement. If Seller fails to actually receive the aforesaid notice prior to the expiration of the Inspection Period, or if Purchaser advises Seller in writing prior to the expiration of the Inspection Period, this Agreement shall be null and void and of no further force or effect (except for the obligations that expressly survive the termination of this Agreement has herein provided) and the Earnest Money shall be returned to Purchaser. Upon any termination of this Agreement by Purchaser as provided in this Paragraph 10, Purchaser shall provide Seller with copies of any and all written reports and studies prepared by third parties in connection with Purchaser's investigation of the Property (without warranty as to whether same are accurate or complete).

11. Defaults.

In the event Seller fails to comply with or perform any of the covenants, agreements and obligations to be performed by Seller under the terms and provisions of this Agreement, or in the event Seller's warranties and representations set forth in this Agreement are untrue or misleading, at Purchaser's option: (i) Purchaser shall be entitled to an immediate refund of all Earnest Money and to thereafter exercise any and all rights and remedies available to Purchaser at law or in equity including, without limitation, specific performance; or (ii) Purchaser shall be entitled, upon giving written notice to Seller as herein provided, to terminate this Agreement. Upon any such termination, all Earnest Money shall be immediately returned to Purchaser and this Agreement and, except as herein provided, all rights and obligations created hereunder shall be deemed of no further force or effect. Seller hereby acknowledges and agrees that Purchaser plans to enter into a lease in reliance upon this Agreement and Seller's compliance herewith. Thus, in the event Seller fails to deliver the documents it is obligated under Paragraphs 6, 12 and 23 to deliver to Purchaser, Purchaser shall be entitled to recover its actual damages incurred as a result of such failure by Seller, including damages in connection with Purchaser's proposed lease of the Property to a third party; provided, however, that in no event shall any such claim for actual damages exceed the sum of Twenty-Five Thousand and No/100 Dollars ($25,000.00).

In the event Purchaser fails to purchase the Property in accordance with the terms of this Agreement, Seller's sole and exclusive remedy for any such default shall be to terminate this Agreement and to receive the Earnest Money and retain the Earnest Money as full liquidated damages for such default, the parties hereto acknowledging that it is impossible to more precisely estimate the damages to be suffered by Seller upon Purchaser's default. Upon any such termination, all rights and obligations created hereby shall terminate and be of no further force or effect whatsoever, except for such obligations which expressly survive the termination of this Agreement as herein provided.

In the event that either of Seller or Purchaser is required to employ an attorney to enforce or defend, in a court of competent jurisdiction, any of such party's rights or remedies hereunder, the attorneys' fees and expenses incurred in connection therewith by the prevailing party shall be paid by the non-prevailing party.

12. Right of First Refusal.

Seller hereby agrees that, for a period of three years following the date of the Closing, if it desires to enter into a contract or lease for all or any portion of that certain tract of land adjacent to the Property and lying and being in Chesterfield County, Virginia, more particularly shown or described on Exhibit "B" attached hereto and by this reference incorporated herein (the "Adjacent Property") (whether solicited or unsolicited), it shall first offer the Adjacent Property (or applicable portion thereof) (the "Offered Adjacent Property") for sale or lease to Purchaser on such terms by delivering to Purchaser in writing a copy of the applicable purchase agreement or lease (the "Offer"). Purchaser shall have ten (10) business days from the date it receives such purchase agreement or lease from Seller to elect to purchase or lease (whichever is applicable) the Offered Adjacent Property on the terms set forth in the Offer.

If Purchaser does not elect to purchase or lease (whichever is applicable) the Offered Adjacent Property or fails to make any election at all during such ten (10) business day period, then Seller shall have the right to sell or lease (whichever is applicable) the Offered Adjacent Property to another party upon the terms set forth in the purchase agreement or lease delivered to Purchaser and, upon the consummation of such sale or lease, the right of first refusal in this Paragraph 12 shall automatically terminate. If Purchaser elects to purchase or lease (whichever is applicable) the Offered Adjacent Property within such ten (10) business day period, it must provide written notice to Seller of such election on or prior to the expiration of such ten (10) business day period.

The parties hereto agree to execute and deliver such additional documents and perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of the right of first refusal in this Paragraph 12.

13. Assignment.

Seller hereby agrees that any time prior to the Closing, Purchaser may sell, transfer, or assign any or all of its rights under this Agreement to Wells Capital, Inc. or to any partnership having Purchaser or Wells Capital, Inc. as a direct or indirect general partner thereof, or to any limited liability company having Purchaser or Wells Capital, Inc. as a member thereof; provided that the net worth of any such assignee is not less than the net worth of ADEVCO Corporation on the date of this Agreement. Purchaser agrees that it will remain primarily obligated for its obligations under this Agreement notwithstanding any assignment (permitted or otherwise) of this Agreement.

14. Possession of Property.

Seller shall deliver to Purchaser full and exclusive possession of the Property on the date of Closing.

15. Condemnation.

In the event the Property or any portion or portions thereof shall be taken or condemned by any governmental authority or other entity prior to the date of Closing, or in the event Purchaser receives notice of a proposed taking prior to

the date of Closing, Purchaser shall have

the option of either (a) terminating this Agreement by giving written notice thereof to Seller, whereupon all Earnest Money shall be immediately refunded to Purchaser and this Agreement and all rights and obligations created hereunder shall be of no further force or effect, or (b) requiring Seller to convey the remaining portion of the Property to Purchaser pursuant to the terms and provisions hereof (with the Purchase Price being determined with regard to the remaining portion of the Property). Seller and Purchaser hereby further agree that Purchaser shall have the right to participate in all negotiations with any such governmental authority relating to the Property.

16. Broker's Commission.

Purchaser and Seller acknowledge that Morton G. Thalhimer Inc. ("Thalhimer") and Adevco Realty Group, LLC ("Adevco") acted as brokers in connection with the sale of the Property. Purchaser shall and does hereby indemnify and hold harmless Seller from and against any claim for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Purchaser, including any claim asserted by Adevco, but excluding any claim by Thalhimer. Likewise, Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim 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 by Thalhimer, but excluding any claim by Adevco. The indemnity obligations of Seller and Purchaser under this Paragraph 16 shall survive any termination of this Agreement. Seller shall be solely responsible for any commission payable to Thalhimer in connection with the sale of the Property to Purchaser pursuant to a separate agreement between Seller and Thalhimer, and Purchaser shall be solely responsible for any commission payable to Adevco in connection with the purchase of the Property by Purchaser pursuant to a separate agreement between Purchaser and Adevco.

17. Notices.

Every notice, approval, consent, or other communication authorized or required by this Agreement shall not be effective unless the same shall be in writing and delivered (i) in person, (ii) by courier, (iii) by reputable overnight courier guaranteeing next day delivery, (iv) if sent on a business day during the business hours of 9:00 a.m until 5:00 p.m. E.S.T., via telecopier with a copy to follow by reputable overnight courier guaranteeing next day delivery, (v) sent postage prepaid by United States registered or certified mail, return receipt requested, directed to the other party at its address hereinabove first mentioned, or such other address as either party may designate by notice given from time to time in accordance with this Paragraph. Such notices or other communications shall be effective (i) in the case of personal delivery or courier delivery, on the date of delivery to the party to whom such notice is addressed as evidenced by a written receipt signed on behalf of such party, (ii) if by overnight courier, one (1) day after the deposit thereof with all delivery charges prepaid, (iii) if by telecopier, on the date of transmission, provided that such telecopier transmission is sent on a business day, during the hours stated above, and provided that a confirmation sheet is received and a copy of the notice is simultaneously delivered by reputable overnight courier (with all charges prepaid) for receipt on the next succeeding business day, and (iv) in the case of registered or certified mail, the earlier of

the date receipt is acknowledged on the return receipt for such notice or five (5) business days after the date of posting by the United States Post Office.

18. 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 any of the parties hereto unless such amendment is in writing and executed by both Seller and Purchaser. The provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, executors, personal representatives, successors and assigns. Time is of the essence of this Agreement with respect to each and every obligation of Seller and Purchaser hereunder. This Agreement and all amendments hereto shall be governed by and construed under the laws of the state in which the Property is located. 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. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all genders, the singular shall include the plural and vice versa. The headings inserted at the beginning of each paragraph are for convenience only, and do not add to or subtract from the meaning of the contents of each paragraph. Seller and Purchaser do hereby covenant and agree that such documents as may be legally necessary or otherwise appropriate to carry out the terms of this Agreement shall be executed and delivered by each party at the Closing.

19. Day for Performance.

Wherever herein there is a day or time period established for performance and such day or the expiration of such time period is a Saturday, Sunday or holiday, then such time for performance shall be automatically extended to the next business day.

20. Survival of Provisions.

All covenants, warranties and agreements set forth in this Agreement shall survive the Closing of the transaction contemplated hereby and 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.

21. 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.

22. Terms of Offer.

For purposes of the calculations of any time periods set forth in this Agreement, the effective date of this Agreement shall be deemed to be the date

upon which this Agreement has been fully executed by Seller and Purchaser and initialed, if applicable, and each of Seller and Purchaser has received a fully executed counterpart hereof.

23. Water Drainage and Retention.

Seller is the owner of that certain real property adjacent to the Land upon which there currently is located a lake or pond (the "Existing Lake"). Seller and Purchaser acknowledge that it is Purchaser's desire and intention to drain storm and surface water from the Land, as developed (the "Developed Land'), into the Existing Lake and to utilize the Existing Lake for the retention of such storm and surface water from the Developed Land. Unless the Land already has the benefit of a permanent easement to utilize the Existing Lake for the drainage, retention, and discharge of surface water from the Developed Land. Seller will grant and convey to Purchaser at Closing a non-exclusive, permanent easement over and across the real property upon which the Existing Lake is located to enable Purchaser to utilize the Existing Lake for the drainage, retention and discharge of storm and surface water generated from the Developed Land (the "Drainage Easement"). The Drainage Easement will be created pursuant to an easement agreement in form and substance reasonably satisfactory to Seller and Purchaser (the "Easement Agreement") that contains, inter alia, an indemnity by Purchaser of Seller for any loss, damage, cost or expense (including reasonable attorneys' fees and related legal expenses) incurred by Seller and arising out of any personal injury or property damage caused by Purchaser's use of the Drainage Easement. In the Easement Agreement, Purchaser will agree to comply with all applicable laws and other requirements regarding, and take all commercially reasonable steps to minimize, soil erosion and sedimentation into the Existing Lake. In the Easement Agreement, Seller will agree that Seller will not permit the utilization of the Existing Lake for the retention of storm and surface water from other real property to such an extent that the use of the Existing Lake for the retention of storm and surface water from the Developed Land is adversely affected or impaired. Seller agrees that Seller will use commercially reasonable efforts in good faith, at all times prior to and after Closing, at Seller's expense, to obtain the necessary governmental permits and approvals for the utilization of the Existing Lake for the drainage, retention and discharge of storm and surface water from the Developed Land, and to establish the Existing Lake as the phosphorous removal "best management practice" water retention device for the Developed Land, in accordance with the Chesapeake Bay Preservation Act as adopted in Chesterfield County. The covenant of Seller set forth in the preceding sentence shall survive the Closing.

IN WITNESS WHEREOF, the undersigned have signed this Agreement under seal on the day, month and year first written above.

"PURCHASER"

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

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

By: /s/ Leo F. Wells, III

Its: President

(CORPORATE SEAL)

"SELLER"

IDLEWOOD PROPERTIES, INC.,
a Virginia corporation

By: /s/ [ILLEGIBLE]

Its: Vice President

EXHIBIT "A"

DESCRIPTION OF PROPERTY

[TO BE PROVIDED BY PURCHASER]

EXHIBIT A

[PLAN APPEARS HERE]

EXHIBIT "B"

ADJOINING PROPERTY

[TO BE PROVIDED BY PURCHASER]

EXHIBIT B

[PLAN APPEARS HERE]

EXHIBIT 10.59

DEVELOPMENT AGREEMENT

BETWEEN

WELLS REIT, LLC - VA I
Owner

AND

ADEVCO CORPORATION,
Manager

June 28, 1999

TABLE OF CONTENTS

Exhibits:

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made and entered into this 28/th/ day of June, 1999, by and between WELLS REIT, LLC - VA I, a Georgia limited liability company (hereinafter referred to as the "Owner"), and ADEVCO CORPORATION, a Georgia corporation (hereinafter referred to as the "Manager").

W I T N E S S E T H:

WHEREAS, the Owner owns or has the contractual right to acquire a certain parcel of land located in Chesterfield County, Virginia, on which the Owner proposes to develop and construct an office building with related parking, landscaping and other site work pursuant to plans and specifications prepared and to be prepared by Smallwood, Reynolds, Stewart, Stewart & Associates, Inc.; and

WHEREAS, the Owner desires to engage the Manager as an independent contractor, upon the terms and conditions set forth herein, to supervise and to manage the development and construction of such building and other improvements and to lease vacant space in such building; and

WHEREAS, the Manager desires to perform such services for the Owner in consideration of the compensation set forth herein.

NOW, THEREFORE, for and in consideration of the premises, the sum of Ten Dollars ($10.00) in hand paid by each party to the other, and the mutual promises, obligations and agreements contained herein, the Owner and the Manager, intending to be, and being, legally bound, do hereby agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, each of the following terms shall, when used herein with an initial capital letter, have the meaning hereinbelow set forth.

ABB Power. The term "ABB Power" means ABB Power Generation Inc., a Delaware corporation.

ABB Lease. The term "ABB Lease" means the Lease between Owner and ABB Power dated June 1, 1999.

ABB Work Fee. The term "ABB Work Fee" means the fee to be paid to the Manager by the Owner as provided in Section 11.3 hereof.

Agreement. The term "Agreement" means this Development Agreement, together with all amendments hereto and all exhibits attached hereto.

Architect. The term "Architect" means the architectural firm of Smallwood, Reynolds, Stewart, Stewart & Associates, Inc., and any other firm employed by the Owner as an architect with respect to the Project.

Architect's Agreement. The term "Architect's Agreement" means the agreement(s) between the Owner and the Architect under which the Architect has been or shall be engaged to prepare architectural designs, plans, drawings and specifications for the Project and to render other services in connection with the design and construction of the Project. The Architect's Agreement is incorporated herein by this reference.

Building. The term "Building" means a first-class, multiple tenant four-story office building, containing approximately 102,232 gross square feet and 99,322 net rentable square feet, which the Owner intends to develop and construct upon the Land.

Completion Date. The term "Completion Date" means the first day on which all of the following have occurred: (i) the construction and equipping of the Project has been completed in accordance with Architect's plans and specifications (inclusive of landscaping plans, to the extent that landscaping can feasibly be installed due to the season), as evidenced by a certificate to such effect from the Architect, (ii) the Tenant Improvements for the space in the Building to be occupied by ABB Power have been completed in accordance with the working drawings and specifications for such space, as evidenced by a certificate to such effect from the Architect, (iii) permanent certificates of occupancy or their equivalent have been issued by the appropriate governmental authority with respect to the base building and with respect to the space in the Building to be occupied by ABB Power, (iv) the term of the ABB Lease has commenced, (v) ABB Power has executed and delivered the ABB Lease, and (vi) ABB Power has executed and delivered to the "Landlord" under the ABB Lease an estoppel certificate substantially in the form attached hereto as Exhibit "E" and by reference made a part hereof.

Construction Agreement. The term "Construction Agreement" means, collectively, the construction contract between the Owner and the Contractor with respect to the Project and such other construction or employment agreements

as may be hereafter entered into by the Owner and a general contractor or special purpose contractor with respect to the performance of work or the providing of services to the Project. The Construction Agreement is incorporated herein by this reference.

Contractor. The term "Contractor" means, collectively, Bovis Construction Corp. and all other firms employed by the Owner as a general contractor or as a special purpose contractor with respect to the Project; and singly any such general or special purpose contractor.

Development Budget. The term "Development Budget" means the budget, a copy of which is attached hereto and made a part hereof as Exhibit "B", which sets forth the Manager's best estimate of all expenses to be incurred with respect to the acquisition of the Land, the

planning, design, development, construction and completion of the Project, and the Tenant Improvements for ABB Power.

Development Fee. The term "Development Fee" means the fee to be paid to the Manager by the Owner as provided in Section 11.2 hereof.

Development Functions. The term "Development Functions" means those functions of the Manager set forth in Section 4.2 of this Agreement.

Development Period. The term "Development Period" means the period commencing on the date of this Agreement and terminating on the date which is three (3) months after the Completion Date.

Event of Default. The term "Event of Default" means any one or more of the events described in Section 14.1 of this Agreement.

Kraxberger. The term "Kraxberger" means David M. Kraxberger, an individual residing in Cobb County, Georgia.

Land. The term "Land" means that certain parcel of land located in Chesterfield County, Virginia, as more particularly shown or described on Exhibit "A" attached hereto and by this reference made a part hereof.

Manager. The term "Manager" means Adevco Corporation, a Georgia corporation.

Monthly Report. The term "Monthly Report" means the report to be prepared by the Manager and submitted to the Owner on a monthly basis as provided in Section 7.2 hereof.

Owner. The term "Owner" means Wells REIT, LLC - VA I, a Georgia limited liability company.

Project. The term "Project" means the Land, the Building, and the Site Improvements, collectively.

Site Improvements. The term "Site Improvements" means the surface level parking facilities, sufficient to accommodate approximately 495 automobiles, any and all on and off-site road improvements, walkways, complete utilities and drainage systems, landscaping work, exterior lighting, ground-mounted signs and other site improvements which the Owner intends to develop and construct upon the Land.

Small Tenant Leasing Fee. The term "Small Tenant Leasing Fee" means the fee to be paid to the Manager by the Owner as provided in Sections 11.5 and 12.3 hereof.

Small Tenant Work Fee. The term "Small Tenant Work Fee" means the fee to be paid to the Manager by the Owner as provided in Section 11.3 hereof.

Speculative Space. The term "Speculative Space" means the rentable area of the Building which is not initially leased by ABB Power.

Tenant Improvements. The term "Tenant Improvements" means all improvements constructed on or within the Project for use or operation by tenants under or pursuant to written leases or occupancy agreements, including without limitation the "Layout Work" (as defined in the ABB Lease) for ABB Power and other tenant improvements required to be installed or constructed by the "Landlord" under the ABB Lease.

Tenant Improvements Completion Date. The term "Tenant Improvements Completion Date" means with respect to the Tenant Improvements for each tenant of the Project, the first day in which the Tenant Improvements in such tenant's space have been completed in accordance with the plans and specifications for such Tenant Improvements, all necessary certificates of occupancy or their equivalent have been issued by the applicable governmental authority with respect to such space, and such tenant has accepted its premises (whether or not it has taken possession of its space) as evidenced by a customary estoppel certificate executed by such tenant.

ARTICLE 2
ENGAGEMENT OF THE MANAGER

2.1 Engagement. The Owner hereby engages the Manager as the exclusive development manager of the Project to supervise, to manage, and to coordinate the planning, design, construction, and completion of the Project, all in accordance with the terms, conditions and limitations herein set forth. The Manager hereby accepts such engagement and hereby agrees to diligently use its best efforts in the performance of its duties and the Development Functions hereunder, which performance in all respects and at all times shall be carried out to the same extent and with the same degree of care and quality as the Manager would exercise in the conduct of its own affairs if the Manager were the owner of the Project. The Manager agrees to apply prudent and reasonable business practices in the performance of its duties hereunder.

2.2 Relationship. With respect to the Owner, the Manager shall at all times be an independent contractor. No provision hereof shall be construed to constitute the Manager or any of its officers or employees as an employee or employees of the Owner nor shall any provision of this Agreement be construed as creating a partnership or joint venture between the Manager and the Owner.

Neither the Owner nor the Manager shall have the power to bind the other party except pursuant to the terms of this Agreement. The Manager acknowledges and agrees that it shall act as a fiduciary hereunder with respect to the Owner and that, with respect to all of the services to be rendered by the Manager to the Owner pursuant to this Agreement, the Manager shall have the duty to act at all times in the best interests of the Owner in rendering such services. In the event the Owner disapproves of any of the general policies and procedures of the Manager with respect to the Project and shall have so notified the Manager, the Manager shall conform its general policies and procedures with respect to the Project to those requested by the Owner insofar as such policies may be consistent with the terms and provisions of this Agreement.

ARTICLE 3
TERM OF AGREEMENT

The engagement of the Manager hereunder shall commence on the date on which this Agreement is executed and shall end on the date which is three (3) months from and after the Completion Date; provided, however, if any remedial work to be performed by the Contractor following the completion of the Project has not been completed or if the Manager has commenced and is diligently prosecuting, but has not completed, any Tenant Improvements, the term of this Agreement shall be extended until the date on which any remedial work required to be performed by the Contractor following completion of the Project shall be so performed and accepted by the Owner, or until the completion of such Tenant Improvements, as the case may be.

ARTICLE 4
RESPONSIBILITIES OF THE MANAGER

4.1 General Responsibility. The Manager's general responsibility hereunder as the Owner's development manager shall be to manage, to supervise, and to coordinate the planning, design, construction, and completion of the Project.

4.2 Development Functions. In discharging its general responsibility hereunder, the Manager shall perform and discharge the following specific responsibilities with respect to the Project (herein collectively referred to as the "Development Functions"):

4.2.1 The Manager shall negotiate and submit to the Owner, for the Owner's approval and execution, the Architect's Agreement and the Construction Agreement.

4.2.2 The Manager, in the name of, and on behalf of, the Owner, shall maintain and continue the engagement of Smallwood, Reynolds, Stewart, Stewart & Associates, Inc., as the Architect, and Bovis Construction Corp., as a Contractor, for the compensation and on the terms provided for in the Architect's Agreement and the Construction Agreement, respectively; and the Manager shall supervise, administer and coordinate the performance of all work done by the Architect and the Contractor. The Manager shall negotiate, on terms consistent with and within the limitations of the Development Budget, and submit to the Owner for the Owner's approval, contracts with such other design and engineering professionals and consultants as the Manager deems appropriate for the design and construction of the Project. Subject to the provisions of Section 5.2 hereof, the employment of such other design and engineering professionals on terms not consistent with and within the limitations of the Development Budget shall be only at the direction of the Owner.

4.2.3 The Manager shall coordinate the acquisition by the Owner of the Land.

4.2.4 The Manager shall implement the Development Budget as provided herein.

4.2.5 In implementing the Development Budget and in otherwise discharging its duties and responsibilities hereunder, the Manager shall negotiate with, and submit to the Owner (for execution by the Owner) contracts with, supervise the performance of, and review and approve or disapprove applications for payment of the fees, charges, and expenses of, such architects, engineers, planners, designers, consultants, general contractors, subcontractors, vendors, and other design and construction professionals, consultants, and suppliers as the Manager deems necessary or appropriate to develop the Project in accordance with and subject to the limitations of the Development Budget. Such fees, charges and expenses shall be borne by the Owner as contemplated in the Development Budget. Subject to the provisions of Section 5.2 hereof, the employment, supervision and payment of such additional architects, engineers, planners, designers, consultants, general contractors, subcontractors, vendors, and other design and construction professionals, consultants, and suppliers on terms not consistent with or within the limitations of the Development Budget shall be only at the direction of the Owner.

4.2.6 The Manager shall arrange for a preliminary site plan to be prepared showing the location within the Land of the Building and the Site Improvements and shall submit such site plan to the Owner for approval by the Owner. The cost of such site plan shall be borne by the Owner as contemplated in the Development Budget.

4.2.7 The Manager shall arrange to be prepared such survey and engineering plans and drawings as are from time to time requested by the Owner. The costs of such survey and engineering plans shall be borne by the Owner as contemplated in the Development Budget.

4.2.8 The Manager shall administer and oversee the selection by the Contractor of major subcontractors and others as appropriate for construction of the Project and review bids for acceptability from subcontractors.

4.2.9 The Manager shall review all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Project or any portion thereof. The Manager shall make application for and seek to obtain and keep in full force and effect all necessary governmental approvals and permits, and shall endeavor to perform such acts as shall be reasonably necessary to effect compliance by the Owner with all laws, rules, ordinances, statutes, and regulations of any governmental authority applicable to the Project. Upon receipt of the Owner's approval, the Manager shall seek to obtain any permits, variances or rezoning of the Land or any portion thereof, as are necessary or appropriate to cause the Project to be in compliance with all such codes, laws, regulations and ordinances. All costs required to be paid to third parties in order to obtain such permits, variances or rezonings shall be borne by the Owner as contemplated in the Development Budget.

4.2.10 The Manager shall review all applicable private restrictions, covenants and easement agreements concerning the development, use and operation of the Project or any portion thereof. The Manager shall endeavor to perform such acts as shall be reasonably necessary to effect compliance by the Owner with all such restrictions, covenants and easements.

4.2.11 The Manager shall negotiate and submit to the Owner for the Owner's approval all contracts for, or otherwise arrange for the delivery of, and pay all charges imposed on the Owner for, all utilities required for the development, construction, and operation of the Project, including, without limitation, water, electricity, telephone, storm sewer, and sanitary sewer services.

4.2.12 The Manager shall coordinate the services of such accountants and attorneys as may be engaged by the Owner upon such terms as may be approved by the Owner and utilize such accounting and disbursement systems as may be determined by the Owner.

4.2.13 The Manager shall review and make recommendations to the Owner regarding the Owner's insurance program so that the Owner shall obtain and keep in force, at the Owner's expense as contemplated in the Development Budget, such policies of insurance, including, but not limited to, public liability, all-risk, and builder's risk, in such amounts and with such carriers as shall be prudent with respect to the Project.

4.2.14 The Manager shall maintain complete and accurate records reflecting the progress of the Manager's implementation of the Development Budget, which records shall include all contracts, purchase orders, disbursement requests, bids, and proposals of contractors, suppliers, and vendors, and such other records, plans and information as the Owner may from time to time request or as the Manager shall deem appropriate to maintain in discharging its duties and responsibilities hereunder.

4.2.15 The Manager shall inspect the Project at regular intervals so as to be kept informed as to the stage of development and the condition of the Project.

4.2.16 Upon the Owner's prior written authorization, the Manager shall execute for and on behalf of, and in the name of, the Owner any applications, requests and other documents which the Manager deems necessary or appropriate for execution by the Owner in connection with the development or construction of the Project.

4.2.17 The Manager shall examine the contents of all applications for payments submitted under the Architect's Agreement or any Construction Agreement, verify the contents of such applications and prepare, execute and deliver, or cause to be prepared, executed and delivered such certificates and other documents as may be required by such Agreements and shall review and approve all disbursements made by or on behalf of the Owner under the Architect's Agreement and under any Construction Agreement, all in accordance with the Development Budget as it may from time to time be revised pursuant to Section 5.2 hereof. The Manager shall process all such applications for payments and

any other invoices and charges as expeditiously as possible to avoid all penalties and any excess interest and to take advantage, wherever possible and desirable, of vendor discounts. The Manager shall also make recommendations to the Owner with respect to modifications, clarifications and change orders necessary or desirable under any Construction Agreement; and the Manager shall also review and recommend for approval or disapproval by the Owner, as appropriate, change orders under any Construction Agreement, all in accordance with the Development Budget as it may from time to time be revised pursuant to Section 5.2 hereof.

4.2.18 The Manager shall prepare all construction loan draw requests in form and content sufficient to permit the Owner's lender, if any, to approve or disapprove such requests.

4.2.19 The Manager shall coordinate, review, administer, manage and oversee the work, activities and performance of the Architect under the

Architect's Agreement and of the Contractor under the Construction Agreement. Such activities by the Manager shall include, without limitation, reviewing, monitoring and coordinating all construction scheduling to ensure the orderly process of construction and completion thereof in the manner and within the time periods required by the ABB Lease, and reviewing and verifying all payment requests from the Architect and the Contractor. The Manager shall serve as the Owner's representative in all discussions, negotiations, and dealings with the Architect, the Contractor and ABB Power. The Manager shall periodically (but no less often than weekly) advise the Owner of the status of the Project and of the performance by the Architect and by the Contractor of their respective duties and obligations with respect to the Project. The Manager shall also assist and advise the Owner with respect to the performance and enforcement by the Owner of its duties and rights under the Architect's Agreement, the Construction Agreement and the ABB Lease. The Manager shall coordinate with the Architect and the Contractor an orderly and expeditious transition from the construction stage of the Project to the operating and leasing stage of the Project and, in connection therewith, the Manager shall expedite and supervise the completion of any remedial work that may be required to be performed by the Contractor following the completion of the Project.

4.2.20 The Manager shall cooperate with the Owner's inspecting engineer, if any, engaged for the purpose of reviewing the status of the work.

4.2.21 The Manager shall purchase, to the extent the same are not provided under the Construction Agreement, all supplies, materials, and equipment required in connection with the development of the Project, and the cost of same shall be borne by the Owner as contemplated in the Development Budget.

4.2.22 The Manager shall coordinate, review, administer, manage and oversee the work and activities relating to, and the performance of, the Tenant Improvements to be constructed and installed by the "Landlord" under the ABB Lease, and at the request of the Owner, the Manager shall coordinate, review, administer, manage and oversee the work and activities relating to, and the performance of, any Tenant Improvements to be

constructed and installed by the "Landlord" under any other lease of Speculative Space which is entered into during the Development Period.

4.2.23 The Manager shall deliver to the Owner the originals of all permits, licenses, guaranties, warranties, bills of sale and other contracts, agreements, change orders or commitments obtained or received by the Manager for the account or benefit of the Owner, it being understood that the Owner, upon the Owner's approval thereof, will execute all such contracts, agreements, change orders and documents, and that the Manager will not, under any circumstances, execute contracts, agreements, change orders or documents on behalf of the Owner except as specifically provided otherwise in this Agreement or as otherwise expressly authorized in writing by the Owner.

4.2.24 The Manager shall perform and discharge all other obligations of the Manager under this Agreement.

4.3 Completion. The Manager hereby agrees to diligently use its best efforts and shall devote sufficient time and personnel to cause the development of the Project to be completed in compliance with the time parameters established therefor under the ABB Lease, and in accordance with the Development Budget as it may from time to time be revised pursuant to Section 5.2 hereof.

4.4 Employees. The Manager shall have in its employ at all times a sufficient number of capable employees to enable the Manager to perform its

duties hereunder. All persons, other than independent contractors, employed by the Manager in the performance of its responsibilities hereunder shall be exclusively controlled by and shall be the employees of the Manager and not of the Owner, and the Owner shall have no liability, responsibility or authority with respect thereto. The Manager agrees that the Manager shall cause Kraxberger to be personally involved in the performance of the Development Functions and the other obligations and undertakings of the Manager hereunder.

4.5 Manager's Costs. Notwithstanding anything contained in any other provision of this Agreement to the contrary, the following costs and expenses shall be borne solely by the Manager and shall not be borne by the Owner:

(a) Cost of gross salary and wages, payroll taxes, insurance, workers' compensation and other benefits of Kraxberger and any other employees of the Manager;

(b) Cost of forms, papers, ledgers and other supplies and equipment used in the Manager's office;

(c) Cost of electronic data processing or computer services, or any pro rata charge for data processing or computer services provided by computer service companies, which the Manager may elect to incur in the performance of the Development Functions;

(d) Cost of office equipment acquired by the Manager to enable it to perform its duties hereunder;

(e) Cost of advances made to employees of the Manager and cost of travel and lodging by the Manager's employees and agents, including Kraxberger; and

(f) Cost attributable to losses, including any legal fees relating thereto, arising from negligence, fraud or willful act or omission on the part of the Manager or any of the Manager's officers, directors, employees or agents, except to the extent such costs are to be borne by the Owner pursuant to Section 9.3 hereof.

ARTICLE 5
DEVELOPMENT BUDGET

5.1 Implementation of Development Budget. The Owner hereby approves the Development Budget and the Manager is hereby authorized and directed to implement the Development Budget pursuant to this Agreement. The Manager may, without the need for any further approval whatsoever by the Owner, make any expenditures and incur any obligations provided for in the Development Budget, as it may be revised from time to time as provided herein. The Manager shall use prudence and diligence and shall employ its best efforts to ensure that the actual costs incurred for each category or line item of expense as set forth in the Development Budget shall not exceed such category or line item in the Development Budget. The Manager shall advise the Owner promptly if it appears that costs in any category or line item specified in the Development Budget will exceed the amount budgeted therefor. All expenses shall be charged to the proper category or line item in the Development Budget, and no expenses may be classified or reclassified for the purpose of avoiding an excess in the budgeted amount of a category or line item without the Owner's prior written approval. The Manager shall secure the Owner's prior written approval before incurring and paying any cost which will result in aggregate expenditures under any one category or line item in the Development Budget exceeding the amount budgeted therefor.

5.2 Revision of Development Budget. If the Manager at any time determines that the Development Budget is not compatible with the then-prevailing status of the Project and does not adequately provide for the completion of the Project, the Manager shall promptly prepare and submit to the Owner an appropriate revision of the Development Budget. Any such revision shall require the approval of the Owner; provided, however, that any such revision shall be considered approved on the fourteenth (14th) day following its delivery to the Owner, unless the Owner shall, within such fourteen (14) day period, notify the Manager in writing of its disapproval of the proposed revision and specify in such notice the items to which it objects. In the event of any such objection, the Manager and the Owner shall consult and endeavor to reconcile their differences.

5.3 Emergencies. Notwithstanding any limitations herein provided, the Manager may spend funds or incur expenses on behalf of the Owner in circumstances which the Manager reasonably and in good faith believes constitute an emergency requiring prompt action to avert, or reduce the risk of, damage to persons or property. The Manager shall, in any case, notify the

Owner as soon as practicable of the existence of such emergency and of the action taken by the Manager with respect thereto.

5.4 Reduction in Fees. In the event that the total of all costs and expenses actually incurred by the Owner with respect to the acquisition of the Land and the planning, design, development, construction and completion of the Project, the Tenant Improvements for ABB Power under the ABB Lease (including costs in all categories or line items specified in the Development Budget, but expressly excluding costs for the specific line items marked with a double asterisk in the Development Budget, and net of amounts reimbursed to the Owner by ABB Power with respect to Tenant Improvements for such tenant) shall exceed $9,454,658, the amount of the fees payable to the Manager under Sections 11.2 through 11.5 hereof shall be reduced by the amount of such excess, with any reductions to be applied to such fees in the following order of priority:

(a) first, to unpaid portions of the Development Fee until the remaining Development Fee is reduced to zero;

(b) then to unpaid portions of the ABB Work Fee until the remaining ABB Work Fee is reduced to zero;

(c) then to any portion of the Development Fee and the ABB Work Fee which has theretofore been paid to the Manager until all such fees have been reduced to zero, and the Manager hereby agrees to reimburse to the Owner an amount of such fees theretofore paid to the Manager as shall equal the amount of such reduction;

(d) then to unpaid portions of the Small Tenant Work Fee until the remaining Small Tenant Work Fee is reduced to zero;

(e) then to the unpaid portions of the Small Tenant Leasing Fee until the remaining Small Tenant Leasing Fee is reduced to zero; and

(f) then to any portion of the Small Tenant Work Fee and Small Tenant Leasing Fee which has theretofore been paid to the Manager until all such fees have been reduced to zero, and the Manager hereby agrees to reimburse to the Owner an amount of such fees theretofore paid to the Manager as shall equal the amount of such reduction.

The aforesaid reductions in the fees payable to the Manager under Sections 11.2 through 11.5 hereof shall be effected regardless of whether or not appropriate revisions of the Development Budget are approved by the Owner and regardless of whether or not any increases in costs and expenses incurred by the Owner with respect to the acquisition of the Land or the planning, design, development,

construction and completion of the Project and the Tenant Improvements for ABB Power are approved by the Owner; provided, however, in the event such costs and expenses shall increase as a result of a change by the Owner in the scope of the work comprising the Project of the election by ABB Power to receive any portion of the additional allowances covered in items 33 and 34 of the Development Budget, the incremental costs due to the change in the scope of the work or due to the election by ABB Power to receive such additional

allowance shall not cause a reduction in the fees payable to the Manager under Sections 11.2 through 11.5 hereof. The Owner shall not be obligated to accept or agree to changes in the scope of the work comprising the Project in order to reduce the costs and expenses with respect thereto. The Owner and the Manager agree that appropriate reductions in the fees payable to the Manager (and reimbursements thereof to the Owner, if applicable) shall be effected as and when it is reasonably determined by the Owner that the costs and expenses under any category or line item in the Development Budget shall exceed the amount originally budgeted therefor or that costs and expenses will be incurred that are not originally budgeted under the Development Budget; provided, however, the Owner and the Manager shall make reasonable allocations of the "contingency" category or line item in the Development Budget to other categories or line items prior to effecting a reduction in the fees payable to the Manager, so long as a reasonable reserve is maintained in the "contingency" category or line item to cover future contingencies. Promptly following the Completion Date, the Owner and the Manager shall make any final adjustments and payments between them to give effect to the agreements set forth in this Section 5.4.

ARTICLE 6
AUTHORITY OF THE MANAGER

6.1 General Authority. The Manager shall have, and is hereby granted by the Owner, full and complete power, authority, and discretion to act for, and in the name, place, and stead of, the Owner in carrying out and discharging the responsibilities and obligations of the Manager under this Agreement (including, without limitation, all of the responsibilities imposed upon the Manager under Article 4 hereof); provided, however, that the Manager shall have no right or authority, express or implied, to commit or otherwise obligate the Owner in any manner whatsoever except to the extent specifically provided herein or specifically authorized in writing by the Owner.

6.2 Execution of Documents and Agreements. Only when specifically authorized by the Owner in a writing to the Manager, the Manager may, at the Manager's election, execute any documents, agreements, or other instruments on behalf of the Owner as follows, it being acknowledged that the Manager shall be entitled to the indemnification by the Owner for any obligations or liabilities thereunder and shall not thereby incur any liability or obligation to any third party thereunder:

WELLS REIT, LLC - VA I,
a Georgia limited liability company

By: Adevco Corporation, a Georgia corporation, as Manager

By: _____
Title: _____

(CORPORATE SEAL)

ARTICLE 7
ACCOUNTING AND REPORTS

7.1 Books of Account. The Manager shall maintain or cause to be maintained true and accurate books of account reflecting the planning, design, construction, and completion of the Project. All entries to such books of account shall be supported by sufficient documentation to permit the Owner and its auditors to ascertain that said entries are properly and accurately recorded. Such books of account shall be located at the Manager's principal metropolitan Atlanta, Georgia office and shall be maintained in accordance with the Manager's present cash method of accounting, unless otherwise directed or approved by the Owner. The Manager shall ensure such control over accounting and financial transactions as is reasonably required to protect the Owner's assets from theft, error or fraudulent activity on the part of the Manager, the Manager's employees or agents.

7.2 Monthly Reports. Promptly following the end of each calendar month, the Manager shall prepare a report with respect to the Project (hereinafter referred to as the "Monthly Report") and shall cause the same to be delivered to the Owner and the Owner's inspecting engineer, if any. Each Monthly Report shall be subdivided into categories specified in the Development Budget and shall contain the following information respecting the Project:

(a) The draw request for the month covered by the Monthly Report, including:

(i) each draw request letter;

(ii) each certificate of the Architect;

(iii) each application and certificate for payment of the Contractor; and

(iv) any other invoices covered in the draw request.

(b) The costs incurred under the Construction Contract as of the date of the Monthly Report.

(c) All costs incurred but not paid as of the date of such Monthly Report.

(d) A comparison of the amount of actual costs incurred as of the date of the Monthly Report to the budgeted costs as of such date, shown on a line-item basis using the same categories or line items set forth in the Development Budget.

(e) Photographs of the Project depicting the current status of construction.

(f) A report with respect to the progress of construction, including information as to whether the commencement, milestone and completion dates in the ABB Lease are being achieved. The Manager shall identify in such report potential variances between the completion dates required in the ABB Lease and the probable completion dates and shall make recommendations as to adjustments necessary to meet the required completion dates.

The Manager shall furnish the Owner with a certificate from Kraxberger in respect of each such Monthly Report certifying that such Monthly Report is accurate, true and complete in all respects.

7.3 Construction Draw Reports. The Manager shall cause to be delivered to the Owner, at the Owner's expense, promptly after they are prepared, copies of each construction draw request under any construction loan obtained by the Owner with respect to the Project.

7.4 Annual Development and Financial Statements. Within thirty (30) days after the end of each fiscal year of the Owner during the term of this Agreement, the Manager shall cause to be prepared and delivered to the Owner, at the Owner's expense, a report which is a summary of the previous Monthly Reports for such fiscal year which have been tendered to the Owner pursuant to Section 7.2 hereof. In addition, within sixty (60) days after the end of each fiscal year of the Owner during the term of this Agreement, the Manager shall cause to be prepared and delivered to the Owner, at the Owner's expense, unaudited financial statements reflecting all receipts and disbursements collected, received, or made by the Manager with respect to the development and the construction of the Project for such fiscal year. The Manager shall also cause to be prepared and delivered to the Owner such other reports and information with respect to the development and construction of the Project for each fiscal year as the Owner shall reasonably request.

7.5 Examination of Books and Records. The Owner, at its expense, shall have the right at all reasonable times during normal business hours and upon at least twenty-four (24) hours advance notice, to audit, to examine, and to make copies of or extracts from the books of account and records maintained by the Manager with respect to the Project. If the Owner shall notify the Manager of either weaknesses in internal control or errors in record keeping, the Manager shall correct such weaknesses and errors as soon as possible after they are disclosed to the Manager. The Manager shall notify the Owner in writing of the actions taken to correct such weaknesses and errors.

ARTICLE 8
BANKING

8.1 Separate Accounts. It is contemplated that the Owner will make disbursements with respect to the development and construction of the Project directly to the Architect and the Contractor. Nevertheless, all disbursements and other funds of the Owner which may be received by the Manager hereunder with respect to the development or construction of the Project shall be deposited by the Manager and held in such bank account or accounts maintained by the Manager in such bank or banks with federal deposit insurance protection as may be selected by the Manager and approved by the Owner. All such funds shall be and shall remain the property of the Owner and shall be disbursed by the Manager in payment of the obligations of the Owner incurred in connection with the development and construction of the Project, or, subject to the provisions of Section 8.2 below, shall be disbursed to the Owner at the Owner's request. Except as hereinafter provided, the Manager shall not commingle the Owner's funds with the funds of any other person.

8.2 The Owner's Duty to Provide Funds. The Owner agrees that the Owner will pay all current obligations of the Owner in accordance with the Development Budget, including all obligations of the Owner to the Manager hereunder. Alternatively, at the Owner's option, the Owner may elect to provide funds to the Manager so that the Manager can pay all such obligations of the Owner (excluding obligations to the Manager, it being understood and agreed that such

obligations to the Manager shall be paid directly by the Owner to the Manager). If the Owner elects to cause the Manager to make payment of such obligations, the Owner hereby agrees that, by making deposits to (following notice as provided below), or by refraining from withdrawing funds from, the bank account or accounts maintained by the Manager pursuant to Section 8.1 above, the Owner shall, during the term of this Agreement, maintain sufficient funds in such bank account or accounts to enable the Manager to pay all current obligations of the Owner in accordance with the Development Budget, excluding the obligations of the Owner to the Manager hereunder. Accordingly, the Owner shall, within ten (10) days of its receipt of any written request from the Manager for additional funds (which request must specify the amount of such funds requested and the purposes for which they are to be used), deposit in such bank account or accounts such additional funds as the Owner shall consider appropriate with respect to such request by the Manager.

8.3 Investment of Owner's Funds. If at any time there are in the bank account or accounts established pursuant to Section 8.1 above, funds of the Owner, from whatever sources, temporarily exceeding the immediate cash needs of the Project, the Manager may (and at the discretion of the Owner shall) invest such excess funds in such savings accounts, certificates of deposit, United States Treasury obligations, commercial paper, and the like, as the Manager shall deem appropriate or as the Owner shall direct, provided that the form of any such investment shall be consistent with the Manager's need to be able to liquidate any such investment to meet the cash needs of the Project from time to time.

ARTICLE 9
STANDARD OF CARE; LIABILITY; INDEMNITY; CONFIDENTIALITY

9.1 Standard of Care; Manager's Liability. The Manager shall have no liability to the Owner for any errors of judgment, or any mistakes of fact or of law, made in a good faith effort to perform and carry out the Manager's responsibilities under this Agreement, unless the Manager has failed to exercise that degree of care and skill which a reasonable and diligent businessman in the Manager's profession would exercise in transactions of a similar nature for his own account, provided, of course, that sufficient funds are made available by the Owner for the performance of the Manager's responsibilities.

9.2 Indemnity of Owner. The Manager hereby agrees to indemnify, defend and hold harmless the Owner and its partners and their respective officers, directors and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including without limitation reasonable attorneys' fees and court costs incurred in connection with the enforcement of this indemnity or otherwise), arising out of the negligence, fraud or any willful act or omission of the Manager, or any of its officers, directors, agents or employees, in connection with this Agreement or the Manager's services or work hereunder, whether within or beyond the scope of its duties or authority hereunder.

9.3 Indemnity of Manager. The Owner hereby agrees to indemnify, defend and hold harmless the Manager, its officers, directors and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including without limitation reasonable attorney's fees and court costs incurred in connection with the enforcement of this indemnity or otherwise), arising out of

(i) any action taken by the Manager within the scope of its duties or authority hereunder, excluding only such of the foregoing as result from the negligence, fraud or willful act of the Manager, its officers, directors, agents and employees, and (ii) the negligence, fraud or any willful act or omission of the Owner and its partners and their respective officers, directors and employees.

9.4 Survival of Indemnities. The provisions of Sections 9.2 and 9.3 hereof shall survive the completion of the Manager's services hereunder or any earlier termination of this Agreement.

9.5 No Obligation to Third Parties. None of the responsibilities and obligations of the Manager under this Agreement shall in any way or in any manner be deemed to create any liability of the Manager to, or any rights in, any person or entity other than the Owner.

9.6 Nature of the Manager's Duties and Responsibilities. The Owner hereby acknowledges that the Manager's duties and responsibilities hereunder with respect to the development and construction of the Project consist only in managing, supervising, and coordinating the planning, design, construction and completion of the Project and the performance of the other Development Functions in accordance with the terms of this Agreement; that the Manager is not itself preparing any architectural or engineering plans, designs, or specifications or performing any construction required for the development or completion of the Project; that the Manager is not a guarantor or insurer of any work to be

performed by any other party in connection with the planning, design, construction, and completion of the Project; and that the Manager is not responsible for, and will not be liable for, any work, act, omission, negligence, gross negligence, or intentional misconduct of any other party employed by the Owner or performing work for the Owner in connection with the Project.

9.7 Ownership of Information and Materials. The Owner shall have the right to use, without further compensation to the Manager, all written data and information generated by or for the Manager in connection with the Project or supplied to the Manager by the Owner or the Owner's contractors or agents, and all drawings, plans, books, records, contracts, agreements and all other documents and writings in its possession relating to its services or the Project. Such data and information shall at all times be the property of the Owner. The Manager agrees, for itself and all persons retained or employed by the Manager in performing its services, to hold in confidence and not to use or disclose to others any confidential or proprietary information of the Owner which is heretofore or hereafter disclosed to the Manager or any such persons and which is designated by the Owner as confidential and proprietary, including but not limited to any proprietary or confidential data, information, plans, programs, plants, processes, equipment, costs, operations, tenants or customers which may come within the knowledge of the Manager or any such persons in the performance of, or as a result of, its services, except where (i) the Owner specifically authorizes the Manager to disclose any of the foregoing to others or such disclosure reasonably results from the performance of the Manager's duties hereunder, or (ii) such written data or information shall have theretofore been made publicly available by parties other than the Manager or any such persons. Nothing contained in this Section 9.7 shall be deemed to limit or restrict the provisions of Article 15 hereof or of the rights of the Manager thereunder.

ARTICLE 10
INSURANCE

10.1 Insurance Requirements. Throughout the term of this Agreement, insurance with respect to the Project shall be carried and maintained in force in accordance with the provisions contained in Exhibit "C", attached hereto and incorporated herein by this reference, with the premiums and other costs and expenses for such required insurance to be borne as provided in Exhibit "C".

10.2 Owner's Insurance Primary Coverage. As between any insurance carried by the Owner pursuant to this Article 10 and any insurance carried by the Manager, the Owner's insurance shall for all purposes be considered the primary coverage, and no claim shall be made under or with respect to any insurance maintained by the Manager except in the event that the Owner's entire insurance is exhausted (without regard to whether the actual amount of the Owner's insurance exceeds the amounts specified in this Article 10).

10.3 Waiver of Subrogation. Each insurance policy maintained by the Owner or by the Manager with respect to the Project shall contain a waiver of subrogation clause, so that no insurer shall have any claim over or against the Owner or the Manager, as the case may be, by way of subrogation or otherwise, with respect to any claims which are insured under any such policy.

ARTICLE 11
COMPENSATION OF THE MANAGER

11.1 Fees - General. As compensation for the services rendered and to be rendered by the Manager under this Agreement, the Owner shall pay the Manager the Development Fee, the ABB Work Fee, the Small Tenant Work Fee, and the Small Tenant Leasing Fee, all in accordance with and subject to the terms and provisions of Sections 11.2, 11.3, 11.4 and 11.5 hereof, respectively, and all such fees shall be subject to reduction as provided in Section 5.4 hereof.

11.2 Development Fee. The Owner shall pay the Manager, as the Development Fee for the Project, the sum of One Hundred Fifty Thousand and No/100 Dollars ($150,000.00). The Development Fee shall be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Project are completed. The Development Fee shall be paid in monthly installments commencing with the month following the month during which the on-site development work with respect to the Project shall commence. The remaining balance of the Development Fee shall be due and payable upon the Completion Date.

11.3 ABB Work Fee. The Owner shall pay the Manager, as the ABB Work Fee, the sum of One Hundred Fifty Thousand and No/100 Dollars ($150,000.00). The ABB Work Fee shall be due and payable in one lump sum upon the Completion Date.

11.4 Small Tenant Work Fee. In the event the Manager shall serve as the construction manager with respect to any portion of the Tenant Improvements to be constructed by the Owner for any tenant of the Speculative Space, the Owner shall pay the Manager, as the Small Tenant Work Fee, an amount equal to Two and No/100 Dollars ($2.00) multiplied by the number of square feet of rentable area in the Speculative Space which are built-out for such tenant. The Small Tenant Work Fee with respect to the Tenant Improvements for each such tenant shall be due and payable in one lump sum on the Tenant Improvements Completion Date for such Tenant Improvements.

11.5 Small Tenant Leasing Fee. The Owner shall pay to the Manager the Small Tenant Leasing Fee in accordance with and subject to the terms and conditions of Section 12.3 hereof.

11.6 Disbursements to the Manager. The Manager may not disburse to itself any amounts due under this Article 11 from the bank account or accounts maintained by the Manager pursuant to Article 8 hereof, it being understood and agreed that the amounts due and payable to the Manager under this Article 11 shall be paid directly by the Owner to the Manager.

ARTICLE 12
MANAGER AS LEASING AGENT

12.1 Nonexclusive Engagement. Subject to the terms, conditions and limitations hereinafter set forth, the Owner does hereby appoint the Manager as the Owner's non-exclusive agent to offer for lease the Speculative Space. The term of such appointment shall commence on the date of this Agreement and shall expire on the earlier to occur of (i) the Completion Date or (ii) February 1, 2000. In the event the Owner shall desire for any reason to engage a real estate broker or agent as the Owner's exclusive agent for the leasing of the Speculative Space, the Owner shall have the right to terminate the appointment of the Manager hereunder by written notice to the Manager, which termination shall be effective immediately upon the giving of such notice. The Manager hereby accepts its nonexclusive appointment hereunder.

12.2 Manager's Leasing Duties. The Manager agrees to perform the following duties:

(a) To list and offer the Speculative Space for lease in a commercially prudent manner. The Manager shall not be obligated to expend its own funds for the advertisement of such Speculative Space.

(b) To actively cooperate with other qualified brokers in leasing the Speculative Space.

(c) To negotiate for the rental to desirable tenants, without unlawful discrimination, of all available Speculative Space at rental rates set forth in a schedule of rental rates and other business terms approved by the Owner from time to time and which are not inconsistent with applicable restrictions set forth in other leases of space in the Project, including the ABB Lease.

(d) To keep the Owner advised of the status of negotiations with prospective tenants, inquiries and offers received from brokers and others.

(e) To use its reasonable efforts to lease the Speculative Space to desirable tenants.

12.3 Small Tenant Leasing Fee.

(a) With respect to each lease of Speculative Space (including without limitation a lease of the Speculative Space by ABB Power) which is procured by the Manager and which is either entered into during the term of the non-exclusive agency for which provision is made in Section 12.1 hereof or otherwise qualifies for a commission pursuant to Section 12.3(b) below, the Owner shall pay to the Manager, as the Small Tenant Leasing Fee with respect to such lease, and as full and complete compensation for all

leasing services provided by the Manager in connection with such lease, an amount equal to five percent (5%) of all gross base rents (excluding escalations in operating costs) actually paid by the tenant during each month of the initial term of such tenant's lease, plus, if such lease grants to the tenant an option to extend or renew the term of the

lease and the tenant exercises such option, an amount equal to five percent (5%) of all gross base rents (excluding escalations in operating costs) actually paid by the tenant during each month of the extended term of such tenant's lease. Notwithstanding the foregoing to the contrary, the Owner's obligation to pay the aforesaid Small Tenant Leasing Fee equal to five percent (5%) of the gross base rent collected from a tenant shall cease and terminate on the date which is ten (10) years after the commencement date of the applicable lease, even if the term of the applicable lease is extended beyond such ten (10) year period pursuant to an option granted to the tenant in such lease. The Owner and the Manager agree to consider the possible cash-out of the commission obligation under this Section 12.3 with respect to any such lease qualifying for a commission hereunder, but the Owner and the Manager shall not be obligated to agree to any such cash-out arrangement.

(b) Within twenty (20) calendar days after the expiration or earlier termination of this non-exclusive agency arrangement, the Manager shall furnish the Owner with a written list of prospects, if any, with whom the Manager can demonstrate to the reasonable satisfaction of the Owner that it has been, within ninety (90) days of such expiration or termination, holding substantive negotiations for a lease relating to the Speculative Space. If, within one hundred twenty (120) calendar days after the expiration or termination date, such space is leased to any one of the listed prospects or active negotiations for such space are continued between a listed prospect and the Owner and successfully concluded within one hundred eighty (180) calendar days after the expiration or termination date, the Manager shall be considered the procuring broker hereunder for such space and shall be entitled to receive from the Owner a Small Tenant Leasing Fee as if such transaction occurred prior to such termination or expiration date. If the Manager shall fail to furnish such a written list, the Owner shall not be liable for any commission, expenses or other compensation hereunder in the event of a lease to any such prospect. Further, if for any reason other than intentional suspension of negotiations to avoid payment of a Small Tenant Leasing Fee hereunder, active negotiations between the Owner and the listed prospect end within one hundred eighty (180) calendar days after the termination or expiration date of this Agreement, and at such time no agreement has been reached or is contemplated respecting such space, negotiations between the Owner and the prospect shall be considered abandoned and the Owner shall not be liable for any commission, expenses or other compensation hereunder, even if a lease with such prospect is thereafter consummated.

(c) Notwithstanding anything contained herein to the contrary, there shall be no commission or fee due, earned or payable at any time to the Manager for any Speculative Space in the Project rented or leased to ABB Power or any affiliate thereof, unless the Manager is entitled to a commission under Section 12.3(a) or (b) above. The Manager expressly acknowledges and agrees that it shall not be entitled to a commission or fee in the event ABB Power shall exercise any right of first refusal or expansion option set forth in the ABB Lease. Also notwithstanding anything contained herein to the contrary, there shall be no commission or fee due, earned or payable to the Manager with respect to any lease which is procured by the Owner or any third party, and not by the Manager, even if such lease is procured during the term of the appointment hereunder, it

being understood and agreed that the Manager's appointment hereunder is

only on a non-exclusive basis.

(d) In the event an outside real estate broker is involved in a lease transaction for which the Owner is obligated to pay the Manager a Small Tenant Leasing Fee under Section 12.3 hereof, the Small Tenant Leasing Fee payable by the Owner to the Manager under Section 12.3 above shall be shared by the Manager and such outside real estate broker(s) in a manner agreed upon by the Manager and such outside real estate broker(s), and the Manager shall indemnify and hold the Owner harmless from any loss, costs, damage and expenses, including reasonable attorney's fees, arising from any claims by any such outside real estate broker for a fee, commission or compensation arising out of such lease, so long as the Owner shall pay the Small Tenant Leasing Fee payable by the Owner under Section 12.3 above. The foregoing indemnity shall be inapplicable to any claim by an outside real estate broker that the Owner has agreed with such outside real estate broker to pay a commission to it other than as specifically agreed upon between the Manager and such outside real estate broker.

(e) A tenant shall be considered procured, and the Small Tenant Leasing Fee shall be considered earned, due and payable hereunder, only when that tenant has paid (which shall include checks of the tenant having cleared all accounts) to the "Landlord" the first month's base rent, excluding all free rent periods. The Small Tenant Leasing Fee shall be paid by the Owner to the Manager only if, as and when such base rent is received by the Owner.

ARTICLE 13
REIMBURSEMENT OF ADVANCES, COSTS AND EXPENSES

13.1 Reimbursement of Advances. The Manager shall not be required to advance any of its own funds for the payment of any costs and expenses incurred by or on behalf of the Owner in connection with the Project, but if the Manager advances its own funds in payment of any of such costs and expenses, the Owner, subject to the provisions of Sections 4.5, 5.2 and 11.6 hereof, shall promptly reimburse the Manager or, in lieu thereof, the Manager may reimburse itself from the bank account or accounts maintained by the Manager pursuant to Article 8 hereof.

13.2 Reimbursement of Costs and Expenses. Promptly after execution of this Agreement, the Owner shall reimburse the Manager for all costs and expenses set forth on Exhibit "D" attached hereto and by this reference made a part hereof, all of which costs and expenses the Manager hereby represents and warrants were incurred and paid by the Manager prior to the date hereof (or will be paid by the Manager in due course) in connection with the Project and are authorized and bona fide expenditures under the Development Budget.

ARTICLE 14
DEFAULT AND TERMINATION

14.1 Default by Manager. Upon the happening of any Event of Default (as hereinafter defined), the Owner shall have the absolute unconditional right to terminate this Agreement by giving written notice of such termination to the Manager. Any one or more of the following events shall constitute an "Event of Default" by the Manager under this Agreement:

(a) If the Manager shall fail to observe, perform or comply in any

material respect with any term, covenant, agreement or condition of this Agreement which is to be observed, performed or complied with by the Manager under the provisions of this Agreement, and such failure shall continue uncured for ten (10) days after the giving of written notice thereof by the Owner to the Manager specifying the nature of such failure, unless such failure can be cured but is not susceptible of being cured within said ten (10) day period, in which event such a failure shall not constitute an Event of Default if the Manager commences curative action within said ten (10) day period, and thereafter prosecutes such action to completion with all due diligence and dispatch;

(b) If the Manager or Kraxberger shall make a general assignment for the benefit of creditors;

(c) If any petition shall be filed against the Manager or Kraxberger in any court, whether or not pursuant to any statute of the United States or of any State, in any bankruptcy, reorganization, dissolution, liquidation, composition, extension, arrangement or insolvency proceedings, and such proceedings shall not be dismissed within sixty (60) days after the institution of the same, or if any such petition shall be so filed by the Manager or Kraxberger;

(d) If, in any proceeding, a receiver, trustee or liquidator be appointed for all or a substantial portion of the property and assets of the Manager or Kraxberger, and such receiver, trustee or liquidator shall not be discharged within ninety (90) days after such appointment;

(e) If the Manager shall assign this Agreement or any of its rights or obligations hereunder, without the prior written consent of the Owner; and

(f) If the Manager shall intentionally or willfully fail to perform any of its duties or obligations hereunder, or if the Manager shall misappropriate any funds of the Owner in the possession or control of the Manager or shall otherwise commit an act of fraud against the Owner (except that if such misappropriation of funds or fraud by the taking is committed by an employee of the Manager other than Kraxberger, such event may be cured by the Manager if the Manager makes prompt restitution to the Owner and discharges such employee).

14.2 Additional Terminating Event. The Owner shall have the right to terminate this Agreement upon written notice to the Manager in the event Kraxberger shall die, become permanently or temporarily disabled or shall cease for reasons beyond his control to be actively involved in performing, on behalf of the Manager, the Development Functions and the other obligations and undertakings of the Manager hereunder. The Owner shall also have the right to

terminate this Agreement upon written notice to the Manager in the event the Owner shall elect for any reason whatsoever not to acquire the Land.

14.3 Default by Owner. If the Owner fails to comply with or perform in any material respect any of the terms and provisions to be complied with or any of the obligations to be performed by the Owner under this Agreement, and such failure continues uncured for a period of fifteen (15) days after written notice to the Owner specifying the nature of such default (or, in the case of a non-monetary default, such longer period of time as may be needed in the exercise by the Owner of due diligence to effect a cure of any such non-monetary default), then the Manager shall have the right, in addition to all other rights and remedies available to the Manager at law and in equity (including without limitation the right to pursue an action for specific performance), at its option, to terminate this Agreement by giving written notice thereof to the Owner, in which event the Owner shall immediately pay to the Manager, in cash, the sums payable to the Manager upon termination as provided in Section 14.4

hereof, and upon the payment of such amounts, subject to Sections 9.2, 9.3, 9.7, 12.3(d) and 14.5 hereof, the Owner and the Manager shall have no further rights, duties, liabilities or obligations whatsoever under this Agreement.

14.4 Obligation for Fees Upon Termination. Upon any termination of this Agreement, the Owner shall pay to the Manager all amounts due and payable to the Manager as of the date of termination pursuant to the terms of this Agreement (including, without limitation, any accrued but unpaid installments of the Development Fee) less, if this Agreement terminates as a result of an Event of Default, an amount equal to the damages incurred or suffered (or to be incurred or suffered) by the Owner as a result of such Event of Default. Upon the payment of all such amounts payable under this Section, subject to Sections 9.2, 9.3, 9.7, 12.3(d) and 14.5 hereof, the Owner and the Manager shall have no further rights, duties, liabilities or obligations whatsoever under this Agreement.

14.5 Actions Upon Termination. Upon any termination of this Agreement, the Manager shall promptly (a) account for and deliver to the Owner any monies of the Owner held by the Manager, including funds in the bank account or accounts maintained by the Manager pursuant to Article 8 hereof and any funds due the Owner under this Agreement but received after such termination, and (b) deliver to the Owner or to such other person as the Owner shall designate in writing, all materials, supplies, equipment, keys, contracts, documents and books and records pertaining to this Agreement or the development of the Project. The Manager shall also furnish all such information, take all such other action and shall cooperate with the Owner as the Owner shall reasonably require in order to effectuate an orderly and systematic termination of the Manager's duties and activities hereunder. This Section 14.5 of this Agreement shall survive any termination of this Agreement.

ARTICLE 15
OTHER ACTIVITIES OF THE MANAGER

The Owner hereby acknowledges that the Manager is engaged in the ownership, development, leasing, sale, and management of commercial properties other than the Project and

the Owner hereby agrees that the Manager shall in no way be restricted from, or have any liability to account to the Owner with respect to, such activities, notwithstanding that such activities may compete with, or be enhanced by, the Manager's activities under this Agreement or the Owner's ownership of the Project.

ARTICLE 16
NATURE OF AGREEMENT

The rights and duties granted to and assumed by the Manager hereunder are those of an independent contractor only. Nothing contained herein shall be so construed as to constitute the relationship created under this Agreement between the Manager and the Owner as a mutual agency, a partnership, or a joint venture.

ARTICLE 17
GENERAL PROVISIONS

17.1 Notices. Whenever any notice, consent, approval, demand or request

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required or permitted under this Agreement, such notice, consent, approval, demand or request shall be in writing and shall be delivered by hand or sent by registered or certified mail, return receipt requested, to the addresses set out below or to such other addresses as are specified by written notice given in accordance herewith, or sent via facsimile transmission to the facsimile numbers set out below or to such other facsimile numbers as are specified by written notice given in accordance herewith:

Owner:	Wells REIT, LLC - VA I c/o Wells Capital, Inc. 3885 Holcomb Bridge Road Norcross, Georgia 30092 Fax: (770) 840-7224 Attention: Mr. Michael C. Berndt
with a copy to:	Troutman Sanders LLP 600 Peachtree Street, N.E. Suite 5200 Atlanta, Georgia 30308-2216 Fax: (404) 962-6577 Attention: Mr. John W. Griffin
Manager:.	Adevco Corporation 3867 Holcomb Bridge Road, Suite 800 Norcross, Georgia 30092 Fax: (770) 441-7611 Attention: Mr. David M. Kraxberger

All notices, consents, approvals, demands or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date on which such notice, demand, or request is so deposited in the United States Mail; those given by facsimile transmission shall be deemed given on the first business day following the date shown on sender's copy thereof showing the proper "answerback" code for the facsimile transmission number to which the notice is sent. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery or on the third calendar day following deposit in the United States Mail, as the case may be.

17.2 Modifications. Neither any change or modification of this Agreement
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nor any waiver of any term or condition hereof shall be valid or binding on the parties hereto, unless such change, modification, or waiver shall be in writing and signed by the party to be bound thereby.

17.3 Binding Effect. This Agreement shall inure to the benefit of and
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shall be binding upon the parties hereto, their successors, transferees, and permitted assigns.

17.4 Duplicate Originals. For the convenience of the parties hereto, any
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number of counterparts hereof may be executed, each such counterpart shall be deemed to be an original instrument, and all of such counterparts shall together be deemed one and the same instrument.

17.5 Construction. This Agreement shall be interpreted, constructed, and
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enforced in accordance with the laws of the State of Georgia. The titles of the articles and sections herein have been inserted as a matter of convenience of

reference only and shall not control or affect the meaning or construction of any of the terms or provisions herein. The parties agree that they have both participated equally in the negotiation and preparation of this Agreement and no court construing this Agreement or the rights of the parties hereunder shall be prejudiced toward either party by reason of the rule of construction that a document is to be construed more strictly against the party or parties who prepared the same.

17.6 Entire Agreement. This Agreement is intended by the parties hereto to be the final expression of their agreement with respect to the subject matter hereof and is the complete and exclusive statement of the terms thereof notwithstanding any representation or statement to the contrary heretofore made.

17.7 Assignment. This Agreement shall not be assigned by the Manager without the prior written consent of the Owner, and any such assignment by the Manager without the prior written consent of the Owner shall be null, void and of no force and effect and shall be an Event of Default hereunder.

17.8 Authorized Representatives. Any consent, approval, authorization, or other action required or permitted to be given or taken under this Agreement by the Manager or the Owner, as the case may be, shall be given or taken by the authorized representative of each. For purposes

of this Agreement, (a) the authorized representative of the Manager shall be David M. Kraxberger; (b) the authorized representative of the Owner shall be Leo F. Wells, III, Michael C. Berndt or Mike Watson. Any party hereto may from time to time designate other or replacement authorized representatives by written notice from its authorized representative to the other parties hereto. The written statements and representations of any authorized representative of the Manager or the Owner shall for the purposes of this Agreement be binding upon such party for whom the authorized representative purports to act, and the other parties hereto shall have no obligation or duty whatsoever to inquire into the authority of any such representative to take any action which he proposes to take, regardless of whether such representative actually has the authority to take any such action; and the Manager and the Owner shall be entitled to rely upon any direction, authorization, consent, approval, or disapproval given by any authorized representative of the Manager or the Owner, as the case may be, in connection with any matter arising out of or in connection with this Agreement or the Project.

17.9 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders; and all terms used herein in the singular shall include the plural, and vice versa.

17.10 Time of Essence. Time is of the essence of this Agreement.

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

"MANAGER":

ADEVCO CORPORATION,
a Georgia corporation

By: /s/ David M. Kraxberger

Title: President

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"OWNER"

WELLS REIT, LLC - VA I,
a Georgia limited liability company

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

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

By: /s/ Leo F. Wells, III

Name: Leo F. Wells, III

Title: President

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EXHIBIT "A"

DESCRIPTION OR SITE PLAN OF LAND

LEGAL DESCRIPTION

All that certain piece of parcel of land lying in the Clover Hill District of Chesterfield County, Virginia and being more particularly described as:

Beginning at the intersection of the extended east right-of-way line of Coolfield Road and the extended northwest right-of-way line of Waterford Lake Drive;

Thence in a northeasterly direction along said northwest right-of-way line of Waterford Lake Drive 825.15(Degrees) to a Rod Found, said point being the true and actual point of beginning (P.O.B.);

Thence departing said right-of-way N 54'48"18(Degrees) W 348.94(Degrees) to a Rod Found;

Thence N 19'01"52(Degrees) E 68.51(Degrees) to a Rod Found;

Thence N 66'51"53(Degrees) W 270.00(Degrees) to a Rod Set (said Rod being located at the start of a series of tie lines described below);

Thence continuing N 66'51"53(Degrees) W 10(Degrees)+/- to the edge of water at normal pool elevation of 240.00 feet on Chesterfield County vertical ? of a storm water retention pond, said edge of water at normal pool elevation being the actual boundary;

Thence along said edge of the water at normal pool elevation in a northeasterly direction 500+/- to a point;

Thence leaving said edge of water S 73'48"26(Degrees) 7(Degrees)+/- to the end of said series of tie lines (said tie lines having the following bearings and distances from start to end: N 19'74"26(Degrees) E 104.34(Degrees) to a point, N 09"17(Degrees) 16(Degrees) W 131.41(Degrees) to a point, N

61'04"16(Degrees) E 121.16(Degrees) to a point, N 11'36"48(Degrees) E 155.12(Degrees) to the end of said tie lines at a Rod Set);

Thence continuing S 73'48"26(Degrees) E 560.00(Degrees) to a Rod Set on said northwestern right-of-way line of Waterford Lake Drive;

Thence along the arc of a non-tangent curve to the left having a Radius of 1069.81', a Delta of 15'00"11(Degrees), a Length of 280.13' and a Chord of S 17'14"08(Degrees) W and 279.33' and along said right-of-way line to a Rod Set;

Thence S 09'44"02(Degrees) W 218.36' along said right-of-way line to a Rod Set;

Thence along a curve to the right having a Radius of 602.42', a Delta of 17?21?44?, a Length of 182.55' and a Chord of S 18'24"56(Degrees) W 181.85' and along said right-of-way line to the point of beginning (P.O.B.) and containing 7.49+/- acres of land.

EXHIBIT "B"

DEVELOPMENT BUDGET

EXHIBIT "C"

INSURANCE REQUIREMENTS

This exhibit is attached to and made part of the Development Agreement between WELLS REIT, LLC - VA I, as Owner, and ADEVCO CORPORATION, as Manager, dated _____ ___, 1999.

A. Owner's Insurance Requirements.

Throughout the term of this Agreement the Owner shall carry or cause to be carried and maintain in force insurance described in paragraphs 1 through 3 below. The cost of such policies shall be at the sole cost and expense of the Owner.

1. Builder's Risk.

   An "All Risk" builder's risk policy including coverage for collapse, flood, earthquake and installation risks written on a completed value basis in an amount not less than total replacement value of the Project under construction (less the value of such portions of the Project as are uninsurable under the policy, i.e., site preparation, abrading, paving, parking lots, etc., excepting, however, foundations and other undersurface installations subject to collapse or damage by other insured perils). Such policy will also include coverage for soft costs including interest expense and loss of rents. Deductible per loss shall be determined by the Owner.

2. Commercial General Liability and Automobile Liability.

   This policy (or policies) shall be written at a total limit of no less than $5,000,000 per occurrence and $5,000,000 Aggregate and will include the following extension of coverage:

   a. Broad Form CGL endorsement;
   b. X, C and U coverage;
   c. Blanket Contractual with exclusions pertaining to completed

operations, explosion, collapse and underground hazards deleted.

3. Boiler and Machinery.

If the Boiler and Machinery equipment is put in service prior to the expiration of the builder's risk policy and prior to certification of building completion the Manager shall notify the Owner so that the Owner may exercise its option to purchase Boiler and Machinery coverage if needed.

B. Manager's Insurance Requirements for policies covering Manager.

During the term of this Agreement if the Manager shall have employees in addition to Kraxberger, the Manager agrees to carry and maintain in force, at the Manager's sole cost and expense, Worker's Compensation and Employer's Liability. Such policy shall be endorsed to waive subrogation against the Owner.

C. Insurance Requirements for Architects and Engineers.

The Manager shall require any architect or engineering firm employed by the Owner to carry Professional Liability Insurance in an amount not less than $500,000 per occurrence.

D. Insurance Requirements for All Contractors and Third Party Services.

Every contractor and all parties furnishing service to the Owner and/or the Manager must provide the Manager prior to commencing work, evidence of the following minimum insurance requirements. In no way do these minimum requirements limit the liability assumed elsewhere in this Development Agreement:

1. Worker's Compensation and Employers Liability.

2. Commercial General Liability.

   a. Commercial General Liability form, including Premises/Operations, Elevators and Escalators, Independent Contractors, Products - Completed Operations, Personal Injury, (exclusions A and C deleted), Broad Form Property Damage (including Completed Operations), and afford coverage for the X, C and U Hazards.

   b. Contractual Liability: Blanket basis insuring the liability assumed under this Development Agreement (coverage must be endorsed so that all exclusions relating to watercraft, railroad property, products and completed operations and explosion, collapse and underground hazards are deleted).

   c. Limits of Liability: Bodily Injury $500,000 each occurrence, $500,000 aggregate; Property Damage $100,000 each occurrence, $100,000 aggregate.

3. Comprehensive Automobile Liability.

   a. Comprehensive Automobile Liability form, including all Owned, Non-Owned and Hired Vehicles.

b. Limits of Liability: Bodily Injury $250,000 each person, $500,000 each occurrence; Property damage $100,000 each occurrence.

4. Umbrella Liability.

Such insurance provide coverage with limits of not less than $1,000,000 per occurrence/$1,000,000 aggregate, in excess of the underlying coverages listed in 1, 2 and 3 above.

5. Additional Requirements.

a. The Contractor shall require the same minimum insurance requirements, as listed above, of all subcontractors, and these subcontractors shall also comply with the additional requirements listed below.

b. All insurance coverages required as herein set forth, shall be at the sole cost and expense of contractor, subcontractor, or those providing third party services, and deductibles shall be assumed by, for the account of, and at their sole risk.

c. Except where prohibited by law, all insurance policies shall contain provisions that the insurance companies waive the rights of recovery or subrogation against the Owner and the Manager, their agents, servants, invitees, employees, tenants, affiliated companies, contractors, subcontractors, and their insurers.

E. Miscellaneous.

1. Accident Reports.

The Manager shall be completely responsible for reporting to the appropriate insurance carriers and/or their agents all accidents involving injury to employees of any contractor, any member of the public or property damages, provided that the Manager receives a report from the Contractor regarding such accident or otherwise becomes aware of such accident.

EXHIBIT "D"

REIMBURSABLE EXPENDITURES RELATING TO PROJECT

ABB Richmond — Version: 6/10/99 — Budget — Print date: 6/16/99

Budget
Land Acres 7,5000 Building RS: 99,322
Land SF 326,700

	Line Item	Budget	$/SF	Notes	80,000 Base Cost	19,322 Spec. Space	Total
1	Land Cost	937,500	$ 9.44	$125,000 per acre	937,500		937,500
**2	Appraisal	6,000	$ 0.06		6,000		6,000
**3	Legal Fees	75,000	$ 0.76		75,000		75,000
4	Survey Cost	5,000	$ 0.05		5,000		5,000

5	Testing Soil	4,000	$ 0.04				4,000		4,000
6	Environment Report	2,500	$ 0.03				2,500		2,500
7	Civil Engineering	22,500	$ 0.23				22,500		22,500
8	Concrete Inspecting	20,000	$ 0.20				20,000		20,000
9	Arch. Base Contract	235,134	$ 2.37				235,134		235,134
10	Space Planning	80,000	$ 0.81				80,000		80,000
11	Landscape	6,652	$ 0.07				6,652		6,652
12	Engineering Reimbursables	6,000	$ 0.06				6,000		6,000
13	AIA Reimbursables	25,000	$ 0.25				25,000		25,000
**14	Loan Commitment Fee	100,000	$ 1.01				100,000		100,000
**15	Construction Interest	350,000	$ 3.52				350,000		350,000
16	Development Fee	300,000	$ 3.02				300,000		300,000
17	Signage	25,000	$ 0.25				25,000		25,000
18	Security Allowance	25,000	$ 0.25				25,000		25,000
19	Landscape Construction	150,000	$ 1.51				150,000		150,000
20	Contractors Bond	45,000	$ 0.45				45,000		45,000
21	Work Fee	60,000	$ 0.60				60,000		60,000
22	Holdover Contingency	75,000	$ 0.76				75,000		75,000
23	Signs: Temp	3,000	$ 0.03				3,000		3,000
**24	Brochures	5,000	$ 0.05				5,000		5,000
**25	Rendering	2,000	$ 0.02				2,000		2,000
26	Travel	10,000	$ 0.10				10,000		10,000
**27	Photography	3,000	$ 0.03				3,000		3,000
28	Misc.	2,500	$ 0.03				2,500		2,500
**29	Leasing Commissions	600,639	$ 6.05				600,639		600,639
30	Contingency	298,233	$ 3.00				225,000		225,000
31	Office Tower	5,549,527	$ 55.87				5,622,760		5,622,760

32	ABB Base T.J.	1,567,112	$ 15.78	$19.59	on SF of	80,000	1,567,112		1,567,112
**33	ABB First Level Additional Allowance	320,000	$ 3.22	$ 4.00	on SF of	80,000	320,000		320,000
**34	ABB Second Level Additional Allowance	160,000	$ 1.61	$ 2.00	on SF of	80,000	160,000		160,000
**35	Spec TI and Commissions	483,050	$ 4.86	$25.00	on SF of	19,322	483,050	483,050	483,050
36			$ 0.00						0
37	Other	0	$ 0.00				0		0
38	Total Project Cost	11,559,347	$116.38				11,076,297	483,050	11,559,347
	Unallocated	0.00					320,000 1st Level Added T.I. 160,000 2nd Level Added T.I. 10,596,297 Developer Budget		

EXHIBIT "E"

ESTOPPEL CERTIFICATE

KNOW ALL MEN, that ABB Power Generation Inc. ("ABB Power") is a tenant in a certain office building located at _____, Chesterfield County, Virginia pursuant to the terms set forth in that certain Lease dated _____, 1999, as amended and supplemented (hereinafter collectively called the "Lease") with Wells REIT LLC - VA I ("Landlord") and does hereby certify and acknowledge to Landlord as follows:

1. As of the date hereof, ABB Power has commenced to pay Base Rental (as defined in the Lease) and Tenant's Additional Rental (as defined in the Lease) due under the Lease and is not in default in the respect thereof under the Lease.

2. As of the date hereof, ABB Power is in possession of the Demised Premises (as defined in the Lease) and has accepted the same, including the work of Landlord performed therein, and ABB Power has no knowledge of any default of Landlord in the performance and observation of the covenants, conditions and agreements contained in the Lease on Landlord's part to be kept, observed and performed.

3. As of the date hereof, there exist no setoffs made by ABB Power or defenses that ABB Power may claim to the enforcement of the agreements, terms, covenants or conditions of the Lease.

4. The Lease is a valid and binding obligation by and between ABB Power and Landlord.

5. The term of the Lease commenced as of _____, _____ and shall expire, unless extended or sooner terminated in accordance with the terms of the Lease, on _____.

6. The Lease, except as amended by and supplemented by _____, has not been further amended or modified in any respect and, as of the date hereof, is in full force and effect and enforceable in accordance with its terms.

IN WITNESS WHEREOF, ABB Power has caused this instrument to be executed as of this ____ day of _____, ____.

ABB Power Generation Inc.,
a Delaware corporation

WITNESS: By:_____

Title:_____

_____

GUARANTY

In consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration paid or delivered to DAVID M. KRAXBERGER ("Guarantor"), the receipt and sufficiency whereof are hereby acknowledged by Guarantor, and for the purpose of seeking to induce and as an inducement for the execution and delivery by WELLS REIT LLC - VA I, a Georgia limited partnership ("Owner"), of that certain Development Agreement (the "Agreement") with ADEVCO CORPORATION, a Georgia corporation ("Manager"), of even date herewith, Guarantor does hereby guarantee to Owner the full and prompt payment of all sums and amounts payable by Manager under the Agreement, and hereby further guarantees the full and timely performance and observance of all the covenants, terms, conditions and agreements therein provided to be performed and observed by Manager; and Guarantor hereby covenants and agrees to and with Owner that if default shall at any time be made by Manager in the payment of any sums or amounts payable by Manager under the Agreement, or if Manager should default in the performance and observance of any of the terms, covenants and conditions contained in the Agreement, Guarantor shall and will forthwith pay such sums and amounts, and shall and will forthwith faithfully perform and fulfill all of such terms, covenants and conditions and will forthwith pay to Owner all damages that may arise in consequence of any default by Manager under the Agreement, including, without limitation, all reasonable attorneys' fees and disbursements

incurred by Owner or caused by any such default or the enforcement of this Guaranty.

This Guaranty is an unconditional guaranty of payment (and not of collection) and of performance. The liability of Guarantor is coextensive with that of Manager and also joint and several and this Guaranty shall be enforceable against Guarantor without the necessity of any suit or proceeding on Owner's part of any kind or nature whatsoever against Manager and without the necessity of any notice of non-payment, non-performance or non-observance or of any notice of acceptance of this Guaranty or of any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives. Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of (a) the assertion or the failure to assert by Owner against Manager of any of the rights or remedies reserved by Owner pursuant to the terms, covenants and conditions of the Agreement, or (b) any non-liability of Manager under the Agreement due to insolvency, discharge in bankruptcy or any other defense of a similar nature.

This Guaranty shall be a continuing guaranty, and the liability of Guarantor hereunder shall in no way be affected, released or diminished by reason of (a) any assignment, renewal, modification, amendment or extension of the Agreement, or (b) any modification or waiver of or change in any of the terms, covenants and conditions of the Agreement by Owner and Manager, or (c) any extension of time that may be granted by Owner to Manager, or (d) any consent, release, indulgence or other action, inaction or omission under or in respect of the Agreement, or (e) any dealings or transactions or matter or thing occurring between Owner and Manager, or (f) any bankruptcy, insolvency, reorganization, liquidation, arrangement, assignment for the benefit

EXHIBIT 10.60

OWNER-CONTRACTOR AGREEMENT
for
ABB POWER SYSTEMS

WELLS REIT, LLC - VAI
("Owner")

and

BEERS CONSTRUCTION CORP.
("Contractor")

OWNER-CONTRACTOR AGREEMENT

OWNER-CONTRACTOR AGREEMENT

THIS AGREEMENT is made on the 14th day of June, 1999:

Regarding:

"PROJECT": ABB Power Systems
Chesterfield County, Virginia

Between:

"OWNER": Wells REIT, LLC - VA I

Address: 3885 Holcomb Bridge Road
Norcross, GA 30092

Telephone No.: (770) 449-7800

And:

"CONTRACTOR": Bovis Construction Corp.

Address: 7000 Central Parkway, Suite 1400
Atlanta, Georgia 30328

Telephone No.: (770) 481-9380

Designed By:

"ARCHITECT": Smallwood, Reynolds, Stewart, Stewart & Associates, Inc.

Address: One Piedmont Center
Suite 303
3565 Piedmont Road
Atlanta, Georgia 30305

Telephone No: (404) 233-5453

The Owner and the Contractor hereby agree as follows: FOR VALUABLE CONSIDERATION, the sufficiency of which is hereby acknowledged, the parties promise,

covenant and agree that the Owner shall engage and compensate Contractor and the Contractor shall perform the Work relative to the Project all as hereinafter set forth.

ARTICLE 1

THE WORK

The Contractor shall perform all Work required by the Contract documents relative to the Project set forth above within the Contract Time stipulated therein and in complete accordance with and fulfillment of the provisions, terms and conditions thereof.

ARTICLE 2

THE PROJECT

The Project is identified above shall consist of the total construction required under the Contract Documents upon the real property identified by the legal description attached as Exhibit "D-1" (the "site").

ARTICLE 3

THE CONTRACT DOCUMENTS

3.1 Contract Documents. The Contract Documents relative to this Agreement Package above consist of the following Exhibits:

(a) This Owner-Contractor Agreement

(b) The General Conditions of the Contract for Construction (hereinafter referred to as the "General Conditions")

(c) Payment Request Form

(d) Waiver of Lien Form

(e) Contractor's Affidavit Form

(f) Final Waiver of Lien Form

(g) Summary of Lump Sum Price

(h) Clarifications and Description of Work

(i) Construction Schedule Prepared by Bovis Construction Corp. dated June 10, 1999, and as updated and agreed to by the Owner upon completion of Drawings.

(j) The Drawings

(k) The Specifications

These all collectively form the Contract, and are all as fully a part of the Contract as if attached to this Agreement as repeated herein.

ARTICLE 4

TIME OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

4.1 Date of Commencement. The Contractor shall commence the Work no later than June 21, 1999 ("Notice to Proceed").

4.2 Contract Time. The Contractor shall perform the Work as required in the Contract Documents to achieve Substantial Completion of the entire Work on or before three hundred fifteen (315) calendar days after the Date of Commencement.

4.3 Adjustment for Changes. The Contract Time may be extended only for those causes expressly stipulated herein and elsewhere in the Contract Documents and only strictly in accordance with the procedures and requirements set forth therein.

4.4 Substantial Completion. The Date of Substantial Completion shall be as defined in the Contract Documents.

4.5. Final Completion. In no event shall the Work be considered complete for purposes of final payment until the following have occurred: (a) all construction items required by the Contract Documents have been fully completed and approved, (b) a final certificate of payment issued by the Architect as provided in the General Conditions.

ARTICLE 5

CHANGE ORDERS

5.1 Right to Make Changes. Owner may make modifications in the Work in accordance with the General Conditions and appropriate adjustments in Contract Time and Contract Sum shall be made in compliance therewith.

5.2. Fee. The fee earned by Contractor and any Subcontractor (as defined in the General Conditions) for performing any additional work under a Change Order performed on a "cost" plus "fee" basis shall be determined on the following basis:

(a) The fee earned by any Subcontractor for performing such additional work shall be 10% of the Cost of the Work (as defined in the General Conditions) incurred by such Subcontractor to perform such work.

(b) The fee earned by Contractor for additional work performed by Subcontractors shall be 5% of the Cost of the Work incurred by Contractor to have such work performed.

(c) The fee earned by Contractor for additional work performed by its own forces shall be 10% of the Cost of the Work incurred by Contractor to perform such work.

ARTICLE 6

CONTRACT SUM

6.1 Contract Sum. The Owner shall pay the Contractor the Sum of Five Million Five Hundred Forty-Nine Thousand Five Hundred Twenty Seven and No/100 ($5,549,527.00) Dollars for the full and proper performance of the Work hereunder, subject to Modification only and strictly in accordance with this Agreement and as otherwise provided by the Contract Documents.

ARTICLE 7

PAYMENTS

Based upon Applications for Payment submitted to the Owner and Architect by the Contractor and Certificates for Payment issued by the Architect, all in accordance with the requirements of the Contract Documents the Owner shall make payments on account of the Contract Sum to the Contractor as provided in the Contract Documents as follows:

7.1 Process Payments. The Owner shall make progress payments based upon duly certified Applications for Payment for each period ending on the 20/th/ day of each month, not later than the 10/th/ day of the following month. Such progress payments shall be in the amount of Ninety (90%) Percent of the portion of the Contract Sum properly allocable to labor, materials and equipment incorporated in the Work and properly allocable to materials and equipment suitably stored, insured and protected at the site or, at Owner's discretion, at some other location agreed upon in writing and approved by the Owner, for the period covered by the Application for

Payment, less the aggregate of previous payments made by the Owner. When $277,500.00 has been withheld as retainage no further retainage will be held from progress payments.

7.2 Semifinal Payment. At the Date of Substantial Completion of the Work and submission of Semifinal Application for Payment all as provided in the Contract Documents, the Owner shall within thirty (30) days after receipt of such Application and other appropriate documentation and Certification by Architect be required by the Contract Documents to make semifinal payment to the Contractor of the certified amount owing of all unpaid balance of the Contract Sum, as adjusted, for work completed, except for the amount of any continued retention as provided by the Contract Documents determined necessary to protect Owner's remaining interests until final completion.

7.3 Final Payment. Final Payment constituting the entire unpaid balance of the Contract Sum, as appropriately adjusted under the Contract Documents, shall be paid by the Owner to the Contractor when the Work has been finally completed, the Contract fully performed, the Architect has issued a Final Certificate for Payment which approves the Final Application for Payment, and the Contractor has provided all necessary submittals and documents required by and otherwise fulfilled all other requirements set forth in the Contract Documents. Such application shall be submitted on or before the 25/th/ day of the month in which completion occurs and payment shall be due and payable on or before the 10/th/ day of the next month or after Owner's receipt of the Final Certificate of Payment, whichever is the later.

7.4 Payment of Subcontractors. No later than seven (7) days after receipt of payment by Contractor, Contractor shall make payments to its subcontractors and suppliers reflecting appropriate retainage in the same proportion as withheld by Owner and, to the extent to their interest therein for

amounts owing for labor, materials and services provided and for which payment is so made by Owner.

7.5 Payment Requests and Related Form. Owner provides as Exhibits C through F the forms to be employed in appropriate circumstances in connection with payment applications. Owner reserves the right upon reasonable advance written notice to Contractors to modify or substitute any of all of these forms.

ARTICLE 8

PERFORMANCE AND PAYMENT BONDS

8.1 The Contractor may be required to furnish Performance and Payment Bonds, each in an amount at least equal to the Contract Sum, as defined herein, as security for the faithful performance and payment of all of the Contractor's obligations under the Contract Documents. Such Bonds shall be as required by the Contract Documents and shall be delivered to the Owner no later than five (5) days after the date requested. The cost of said Bonds would be payable by Owner.

ARTICLE 9

MISCELLANEOUS PROVISIONS

9.1 Notices. The proper addresses for giving Notices under this Agreement are:

To Owner: Wells REIT, LLC - VA I
3885 Holcomb Bridge Road
Norcross, GA 30092

To Contractor: Bovis Construction Corp.
7000 Central Parkway, Suite 1400
Atlanta, Georgia 30328

To Architect: Smallwood, Reynolds, Stewart, Stewart & Associates
One Piedmont Center, Suite 303
3565 Piedmont Road
Atlanta, Georgia 30305

9.2 Owner's Liability. The liability of the Owner hereunder shall be limited to its interest in the Project and the Property. No other property of the Owner (or of any Partner or Venturer in Owner if Owner is a partnership or joint venture) shall be subject to seizure or any other claim of any nature whatsoever to satisfy any of Owner's obligations arising from this Agreement. Neither Leo F. Wells, III, nor any other person or entity who may at any time be a member, partner, or joint venturer in any partnership or joint venture which may be the Owner, shall have any liability for any of the obligations of the Owner arising from this Agreement.

9.3 Owner's and Contractor's Representatives. Owner hereby appoints Michael C. Berndt or his designee as the Owner's representative for all purposes under this Contract. Contractor hereby appoints Steve Smilie or his designee under this Contract. Either party may change his representative by written notice to the other. Either representative may appoint a designee for either general or limited purposes upon written notice to the other representative. If such appointment is for less than all purposes, the notice shall set forth the limited nature of the appointment.

9.4 Definitions. Terms used in this Agreement which are defined in the Contract Documents shall have the meanings designated in the Contract Documents.

9.5 Examination of Documents. The Contractor affirms, by signature to this Contract, that he has carefully examined all Contract Documents, and further agrees that he will not plead unfamiliarity with any of the Contract Documents in connection with any dispute which may arise under the Contract Documents.

9.6 Construction Loan. The parties acknowledge that the Owner has or will obtain financing for the construction of the Project from a third-party lender ("Lender"). The Contractor agrees that it will cooperate with the Owner and Lender for the purpose of facilitating the Owner's financing of the Project, and shall execute any and all documents, notices, agreements, or forms which are required under the Contract Documents or the Owner or Lender may reasonably require in order for the Owner to obtain financing for the Project.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as a Contract under seal, as of the date set forth on the first page hereof.

OWNER:

WELLS REIT, LLC - VA I, a Georgia limited liability company

By: WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, its sole member

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

By: /s/ Leo F. Wells

Name: Leo F. Wells III

Title: President

CONTRACTOR:

BOVIS CONSTRUCTION CORP., a Florida corporation

By: /s/ Stephen D. Smile

Name: Stephen D. Smile

Title: Vice President

EXHIBIT "B"

GENERAL CONDITIONS
OF THE
CONSTRUCTION CONTRACT

GENERAL CONDITIONS OF THE CONSTRUCTION CONTRACT

ARTICLE 1.
THE CONTRACT DOCUMENTS

1.1 DEFINITIONS

1.1.1 The Contract Documents consist of the Owner-Contractor Agreement, the Conditions of the Contract (General, Supplementary and Other Conditions), the Drawings, the Specifications, and all Addenda issued prior to and all Modifications which have been approved in writing by the Owner and issued after execution of the Contract. A Modification is (1) a written amendment to the Owner-Contractor Agreement signed by both parties, (2) a Change Order, (3) a written interpretation issued by the Architect pursuant to Subparagraph 2.2.7, or (4) a written order for a minor change in the Work issued by the Architect pursuant to Subparagraph 12.3. The Contract Documents do not include bidding or proposal documents such as the advertisement or invitation for bid or proposal, instructions to bidders, sample forms, the Contractor's bid or proposals or portions of Addenda relating to any of these, or any other documents, unless specifically enumerated in the Owner-Contractor Agreement.

1.1.2 The Contract Documents form the Contract for Construction, which represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral. The Contract may be amended or modified only by a Modification as defined in Subparagraph 1.1.1. The Contract Documents shall not be construed to create any contractual relationship between the Owner or the Architect and any Subcontractor or Sub-subcontractor, supplier, or vendor of the Contractor.

1.1.3 The Work comprises the completed construction required by the Contract Documents and includes all labor necessary to produce such construction, all materials, fabrications, assemblies, and equipment incorporated or to be incorporated in such construction, and all materials, equipment, tools, construction means, utilities, facilities, transportation, appliances, supervision and services necessary to achieve total completion of the Project, including such materials and equipment which may be consumed or used but not actually incorporated in such construction.

1.1.4 The Project is the total construction of which the Work performed under the Contract Documents may be the whole or a part.

1.1.5 The Site is the real property upon which the Project is situated.

1.2 EXECUTION, CORRELATION AND INTENT

1.2.1 The Contract Documents shall be signed in not less than triplicate by the Owner and Contractor. If either the Owner or the Contractor or both do not sign the Conditions of the Contract, Drawings, Specifications, or any of the other Contract Documents, the Architect, with approval of the Owner, shall identify such Documents.

1.2.2 By executing the Owner-Contractor Agreement, the Contractor represents and acknowledges that:

(a) He has carefully reviewed the Contract Documents for errors, discrepancies, ambiguities and omissions;

(b) He has visited the site and familiarized himself with its physical conditions and the local conditions under which the Work is to be performed; and

(c) He has reviewed carefully all surveys, records and data regarding the site and its physical conditions as have been made available by Owner or Architect or were otherwise reasonably accessible and available to him; and

(d) He has correlated his observations with the requirements of the Contract Documents.

1.2.3 The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work. The Contract Documents are complementary, and what is required by any one shall be binding as if required by all. The Contractor shall be obligated to perform Work required by any Contract Document as fully as though required by all of them. Words and abbreviations which have well know technical or trade meanings are used in the Contract Documents in accordance with such recognized meanings. Without limiting the duty of the Contractor regarding review of the Contract Documents, in the event of a conflict or discrepancy among the various Contract Documents, the Document shall be given precedence in the following order (in descending order or precedence):

Provisions of the Owner-Contractor Agreement
Modifications
Change Orders
Addenda
Special Conditions
Supplementary Conditions
General Conditions

Specifications
Drawings - (large scale Drawings over small-scale)
(figures over scaled measurements)
(schedules over other information on Drawings)

1.2.4 The organization of the Specifications into divisions, sections and articles, and the arrangement of Drawings shall not control the Contractor in dividing the Work among subcontractors or in establishing the extent of the Work to be performed by any trade.

1.2.5 If any errors, discrepancies, ambiguities or omissions are found at any time in the Contract Documents, the Contractor shall notify the Owner and Architect in writing before beginning the Work involved. The Architect, with Owner's approval, will make corrections, interpretations or clarifications promptly, basing his decisions on what is reasonably inferable from and consistent with the intent of the Contract Documents.

1.2.6 All pertaining statutes, ordinances, laws, rules, codes, regulations, standards, and lawful orders of public authorities having jurisdiction of the Work of this Contract are hereby incorporated (in their form as effective on the date of execution of the Owner-Contractor Agreement) into the Contract Documents as if repeated in full herein and are intended wherever reference is made in either the singular or plural to Code or Building Code, except as otherwise specified. Contractor shall be responsible for such Code compliance with regard to his Work on the Project.

1.2.7 Cross references and citations of Sections and Subsections in this Document are for the convenience of the Contractor, the Owner, and the Architect, and are not intended to be plenary or exhaustive nor are they intended to be considered in interpreting the Contract or any other part of the Contract Documents.

1.3 OWNERSHIP AND USE OF DOCUMENTS

1.3.1 All Drawings, Specifications and revisions thereto and copies thereof are and shall remain the property of Owner and shall be returned to Owner upon completion of the Project.

ARTICLE 2.
THE ARCHITECT

2.1 DEFINITION

2.1.1 The Architect is the person lawfully licensed to practice architecture, or an entity lawfully practicing architecture, identified as such in the Owner-Contractor Agreement, and is referred to throughout the Contract Documents as if singular in number and masculine in gender. The term Architect means the Architect or his authorized representative.

2.2 ADMINISTRATION OF THE CONTRACT

2.2.1 The Architect will provide administration of the Contract as hereinafter described.

2.2.2 The Architect will be the Owner's representative during construction and until final payment is made. The Owner's instructions to the Contractor shall be provided to the Contractor in writing either directly, with copy to Architect, or through the Architect. The Architect will have authority to act on behalf of the Owner only to the extent provided in the Contract Documents.

2.2.3 The Architect will visit the site at intervals appropriate to the stage of construction and as required by the Owner to familiarize himself generally with the progress and quality of the Work to determine in general if the Work is proceeding in accordance with the Contract Documents. On the basis of his on-site observations as an Architect, he will keep the Owner informed of the progress of the Work, and will endeavor to guard the Owner against defects and deficiencies in the Work of the Contractor.

2.2.4 The Architect will not be responsible for and will not have control or charge of construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work. The Architect will not be responsible for or have control or charge over the acts or omissions of the Contractor, Subcontractors, or any of their agents or employees, or any other persons performing any of the Work. The failure of the Architect to discover or to call to Owner's attention any defects and deficiencies in the Work of the Contractor shall not excuse or otherwise relieve Contractor of its obligations to Owner under the Owner-Contractor Agreement.

2.2.5 The Architect and the Owner shall at all times have access to the Work wherever it is in preparation and progress. The Contractor shall provide facilities for such access so the Architect may perform his functions under the Contract Documents and the Owner may observe such.

2.2.6 The Architect will be the interpreter of the requirements of the Contract Documents and of the performance thereunder by the Contractor.

2.2.7 Subject to Subparagraph 2.2.9, the Architect will render interpretations necessary for the proper execution of progress of the Work, with reasonable promptness and in accordance with any time limit agreed upon.

2.2.8 Claims, disputes and other matters in question between the Contractor and the Owner relating to the execution or progress of the Work or the interpretation of the Contract Documents shall be referred initially to the Architect for decisions, which he will render in writing to Owner and Contractor within a reasonable time.

2.2.9 All interpretations and decisions of the Architect shall be consistent with the intent of and reasonably inferable from the Contract Documents and will be in writing or in the form of drawings.

2.2.10 Both the Owner, with Architect's concurrence, and the Architect independently will have authority to reject Work which does not conform to the Contract Documents. Whenever, in Architect's opinion, he considers it necessary or advisable for the implementation of the intent of the Contract Documents, he will have authority to require special inspection or testing of the Work in accordance with Subparagraph 4.18.2 whether or not such Work be then fabricated, installed or completed. However, neither the Architect's nor Owner's authority to act under this Subparagraph 2.2.10 nor any decision made by them in good faith either to exercise or not to exercise such authority, shall give rise to any liability, duty or responsibility of the Architect or Owner to the Contractor, any Subcontractor, any of their agents or employees, or any other person performing any of the Work, except as provided in Subparagraph 4.18.2.

2.2.11 The Architect will review and approve or take other appropriate action upon Contractor's submittals such as Shop Drawings, Product Data and Samples, but only for conformance with the design concept of the Work, and with the information given in the Contract Documents and applicable laws, rules and regulations. Such actions shall be taken with reasonable promptness so as to cause no delay in the Work.

2.2.12 The Architect will prepare Change Orders in accordance with Article 12, and will have authority to order minor changes in the Work as provided in Subparagraph 12.3.

2.2.13 Based upon observations at the site and upon an evaluation of the Contractor's Application(s) for Payment, in consultation with the Owner, the Architect shall determine the amount owing to the Contractor, pursuant to the terms of the Owner-Contractor Agreement. The Architect shall issue Certificate(s) for Payment to the Owner in such amounts.

2.2.14 The Architect will conduct inspections to determine the Date of Substantial Completion and the date of Final Completion and issue such Certificates regarding completion in accordance with Subparagraphs 9.1.4 and 9.4.4 and will receive and review written warranties and related documents required by the Contract Documents and assembled by the Contractor, and will issue a final Certificate for Payment upon compliance by Contractor with the requirements of the Contract Documents.

2.2.15 The duties, responsibilities and limitations of authority of the Architect as the Owner's representative during construction as set forth in the Contract Documents will not be modified or extended without the written consent of the Owner and the Architect.

2.2.16 In case of the termination of the employment of the Architect, the Owner may appoint another Architect in which event he shall become the Architect under the Contract Documents.

ARTICLE 3.
THE OWNER

3.1 DEFINITION

3.1.1 The Owner is the person or entity identified as such in the Owner-Contractor Agreement and is referred to throughout the Contract Documents as if singular in number and masculine in gender. The term Owner means the Owner or his authorized representative.

3.2 OWNER'S RESPONSIBILITIES

3.2.1 The Owner shall furnish or provide reasonable access to all surveys in its possession describing the physical characteristics and utility locations for the Site, subject, however, to the provisions of Subparagraph 4.19. Such survey(s) shall establish the property lines and permanent bench marks. The Owner shall provide the Contractor with a legal description of the Site including any known legal limitations or restrictions.

3.2.2 Except as provided expressly in the Owner-Contractor Agreement, the Owner shall secure and pay for necessary permits, approvals, assessments and charges required for the actual use or occupancy of permanent structures or permanent changes in existing structures.

3.2.3 Information or services under the Owner's control shall be furnished by the Owner upon Contractor's request with reasonable promptness to avoid delay in the orderly progress of the Work.

3.2.4 The Contractor will be furnished free of charge three (3) sets of Contract Documents. Any revised Drawings, Specifications or other Contract Documents issued after execution of the Agreement shall be furnished as necessary for proper performance of the Work. All other sets requested by the Contractor shall be at Contractor's expense.

3.2.5 The foregoing are in addition to the other duties and responsibilities of the Owner enumerated herein.

3.2.6 The Owner, its consultants and the Architect shall all times have access to the Work whenever it is in preparation or progress. The Contractor shall provide safe facilities for such access.

3.3 OWNER'S REPRESENTATIVES

3.3.1 The Owner may provide, on a full-time or part-time basis, such construction consultants as it shall deem necessary or appropriate to preserve and protect its interests. Upon receipt of written notice from Owner designating such consultant(s), Contractor shall afford them all rights of access and inspection as are permitted to the Owner and to its Architect. However, no action or inaction on the part of any such consultants shall be deemed an acceptance by the Owner of any defective Work or of any work which does not strictly conform to the Contract Documents unless specifically approved by Owner in writing.

3.3.2 Owner shall provide a representative authorized to act for it under the Contract Documents. Such representative shall be expressly stipulated (as the designated "Owner's Representative") in the Owner-Contractor Agreement or by subsequent written designation by Owner.

3.3.3 No observation of the Owner, its consultants or its Architect and no inspections, tests or approvals by them shall relieve the Contractor from obligation to perform the Work in strict conformity with the Contract Documents unless specifically approved by Owner in writing.

ARTICLE 4.
THE CONTRACTOR

4.1 DEFINITION

4.1.1 The Contractor is the person or entity identified as such in the Owner-Contractor Agreement Documents and is referred to throughout the Contract Documents as if singular in number and masculine in gender. The term Contractor means the Contractor or his authorized representative.

4.2 STANDARD OF PERFORMANCE

4.2.1 The Contractor recognizes the relationship of trust and confidence established between him and the Owner by this Agreement and covenants with the Owner to furnish the highest and best skill, attention, judgment and cooperation in performance of the Work as measured against the prevailing industry standards of construction contractors on comparable projects. The Contractor agrees to cooperate fully with the Owner's representatives and consultants and with the Architect, to provide a high and efficient level of business administration, management, coordination and superintendance of the Work.

4.3 REVIEW AND IMPLEMENTATION OF CONTRACT DOCUMENTS

4.3.1 Before submitting his bid or proposal to the Owner, and continuously after the execution of the Contract, the Contractor shall carefully study and compare the Contract Documents and shall at once report to the Architect and the Owner any error, ambiguity, inconsistency or omission that may be discovered, including any requirement which may be contrary to any law, ordinance, rule, regulation, or order of any public agency or authority, enacted as of the date of the Owner-Contractor Agreement, bearing on the performance of the Work including any building codes and drainage and sanitary requirements. By submitting his proposal or bid for the Contract and the Work under it, the Contractor agrees that the Contract Documents appear accurate, consistent, and complete insofar as can be then reasonably determined. Contractor agrees that the Contract Sum includes the cost of all materials, equipment and labor and everything else which will be required to comply with such ordinances, requirements, laws, rules and regulations enacted as of the date of the Agreement.

4.3.2 The Contractor shall not proceed with any portion of the Work affected by any error, ambiguity, inconsistency or omission upon its discovery until further direction or instruction by the Architect. If the Contractor has promptly upon discovery reported in writing any error, ambiguity, inconsistency or omission, and has promptly stopped the affected Work until instructed and otherwise followed the instructions of the Owner or Architect, the Contractor shall not be liable to the Owner for any damage or delay resulting from any such errors, ambiguities, inconsistencies or omissions in the Contract Documents.

4.3.3 However, no allowance for additional compensation or extension of time for completion shall be permitted by the Contractor based on claims of defects, errors, omissions, ambiguities or inconsistencies in the Contract Documents to the extent that they were discoverable upon exercise of reasonable diligence by the Contractor and such discovery (and prompt notice) would have avoided or reduced their impact on the Work.

4.3.4 The Contractor shall perform no portion of the Work at any time without Contract Documents authorizing and describing such portion of the Work or, where required, approved Shop Drawings, Product Data or Samples for

such portion of the Work.

4.4 SUPERVISION AND CONSTRUCTION PROCEDURES

4.4.1 The Contractor shall supervise and direct the Work, using his best skill, attention and judgment. He shall be solely responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Contract. All Work performed hereunder shall be in a skillful and workmanlike manner.

4.4.2 The Contractor shall at all times during regular work days maintain an adequate management and supervisory staff of competent persons, and an adequate and competent supply of workmen and material necessary to carry out the Work and agrees further to

complete the Work in an expeditious and efficient manner consistent with the best interest of the Owner.

4.4.3 The Contractor shall not be relieved of his obligations to perform the Work in accordance with the Contract Documents either by the activities or duties of the Owner, his consultants, or the Architect in his administration of the Contract, or by inspections, tests or approvals required or performed by persons other than the Contractor.

4.4.4 The Contractor's Project Superintendent and necessary assistants and staff shall devote full-time attention to this Project and shall maintain an office on the Property. Such personnel shall direct, coordinate and supervise all work under this Agreement and shall inspect all materials delivered to the Project.

4.4.5 The Contractor's Project Manager and Project Superintendent shall be designated to Owner in writing prior to commencement of Work. Contractor shall not change such designations thereafter without prior written notice to Owner and Owner's consent, unless the designated person ceases to be employed by Contractor. The Owner may, by written notice to Contractor, object to any person or persons designated by Contractor, originally or subsequently, as Project Manager or Superintendent, whom Owner deems objectionable within its reasonable discretion. Upon such notice of objection, Contractor shall promptly submit an alternative designation reasonably acceptable to the Owner.

4.5 LABOR AND MATERIALS

4.5.1 Unless otherwise provided in the Contract Documents, the Contractor shall provide and pay for all labor, materials, fabrications, assemblies, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and all other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

4.5.2 The Contractor shall at all times enforce strict discipline and good order among his employees and subcontractor shall require his subcontractors to do the same.

4.5.3 All Work shall be executed in neat, skillful, workmanlike manner in accordance with best recognized trade practices. Only competent and skilled workmen who satisfactorily perform their duties shall be employed on the Work. When requested by Owner, Contractor shall discharge and shall not reemploy on the Work any person who is deemed by Owner as unfit, unskilled, disorderly, dangerous, insubordinate, incompetent, or otherwise objectionable.

4.5.4 Contractor shall timely place orders for sufficient quantities of material (including equipment, fabrications and assemblies) from

reputable suppliers and strictly in accordance and subject to requirements of the Contract Documents. Contractor shall provide Owner promptly with complete copies of all such orders.

4.5.5 No substitutions or variations from the Contract Documents shall be permitted in the Work itself or any materials (including equipment, fabrications or assemblies) comprising it, without the express prior written authorization of such substitution or variation by Architect or Owner.

4.5.6 Contractor will acknowledge receipt of materials and equipment purchased for Owner for installation under the Contract Documents and will provide storage and protection for such materials and equipment.

4.5.7 Upon delivery of all materials (including fabrications, assemblies and equipment), Contractor shall ascertain whether or not they comply with contract requirements and shall reject all nonconforming materials and have all nonconforming materials removed immediately from the project site. All materials delivered to the job site shall be so stored and handled as to preclude inclusion of any foreign substances or any discoloration or adulteration thereof and to prevent any damage thereto which might reduce its effectiveness as part of the Work.

4.5.8 Unless otherwise specifically indicated, where trade or brand names appear in the Specifications they are used to indicate standards of quality. However, this is intended to be an open specification (except as otherwise designated), accessible to any reputable manufacturer whose product is deemed by the Architect as equal to that named or described and meets the quality, performance and other requirements of Contract Documents. The Owner, however, shall have the right to approve products submitted as being equal to those specified and his decision shall be final and conclusive.

4.5.9 Should the Contractor desire to substitute another item of material or equipment for one specified, he shall make such request for substitution in writing to Architect, stating any credit or extra involved and shall provide all required supporting data and samples to justify his request. However, such substitution shall not be made without express written authorization by Architect, based upon his determination that the item proposed is equal to the one specified. Further, even if so authorized, the Contractor shall be responsible for its correct function and operation and its accommodation into spaces allotted. In the event of a misfit, or change in Work being required in work of any or all trades, on account of acceptance of a substitution offered by the Contractor, the Contractor alone shall bear the costs for extra work to make changes arising as a result of the use of the substitute, including the cost of such architectural or engineering analysis and drawing changes as may be required.

4.5.10 Whenever required in the opinion of the Owner or the Architect or required by the Specifications for the proper determination of the qualities of the materials to be furnished under the Contract Documents, or to be used in the Work, the Contractor shall furnish test specimens or samples of same, the costs of which shall be paid as provided in Paragraph 4.18 of the General Conditions.

4.6 WARRANTY

4.6.1 The Contractor warrants to the Owner and the Architect that all materials and equipment furnished under this Contract will be new unless otherwise specified, and that all Work (including all materials and equipment) will be of the specified quality, free from faults and defects and in

conformance with the Contract Documents. All Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. If required by the Architect, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment. This warranty is not limited by any other provision of the Contract Documents. The Warranties set forth in this paragraph and elsewhere in the Contract Documents shall survive final acceptance of the Work.

4.6.2 Without limiting the responsibility or liability of the Contractor under the Contract, all warranties and attendant rights given by manufacturers on materials or equipment incorporated in the Work are hereby assigned by the Contractor to the Owner. If requested, the Contractor shall execute formal assignments of said manufacturers' warranties to the Owner. The Contractor shall not obtain any materials or equipment under warranties which do not run directly to the benefit of the Owner and all such warranties shall be directly enforceable by the Owner.

4.6.3 The foregoing warranties, and those contained elsewhere in the Contract Documents or implied by law shall be deemed cumulative and not alternative or exclusive. No one or more of them shall be deemed to alter or limit any other or any other remedy or right under the Contract Documents or the law.

4.7 TAXES

4.7.1 Unless otherwise provided in the Contract Documents, the Contractor shall pay all sales, retail, occupational, service, excise, old age benefit and unemployment compensation taxes, consumer, use and other similar taxes as well as any other taxes or duties on the material, equipment and labor for the Work or portions thereof provided by the Contractor which are legally enacted by any municipal, county, federal or state authorities or department or agency thereof at the time of execution of the Owner-Contractor Agreement, whether or not yet effective.

4.7.2 All records maintained by the Contractor pertaining to such taxes and levies and payment thereof shall be made available to the Owner at reasonable times for inspection, audit and copying.

4.8 PERMITS, FEES AND NOTICES

4.8.1 Except as provided in Subparagraph 3.2.2, the Contractor shall secure and pay for building permits, and all other permits, approvals, assessments, charges, governmental fees and licenses necessary for the construction and proper execution and the completion of the Work, which are legally required as of the date of the Owner-Contractor Agreement.

4.8.2 The Contractor shall give all notices and comply with all applicable laws, ordinances, building codes, rules, regulations and lawful orders of any public authority bearing on the performance of the Work. If the Contractor observes that any of the Contract Documents are at variance therewith in any respect, he shall promptly notify the Architect and the Owner in writing of such non-compliance.

4.8.3 If the Contractor performs any Work knowing it to be contrary to such laws, ordinances, rules or regulations, and without such notice to the Architect and Owner, he shall assume full responsibility therefor and shall bear all costs attributable thereto.

4.9 DOCUMENTS AND SAMPLES AT THE SITE

4.9.1 The Contractor shall maintain at the site for the Owner and Architect one copy of all Drawings, Specifications, Addenda, approved Shop Drawings, Product Data and Samples, Change Orders and other Modifications in good order. These shall be available to the Owner and Architect.

4.9.2 In addition to the foregoing, Contractor shall maintain at the Project site records of all contracts and documents which arise out of the Contract Documents or the construction of the Project, including, without limitation, the following: subcontracts; materials and equipment orders; governmental, commercial and technical standards and specifications; routine Project correspondence; job meeting minutes, memoranda and notes; and any other related documents and revisions thereto. During progress of the Work and prior to final payment, Contractor shall deliver to Owner duplicates of any such documents that may be requested by Owner or as may be required by the technical trade specifications or other Contract Documents.

4.9.3 Contractor shall maintain at the Project site a current marked set of working drawing prints and specifications showing as built conditions, configurations and locations, in order to facilitate the preparation of as-built drawings.

4.9.4 Contractor shall maintain cost accounting records with respect to the Cost of the Work on a cash basis in accordance with generally accepted accounting principles.

4.9.5 From time to time and at any time after the execution of the Agreement and after five (5) days' advance written notice to Contractor, Owner shall have access to and the right to examine and audit any pertinent books, documents, papers and records of Contractor

involving transactions related to the Contract Documents. At the end of the Project construction, Contractor, if requested by Owner, shall turn over such records, or copies thereof, to the custody of Owner, and Owner may preserve such records for such further period of time as Owner may elect.

4.10 SHOP DRAWINGS, PRODUCT DATA AND SAMPLES

4.10.1 Shop Drawings are drawings, diagrams, schedules and other data specially prepared for the Work by the Contractor or any subcontractor, manufacturer, supplier or distributor to illustrate some portion or the Work.

4.10.2 Product Data are illustrations, standard schedules, performance charges, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate a material, product or system for some portion of the Work.

4.10.3 Samples are physical examples in the size, shape, finish and quantity required by the specifications which illustrate materials, equipment or workmanship and establish standards by which the Work will be judged. Samples furnished under this Subparagraph are not to be confused with full size on-the-site "Mock-Ups" called for in some specification sections. At the option of Owner or Architect, Samples will be subject to testing, and in such event such additional Samples as may be necessary shall be supplied by Contractor at no additional cost.

4.10.4 The Contractor shall prepare, review, approve and submit with reasonable promptness and in such orderly sequence and time as to cause no delay in the Work or in the work of the Owner or any separate contractor, all Shop Drawings, Product Data and Samples required by the Contract Documents.

4.10.5 The following provisions shall be applicable to the preparation and submission of Shop Drawings and Product Data (as applicable):

(a) Shop Drawings shall be prepared in accordance with the following minimum requirements:

(i) Sheets shall be numbered consecutively.

(ii) Shop Drawings shall indicate all working and erection dimensions.

(iii) Shop Drawings shall show arrangements and sectional views.

(iv) Shop Drawings shall indicate anchoring and fastening details, including information for making connections to other work. Contractor shall furnish installation instructions to be followed in the field to achieve manufacturer's designed and planned intentions.

(b) The form of Shop Drawings shall be as follows:

(i) Up to 8-1/2" x 14" in size may be either prints on opaque paper, or reproducible sepia transparency.

(ii) Submissions larger than above shall be reproducible sepia transparency.

(c) The following number of copies shall be submitted:

(i) Opaque submissions shall be in duplicate.

(ii) Sepia transparency submissions shall include one reproducible and two prints.

4.10.6 Contractor shall be responsible for the following review and submittal procedures:

(a) Contractor shall review, approve and stamp with its approval before submission all Samples, Shop Drawings and Product Data specified by the Contract Documents or subsequently by Architect as covered by Modifications. Shop Drawings, Product Data and Samples shall be submitted only by Contractor. By approving and submitting Shop Drawings and Samples, Contractor thereby represents that it has determined and verified all field measurements, field construction criteria, materials, catalog numbers and similar data and that it has checked and coordinated each Shop Drawing, Product Data and Sample with the requirements of the Contract Documents. At the time of submission Contractor shall inform Architect in writing of any deviations in the Shop Drawings, Product Data or Samples from the requirements of the Contract Documents.

(b) Contractor shall be responsible for the following verifications for all items furnished to work with existing job conditions:

(i) Dimensions shall be checked against field measurements.

(ii) Items specified to have mechanical utilities shall be coordinated with services as to location and character.

(iii) Items specified to have electric service shall be coordinated with services as to volts, phase, hurtz, feeders and ampere protection at panel.

(c) Contractor shall date each Sample, Product Data and Shop Drawing submittal and indicate the name of the Project, description or name of equipment, material, and product and identify by specification section where it is specified, and indicate location where it is to be used in the Work.

(d) Contractor shall accompany each Sample, Product Data and Shop Drawing submitted to Architect with a transmittal letter, in duplicate with a copy being mailed to

Owner containing project name, Contractor's name, number of samples, data or drawings, titles and other pertinent data. The transmittal letter shall outline deviations, if any, in Samples, Product Data or Shop Drawings from requirements of Contract Documents.

(e) Submissions made without Contractor's approval indicated thereon will be returned for compliance with this requirements before being reviewed by Architect.

(f) Contractor is responsible for obtaining and distributing drawings after as well as before final approval to all subcontractors who are concerned with coordination of the Work.

4.10.7 No portion of the Work requiring submission of a Shop Drawing, Project Data or Sample shall be commenced until the submittal has been approved by the Architect. All such portions of the Work shall be in accordance with submittals approved by the Architect. Owner shall not be responsible for the cost of any purchases which are not in accord with Shop Drawings approved by the Architect.

4.10.8 The following provisions shall be applicable to Architect's review of Samples, Product Data and Shop Drawings:

(a) Architect's acceptance is only for conformance with the design concept of the Project and with information in Contract Documents. Approval of a separate item does not constitute approval of an assembly in which the item functions.

(b) Review of Shop Drawings, Product Data and Samples by Architect shall not relieve Contractor of responsibility for deviations and/or omissions from the Contract Documents, unless Contractor has in writing called attention to such deviations and/or omissions at the time of submission of the Shop Drawings, Data and Samples, nor shall it relieve Contractor of the responsibility for errors and/or omissions of any kind in Shop Drawings, Data and Samples, unless such deviations, changes and/or omissions are duly reviewed as such and noted by specific reference on the Shop Drawing, Data or the Sample. When Contractor does call such deviations and/or omissions to the attention of Architect, Contractor shall state in its letter whether or not such deviations, changes and/or omissions involve any change in cost. If no such change is mentioned, it shall be assumed that no change in cost is involved for making the change, deviation and/or omission. Letters fully describing any deviation, change and/or omission, together with the reasons therefor and the statement of the amount of cost change, shall be submitted in duplicate by Contractor to Owner and Architect together with the affected drawings and specifications.

(c) Where only one Sample is called for, approval will be by letter only; where two or more Samples are called for, one Sample will be returned with Architect's approval stamp and signature or initials.

(d) One set of approved Shop Drawings and Product Data will be returned, including an opaque print or a sepia, when a sepia is submitted, with Architect's approval stamp and signature or initials.

(e) Samples not complying with Contract Documents will be returned noted "Not Approved", with a general description of corrections and changes required noted thereon or in the transmittal. One set of Product Data or Shop Drawings not complying with the Contract Documents, including a set of opaque print or marked up sepias when sepias are submitted, will be returned noted "Not Approved" and with a general description of

corrections and changes required indicated thereon.

(f) Contractor shall make corrections and changes in unapproved Samples, Product Data and Shop Drawings and shall resubmit such Samples, Product Data and Shop Drawings in the same manner as specified above, until Architect's approval is obtained. In the transmittal letter accompanying Samples, Product Data and Shop Drawings being resubmitted, Contractor shall direct specific attention to revisions, if any, other than corrections requested by Architect on previous resubmissions. Any such resubmittal processes, however, necessitated by deficient prior submittals requiring correction shall not be justification for extension of the Contract Time or increase in the Contract Sum.

4.11 USE OF SITE

4.11.1 The Contractor shall confine operations at the site to areas permitted by law, ordinances, permits and the Contract Documents. The Contractor shall not unreasonably encumber the site with any materials or equipment, and shall maintain the site in a neat, orderly manner. Contractor, all Subcontractors and suppliers and anyone directly or indirectly employed by or associated with any of them, shall confine their ingress and egress to the Project site to areas approved in advance by Owner and shall not use or permit any such persons to use any other ingress or egress to or from the Project site. Contractor shall assume full responsibility for any damage to any such land or area, or to the Owner or occupant thereof or of any land or areas contiguous thereto, resulting from the performance of the Work.

4.11.2 Contractor shall take measures to control the blowing or spreading of dust, smoke, dirt, mud and refuse from its Work to avoid nuisance and inconvenience to others whether on or off the site. These measures shall be in compliance with, without being limited to, all applicable laws, and shall be subject to the Architect approval. Contractor shall furnish all necessary labor and materials such as water, approved chemicals and equipment.

4.11.3 Contractor shall be responsible for the removal or drainage of all water interfering with the proper prosecution of his Work. It shall at all times assure such drainage shall not be a nuisance or inconvenience to Owner, other separate contractors or their work, or the occupants or users of any other public or private area on or off the site. This paragraph supplements, and does not supersede, any drainage or dewatering called for elsewhere in the Contract Documents.

4.11.4 Contractor agrees (a) to perform its Work on the Project (and to have the Subcontractors and other parties so perform their work) so as not to interfere with or disrupt the business operations of Owner and (b) upon the request of Owner to immediately take all steps necessary to permit Owner's business operations to continue without interference or disruption.

4.12 CUTTING AND PATCHING WORK

4.12.1 The Contractor shall be responsible for all cutting, fitting or patching that may be required to complete the Work or to make its several parts fit together properly.

4.12.2 The Contractor shall not damage or endanger any portion of the Work or the work of the Owner or any separate contractors by cutting, patching or otherwise altering any work, or by excavation. The Contractor shall not cut or otherwise alter the work of the Owner or any separate contractor except with the written consent of the Owner and of such separate contractor.

4.12.3 Patching of all finishes shall match any existing work to meet

Architect's approval.

4.13 CLEANING UP

4.13.1 The Contractor at all times shall keep the Project and site free from accumulation of waste materials or rubbish caused by his operations. As the Work is performed, he shall remove all his waste materials and rubbish from and about the Project and the Property, and at the completion of the Work he shall remove, as well, all of his tools, construction equipment, machinery and surplus materials, the title to which has not been vested in Owner pursuant to the Contract Documents. He shall replace any broken glass, remove stains, spots, marks and dirt from painted decorated work, clean hardware, remove paint spots and smears from all surfaces, clean fixtures and wash all concrete masonry and tile and clean all glass.

4.13.2 If the Contractor fails to satisfy the obligations set forth in Subparagraph 4.13.1, the Owner may do so and the cost thereof shall be charged to the Contractor.

4.14 COMMUNICATIONS

4.14.1 The Contractor shall forward all communications directly to the Architect, with a copy to the Owner, unless otherwise specifically directed in writing by the Owner.

4.15 ROYALTIES AND PATENTS

4.15.1 The Contractor shall pay all royalties and license fees. He shall defend all suits or claims for infringement of any patent rights and shall save the Owner harmless from loss on account thereof. However, the Owner shall be responsible for all such loss when a

particular design, process, or the product of a particular manufacturer or manufacturers is specified; provided, that if the Contractor knew or reasonably should have known, that the design, process, or product specification is an infringement of a patent, he shall promptly notify the Owner and Architect in writing of such knowledge, otherwise he shall be responsible for such loss as may result from his failure to give prompt notice.

4.16 INDEMNIFICATION

4.16.1 In consideration of the execution of the Owner-Contractor Agreement, and receipt acknowledged by Contractor of Ten and No/100 ($10.00) Dollars and other good and valuable consideration from Owner to Contractor as payment for the promises given in this Paragraph, the Contractor, to the fullest extent permitted by law, shall indemnify and hold harmless the Owner, their agents, employees, successors, and assigns from and against all liability, claims, damages, losses, expenses and costs of any kind or description (including, but not limited to, court costs and attorney's fees and other related costs and expenses, losses and damages, and any claim, damage, loss or expense attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, including the loss of use resulting (therefrom) arising out of or in connection with the performance of the Work (including failure to comply with terms of the Contract Documents or other breach or default) provided that such liability, claim, damage, loss or expense is caused in whole or in part by any act or omission of the Contractor, any subcontractor or materialman, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this Paragraph.

4.16.2 Contractor agrees that if any law or equity action is brought against Owner and/or their agents or employees because of any of the foregoing matters, whether or not any other party defendant shall be joined in the action, Contractor shall, at its own expense, settle or defend such action, paying all costs, expenses and attorneys' fees incurred and paying any judgment that may be rendered therein against either Owner, or their agents and employees or any or all of the foregoing parties, and, except to the extent that any damage or expense is incurred as the result of the act or omission which is the negligence of Owner or Architect, as the case may be, neither Owner nor Architect shall be required to make any contribution whatsoever to the payment of any such judgment or settlement.

4.16.3 In any and all claims against the Owner or the Architect or any of their agents or employees by any employee of the Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under this Paragraph shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Contractor or any Subcontractor under Worker's or Workmen's Compensation Act, disability benefit acts or other employee benefit acts.

4.16.4 As an additional and independent covenant of the Contract Documents, Contractor shall procure, as additional protection to Owner, an independent indemnification and hold harmless agreement from each Subcontractor, providing for the protection set forth in Paragraphs 4.16.1 and 4.16.2.

4.17 LAYOUT

4.17.1 Contractor shall be responsible for the accuracy of the Project lines and levels. Contractor shall compare carefully the levels shown on the drawings with existing levels and shall call Architect's and Owner's attention to any discrepancies before proceeding with the Work. The Work shall be erected square, plumb, level, true and line and grade, in the exact plane and to the correct elevation and/or sloped to drain as indicated and/or as necessary to drain.

4.17.2 The Contractor shall maintain in his employ a competent, qualified and experienced engineer to perform layout work. Unless otherwise expressly agreed in writing or stated in the Contract Documents, a registered civil engineer shall be engaged by Contractor to establish several initial base lines for the Project for control and reference.

4.18 TESTS

4.18.1 If the Contract Documents, laws, ordinances, rules, regulations or orders of any public agency or authority having jurisdiction require any portion of the Work to be inspected, tested or approved, the Contractor shall give the Architect and the Owner at least 24 hours notice (to the extent that Contractor has such advance notice) of its readiness so the Architect and Owner may observe such inspecting, testing or approval. Unless otherwise specifically provided in the Contract Documents, the Contractor shall bear all costs of such inspections, tests or approvals.

4.18.2 If the Architect or Owner determines that any Work requires special inspection, testing, or approval which subparagraph 4.18.1 does not include, the Owner or the Architect may instruct the Contractor to order such special inspection, testing or approval, and the Contractor shall give notice as provided in subparagraph 4.18.1. If such special inspection or testing reveals a failure of the Work to comply with the requirements of the Contract Documents (including any laws, ordinances, rules, regulations or orders of any public agency or authority having jurisdiction) the Contractor shall bear all costs thereof, including compensation for the Architect's additional services made necessary by

such failure; otherwise the Owner shall bear such costs, and an appropriate Change Order shall be issued.

4.18.3 Required certificates of inspection, testing or approval shall be secured by the Contractor and promptly delivered by him to the Architect.

4.19 SITE AND RELATED PHYSICAL CONDITIONS AFFECTING THE WORK

4.19.1 Before submitting his bid or proposal, the Contractor shall be responsible for having taken all steps reasonably necessary to evaluate and ascertain the nature and location of the Work, nature of the site and all physical characteristics and conditions relative to it, and the general and local conditions which can affect the Work or the costs or duration thereof. This shall include but not be limited to Contractor's careful inspection and examination of the site and examination of all surveys, records and information relating to it in the Contract Documents or otherwise provided by the Owner for inspection by the Contractor. Upon reasonable advance notice to Owner, the Contractor may undertake himself, at his own expense, such other physical testing or sampling of the site as he shall deem necessary to fully inform himself of its physical conditions and characteristics.

4.19.2 Failure by the Contractor to fully acquaint himself with such conditions which may affect the Work, including but not limited to conditions relating to transportation, handling, and storage of materials, weather, topographic and/or other physical conditions, availability of labor, water, roads or power, applicable laws, ordinances or regulations, and the character and availability of equipment and facilities needed prior to and during the prosecution of the Work, shall not relieve the Contractor of his responsibilities under the Contract Documents and shall not constitute a basis for an adjustment of Contract Time or Contract Sum under any circumstances.

4.19.3 The Owner assumes no responsibility for any understanding or representations concerning such conditions or characteristics made by any of his agents or representatives or by Architect prior to the execution of the Owner-Contractor Agreement unless such understanding or representations are expressly stated in the Contract Documents.

4.19.4 The Owner shall provide Contractor reasonable access to such information, surveys, data and records regarding subsurface and other physical site characteristics and conditions which may have been made by Architect or Owner or are otherwise in their possession. These records are made available to Contractor for his information; however, other than as expressly provided on the Contract Documents, there is no express or implied warranty or guarantee whosoever as to the accuracy of any of the information records nor any interpretation contained therein. Contractor expressly recognizes this limitation and stipulates that his opinions and interpretations regarding the character and condition of the site upon which the Work is to be constructed is founded only upon information and representations specifically made in the Contract Documents and otherwise upon his independent observations, examination and evaluation.

4.20 FOUNDATION SURVEY

4.20.1 After completion of the foundation and before any part thereof has been covered, Contractor shall promptly notify Owner and Architect of such completion to permit the Owner, at his sole election, to cause to be performed, a survey of the foundation to determine its actual physical location in relation to all boundary lines and servitudes.

4.21 START-UP

4.21.1 Contractor shall be responsible for start-up of all systems and equipment included in the Work and has included in the Contract Sum sufficient allowances to cover contingencies which may arise in connection with the start-up of individual systems, equipment and the total facility. Full compliance with each manufacturer's specifications and instructions shall be observed. Equipment which has been specified to be furnished with manufacturer's supervision of start-up shall be placed in operation only under the supervision of manufacturer's representative.

ARTICLE 5.
SUBCONTRACTORS

5.1 DEFINITION

5.1.1 A subcontractor is a person or entity who has a direct contract with the Contractor to perform any of the Work. The term Subcontractor is referred to throughout the Contract Documents as if singular in number and masculine in gender and means a subcontractor or his authorized representative. The term Subcontractor does not include any separate contractor of the Owner or his subcontractors.

5.1.2 A Sub-subcontractor is a person or entity who has a direct or indirect contract with a Subcontractor to perform any of the Work. The term Sub-subcontractor is referred to throughout the Contract Documents as if singular in number and masculine in gender and means a Sub-subcontractor or an authorized representative thereof.

5.2 AWARD OF SUBCONTRACTORS AND OTHER CONTRACTS

5.2.1 As soon as practicable after award of the Contract and prior to entering into any Sub- contracts, the Contractor shall furnish to the Owner and the Architect in writing the names of the persons or entities (including those who are to furnish materials or equipment fabricated to a special design) proposed for each of the principal portions of the Work or as otherwise expressly requested by Architect. Such listing shall include sufficient identifying information and description of qualifications so as to permit a reasonable evaluation of such persons or entities. The Architect will promptly reply to the Contractor in writing stating whether or not the Owner or the Architect, after due investigation, has reasonable objection to any such proposed person or entity. Failure of the Owner or Architect to reply promptly shall constitute notice of no reasonable objection.

5.2.2 The Contractor shall not contract with any such proposed person or entity to whom the Owner or the Architect has made reasonable objection under the provisions of

Subparagraph 5.2.1 The Contractor shall not be required to contract with anyone to whom he has a reasonable objection.

5.2.3 If the Owner or the Architect has and timely asserts reasonable objection to any such proposed person or entity, the Contractor shall submit a substitute to whom the Owner or the Architect has no reasonable objection, and the Contract Sum shall be increased or decreased by the difference in cost occasioned by such substitution and an appropriate Change Order shall be issued; however, no increase in the Contract Sum shall be allowed for any such substitution unless the Contractor has acted promptly and responsively in submitting names as required by Subparagraph 5.2.1.

5.2.4 The Contractor shall make no substitution for any Subcontractor, person or entity previously selected if the Owner or Architect makes reasonable

objection to such substitution.

5.3 SUBCONTRACTOR RELATIONS

5.3.1 The Contractor shall not be discharged from any obligations to Owner hereunder as a result of any subcontract. The Contractor shall be as fully responsible to the Owner for the acts and omissions of its Subcontractors and its suppliers of materials and of persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by it. The responsibility of the Contractor for its Sub-contractors and suppliers shall not be diminished by the right of the Owner to approve Subcontractors and suppliers or that the Owner may have exercised or not exercised that right or by any other right of the Owner relating to Subcontractors or suppliers. Nothing contained in the Contract Document shall relieve the Contractor of the responsibility for his Subcontractors or create any contractual relation between any Subcontractor or material supplier and the Owner.

5.3.2 Subcontracts and agreements for the acquisition of materials and equipment shall be in an appropriate written form acceptable to the Owner. The Contractor shall include in all such subcontracts and agreements the pertinent terms and conditions of this Contract to the fullest extent applicable and require that all work be performed in accordance therewith. Further, such subcontracts or agreement shall contain provisions which:

(a) Bind such Subcontractor or Supplier to the Contractor by the terms of the Contract Documents and to assume toward the Contractor all the obligations and responsibilities, which the Contractor by those Documents, assumes toward the Owner, with respect to the work of the Subcontractor or supplier;

(b) Preserve and protect the rights of Owner under the Contract Documents with respect to the work to be performed under the subcontract so that the subcontracting thereof will not prejudice such rights;

(c) Bind such Subcontractor or Supplier to give to the Owner written notice of any default under the subcontract or supply agreement on the part of the Contractor and not to take any action in respect of the default unless it remains uncured 30 days after the notice is given; and to accept payment or performance under the subcontract by the Owner in lieu of payment or performance by the Contractor, although the Owner shall not be obligated to undertake the Contractor's payment obligations thereunder.

(d) Require that all claims for additional cost or other damage and extensions of time, with respect to subcontracted portions of the Work shall be submitted to Contractor in sufficient time and manner so that Contractor may comply in the manner provided in the Contract Documents for like claims by Contractor upon Owner should Contractor elect to pass such claims through to Owner;

(e) Require that such Subcontractor or supplier look only to the Contractor and not to Owner or Owner's Lender for the performance of any or all obligations owed the Subcontractor or supplier.

(f) Require that such Subcontractor or supplier waive and subordinate any lien, or claim or right of lien against the Project or the land upon which it is situated as required by Article 14 hereof;

(g) Contain a provision indemnifying Owner in accordance with Paragraph 4.16 hereof.

(h) Waive all rights Owner, Architect, Contractor and Subcontractor may have against one another for damages caused by fire or other peril

covered by property insurance described in Subparagraph 11.3.6 hereof, except such rights as they may have to the proceeds of such insurance.

(i) Permit assignment to Owner and assumption of all rights and obligations thereunder, at Owner's sole election, upon written notice, in the event of any termination of the Owner-Contractor Agreement.

(j) Require the Subcontractor to enter into similar agreements with his Sub-subcontractors.

5.3.3 All subcontracts shall be entered by Contractor and copies of all subcontracts greater than Fifty Thousand ($50,000.00) Dollars shall be furnished to Owner.

5.3.4 The Contractor and all Subcontractors shall comply with all applicable licensing laws for contractors prevailing within the state in which the Project is located.

5.3.5 The Contractor shall make available to each proposed Subcontractor, prior to the execution of the Subcontract, copies of those of the Contract Documents to which the Subcontractor will be bound by this Paragraph 5.3, and necessary to inform them fully of

the requirements of the Contract Documents which pertain to or which might otherwise affect their work. Each Subcontractor shall similarly make copies of such Documents available to his Sub-subcontractors.

5.3.6 The Contractor shall have no financial interest in the payments made under any subcontract or any contract for materials, labor, services, equipment or appliances.

ARTICLE 6.
WORK BY OWNER, TENANT, AND SEPARATE CONTRACTORS

6.1 OWNER'S RIGHT TO PERFORM WORK AND TO AWARD SEPARATE CONTRACTS

6.1.1 The Owner reserves the right to perform any work related to the Project with his own forces, and to award separate contracts in connection with any other portions of the Project or other work on the site under these or similar Conditions of the Contract. The Owner specifically reserves the right to have the forces of any tenant or its separate contractors enter upon the Project for the purpose of constructing or installing furniture, fixtures and equipment for the Project ("Tenant-Owner Improvements"), with respect to any portions of the Work that have reached such a stage of completion as to permit the construction and installation of Tenant-Owner Improvements. Such use and occupancy by the Owner, its tenants or their separate contractors shall not modify any part of the Contract Documents or be construed as constituting Substantial Completion or acceptance of any part of the Work. However, the Owner, his tenants, or their respective separate contractors, agents, or employees shall be responsible for any damage caused by them to the Work so occupied by them. If the Contractor claims that delay or additional cost (other than as compensable under Subparagraph 6.1.3) is involved because of such action by the Owner, he shall make such claim as provided elsewhere in the Contract Documents.

6.1.2 The Contractor shall afford the Owner, his Tenants and either of their respective separate contractors reasonable opportunity for the introduction and storage of their material and equipment and the execution of their work, and shall connect and coordinate his Work with theirs as required by the Contract Documents. The Contractor agrees to permit the use and sharing of use of those facilities necessary for the rapid completion of their work, including without limitation, the

Contractor's utilities, hoists, elevators, scaffolding and other equipment at Contractor's actual costs incurred and, if requested by the Owner, the Contractor shall provide a separate entrance. Such use and sharing of Contractor's facilities shall not extend the Contract Time.

6.1.3 The Contractor shall be reimbursed for actual costs or expenses reasonably incurred by the Contractor as a result of such construction, use or occupancy. To the extent possible, before such costs or expenses are incurred, the Contractor will provide the Owner or his

applicable tenant with a lump sum or unit prices as the Owner may request to cover such costs or expenses.

6.1.4 The Owner will provide for the coordination of the Work of his own forces and of each separate Contractor with the Work of the Contractor.

6.2 MUTUAL RESPONSIBILITY

6.2.1 If any part of the Contractor's Work depends for proper execution or results upon the work of the Owner or any separate contractor, the Contractor shall, prior to proceeding with the Work, promptly report to the Architect and Owner any apparent discrepancies or defects in such other work that render it unsuitable for such proper execution and results. Failure of the Contractor to so report shall constitute an acceptance of the Owner's or separate contractor's work as fit and proper to receive his Work.

6.2.2 Any costs caused by defective or ill-timed work shall be borne by the party responsible therefor.

6.2.3 Should the Contractor wrongfully cause damage to the Work or property of the Owner, any tenant of the Owner or to other work on the site, the Contractor shall promptly remedy such damage or Owner, at his option, may cause such damage to be remedied at the expense of Contractor.

6.2.4 Should the Contractor wrongfully cause damage to the work or property of any tenant of Owner or separate contractor, the Contractor shall upon due notice promptly attempt to settle with such other party (or otherwise resolves the dispute). If such separate party sues or initiates proceedings against the Owner on account of any damage alleged to have been caused by the Contractor, the Owner shall notify in writing the Contractor who shall defend such proceedings at the Contractor's expense, and if any judgment or award against the Owner arises therefrom, the Contractor shall pay or satisfy it and shall reimburse the Owner for all attorney's fees and court costs which the Owner may have incurred.

6.3 OWNER'S RIGHT TO CLEAN UP

6.3.1 If a dispute arises between the Contractor and separate contractors as to their responsibility for cleaning up as required by the General Conditions of either such contract, the Owner may upon three (3) days prior written notice clean up and charge the cost thereof to the contractor responsible therefor as the Architect shall determine.

ARTICLE 7.
TIME FOR COMPLETION

7.1 DEFINITIONS

7.1.1 The Contract Time is the period of time after the Date of Commencement of the Work allotted in the Owner-Contractor Agreement in which to achieve

Substantial Completion of the Work, as may be adjusted by Change Order. The Contract Time shall commence on the Date of Commencement of Work.

7.1.2 The Date of Commencement of the Work is the date established in a notice to proceed.

7.1.3 The Date of Substantial Completion of the Work or designated portion thereof is the date certified by the Architect pursuant to Paragraph 9.1.

7.1.4 The Construction Schedule shall be the schedule of activities derived by the Contractor pursuant to Paragraph 7.5 hereof showing their sequences, durations and interrelationships and establishing the Contractor's plans for accomplishing Substantial Completion within the Contract Time.

7.1.5 The term "day" as used in the Contract Documents shall mean calendar day unless otherwise specifically designated.

7.2 PROGRESS AND COMPLETION

7.2.1 Time is of the essence in the performance of the Work by or on behalf of the Contractor including particularly, but without limitation, any times or durations for commencement, prosecution and completion of the Work.

7.2.2 The Contractor shall begin Work on the Date of Commencement. The Contractor shall thereafter prosecute the Work expeditiously and diligently at such a rate to maintain progress in accordance with the Construction Schedule and achieve Substantial Completion within the Contract Time. The Contractor shall 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 and achieve Substantial Completion within the Contract Time, all without an increase in the Contract Sum unless expressly authorized by the Contract Documents.

7.2.3 In executing the Owner-Contractor Agreement, the Contractor represents that the Contract Time (as may be adjusted under the Contract Documents) for construction and completion of the Work is reasonable, taking into consideration the type of construction planned and the site conditions, climatic conditions and industrial conditions (including, without limitation, labor conditions) prevailing in the area of the Project.

7.2.4 Should the Project or any portion thereof not be completed in accordance with the Construction Schedule or within the Contract Time (as adjusted under the terms of the Contract Documents), Owner shall have the right but not the obligation to occupy any portion of the Project not so completed. In such event, Contractor shall not be entitled to any extra compensation on account of said occupancy by Owner or by Owner's normal full use of the Project nor shall Contractor interfere in any way with said use of the Project, or be relieved of any of its responsibilities under the Contract Documents, including, without limitation, Contractor's obligation to complete the Project in accordance with the Construction Schedule. Occupancy by Owner hereunder shall be subject to the requirements of Subparagraph 11.3.9 with regard to property insurance.

7.3 DELAYS AND EXTENSIONS OF TIME

7.3.1 Except as otherwise specifically provided hereinafter and under Paragraph 12.1 (Changes in the Work), the Contractor shall not be entitled to an increase in the Contract Sum or payment or compensation of any kind from the Owner for direct, indirect, consequential, impact or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency, arising because of delay, disruption, interference or hindrance from any cause whatsoever, whether such delay, disruption, interference or hindrance be reasonable or unreasonable, foreseeable or unforeseeable, or avoidable or unavoidable; provided, however, that this

provision shall not preclude recovery of damages by the Contractor for hindrances or delays due solely to fraud or bad faith on the part of the Owner or its agents. Otherwise, the Contractor shall be entitled only to extensions of the Contract Time as the sole and exclusive remedy for such resulting delay, in accordance with and to the extent specifically provided in the Contract Documents.

7.3.2 The Contract Time shall be adjusted only as appropriate for Changes in the Work (pursuant to Paragraph 12.1), Concealed Conditions entitling contractor to such adjustment (pursuant to Paragraph 12.2), Suspension of Work (pursuant to Paragraph 19.2), Stopping of Work (pursuant to Paragraph 16.1), and excusable delays (pursuant to Subparagraph 7.3.4) and for no other reason. In the event the Contractor requests an extension of the Contract Time based upon a particular occurrence, he shall furnish such justification and supporting evidence as the Architect may deem necessary for a determination as to whether and to what extent the Contractor is entitled to an extension of time under the provisions of the Contract. After receipt of such justification and supporting evidence as is timely submitted, the Architect shall make a determination extending the Contract Time only to the extent that such occurrence shall actually have caused extension of the Project duration. The Contractor acknowledges and agrees that actual delays in activities which, according to the Construction Schedule, do not affect activities critical to completion within the Contract Time will not be the basis for an extension of the Contract Time.

7.3.3 If the Architect finds that the Contractor is entitled to any extension of the Contract Time, he shall advise the Contractor and Owner in writing thereof. Appropriate adjustment

reflecting such increase in the Contract Time and any resultant changes in activities affected shall then be made to the Construction Schedule. A Change Order shall be then duly issued under Article 12 effectuating these adjustments and extending the Contract Time.

7.3.4 Subject to other provisions of the Contract Documents, the Contractor may be entitled to an extension of the Contract Time (but no increase in the Contract Sum) for delays arising from the following unforeseeable causes but only to the extent that they were beyond the control and without the fault or negligence of the Contractor or his Subcontractors or suppliers as follows:

1. Labor disputes and strikes including those affecting transportation.

2. Acts of God, such as tornado, fire, hurricane, blizzard, earthquake, typhoon or flood or similar unavoidable casualties that cause damage to completed Work or stored materials or otherwise cause delay.

3. Abnormal adverse weather not reasonably anticipatable; however, the Contract Time will not be extended due to normal seasonal weather variations.

4. Acts of the public enemy, and unanticipated acts of the state, federal or local government in its sovereign capacity.

5. Acts of another separate contractor in the performance of a contract with the Owner relating to the Project.

6. Any act or neglect of the Owner or the Architect or any of their agents or employees.

7.3.5 No extension of Contract Time shall be granted if, in the exercise of reasonable prudence, Contractor, or anyone for whom the Contractor is

responsible, could have avoided the delay in the progress of the Work. Delays otherwise allowable shall be reduced by the amount of time that Contractor or anyone for whom the Contractor is responsible, in the exercise of reasonable prudence, could have avoided, reduced or made up such delays in the course of the performance of subsequent portions of the Work, provided that Contractor shall not be obligated to incur additional cost to make up excusable delays. In the case of impending delay resulting from any act or neglect of Owner or Architect, which was or should reasonably have been foreseen by Contractor, such prudence shall include prompt notice thereof to Owner and Architect.

7.3.6 Other than pursuant to Paragraph 12.1, no claims for extension of Contract Time for delay, disruption, interference or hindrance of the Work hereunder or any portion thereof shall be valid unless a notice of claim is filed with the Owner and the Architect within ten (10) days of the first instance of such delay, disruption, interference or hindrance and, in

addition, unless a written statement of the claim as hereinafter described is filed with the Owner and the Architect within twenty (20) days of such first instance; otherwise all such claims are waived by the Contractor. In the case of a continuous cause of delay, only one written claim is necessary.

7.3.6.1 Such notice of claim must clearly identify the instance of delay, disruption, interference or hindrance and an estimate of the probable effect of such delay on the progress of the Work.

7.3.6.2 Such statement of the claim must provide all information required by the scheduling requirements of the Contract Documents and further provide the following specific information:

1. Nature of the delay;

2. Date (or anticipated date) of commencement of delay;

3. Activities on the Construction Schedule affected by the delay, and/or new activities created by the delay, and their relationship with existing activities;

4. Identification of person(s) or organization(s) or event(s) responsible for the delay;

5. Anticipated extent of delay;

6. Recommended action to avoid or minimize the delay.

7.3.6.3 The Architect shall receive and process such claims for extensions of time in accordance with the procedures set forth in Paragraph 7.3 except that any Change Order issued shall only amend the Contract Time.

7.3.6.4 The failure of the Contractor to file any claims for extension of time within the time limits prescribed herein and in the form and manner required hereby shall be deemed a material prejudice to the interests of the Owner and shall constitute an absolute waiver of the claim and the right to file or thereafter prosecute the same.

7.3.7 To the extent that Contractor is entitled to any increase in contract sum for delay, disruption, interference or hindrance under this Paragraph 7.3, an absolute condition precedent to such entitlement shall be strict compliance with all requirements and procedures for entitlement to an

extension of time hereunder.

7.3.8 The Contractor shall keep the Owner and Architect constantly advised to all factors which may affect the Contractor's progress toward Substantial Completion time of the Work within the Contract Time.

7.4 OWNER'S RIGHT TO ACCELERATE

7.4.1 The Owner shall have the right to require, by Change Order issued under Article 12, that completion of all or any portion of the Work be accelerated to an earlier time. In the case of such acceleration, the Contractor shall require his forces and Subcontractors to work such overtime hours and take such other measures as reasonably necessary to accomplish the acceleration. The Owner's obligation on account of such acceleration shall be to reimburse the Contractor for any increase on his cost of such acceleration. The Contractor shall keep accurate records of such overtime hours and other premium or acceleration costs and excuses resulting from such acceleration. Such reimbursement shall include overhead and profit of the Contractor and his Subcontractor. This subparagraph shall have no application to overtime work which the Contractor is required to perform because of his failure to meet the Construction Schedule, or, without limitation, because of any other fault of the Contractor.

7.5 THE CONSTRUCTION SCHEDULE

7.5.1 The Contractor, immediately after being awarded the Contract, shall be responsible for deriving a Construction Schedule (as more particularly prescribed in the Supplementary Conditions), which shall fully describe the intended method of accomplishing all the various work and related activities necessary to completion of the entire Project hereunder. Such Construction Schedule shall demonstrate an expeditious, practicable and reasonable plan for accomplishing Substantial Completion of the Work within the Contract Time and Final Completion of the Project.

7.5.2 The Construction Schedule shall take fully into account accomplishment of such interim milestones or requirements of Owner for completion of portions of the Work at times earlier than the full Contract Time. Such milestones and requirements, if any, shall be as prescribed in the Supplementary Conditions.

7.5.3 A preliminary Construction Schedule shall be prepared and submitted to Owner and to Architect in final proposed form, in the format prescribed in the Supplementary Conditions, no later than ten (10) days after the date of the Owner-Contractor Agreement or the Date of Commencement of Work, whichever is earlier. This preliminary Construction Schedule should incorporate the input of major subcontractors, fabricators, and suppliers of materials or equipment which are not readily available for delivery to the Project. In submitting this preliminary Construction Schedule, Contractor warrants and represents that in his opinion and that of his major subcontractors, fabricators and suppliers, it presents a reasonable and workable plan and sequence for timely performance of all Work and further constitutes their intended plan and sequence for its accomplishment.

7.5.4 The Contractor shall be entitled to no payment under this Owner-Contractor Agreement unless and until the Contractor has so submitted the preliminary Construction Schedule in required format.

7.5.5 The Owner and Architect shall review this preliminary Construction Schedule as initially submitted; however, such review shall be only to determine its compliance with Contract requirements regarding Substantial

Completion, final completion and any specified interim completion milestones or requirements. Such review shall not require an independent evaluation or determination by Owner or Architect of the workability, feasibility or reasonableness of the Contractor's proposed Construction Schedule.

7.5.6 Within ten (10) days after submission of the preliminary Construction Schedule under Subparagraph 7.5.3 above, the Owner, Architect and Contractor shall jointly meet to review the preliminary Construction Schedule at the Contractor's Project office and at a time established by written notice from Architect. Within ten (10) days thereafter, Contractor shall submit a revised Construction Schedule incorporating any changes deemed necessary by the Contractor or directed by Owner or Architect. This revised Construction Schedule shall thereafter be deemed the Construction Schedule for the Project.

7.5.7 Thereafter, the Construction Schedule shall be revised and updated in such manner and frequency as specified in the Supplementary Conditions.

7.5.8 The Construction Schedule shall be revised appropriately to reflect accurately any adjustment extending the Contract Time allowed by Architect including revision to the durations, sequences and interrelationships of activities affected by the occurrences permitting such adjustment.

7.5.9 The Contractor shall keep the Owner, the Architect and all of his Subcontractors and material suppliers fully and completely informed at all times of the content of the Construction Schedule, other schedules and all other scheduling information applicable to or which may affect the Work of all Subcontractors and material suppliers. This information shall in all cases be furnished to the Subcontractors and material suppliers in sufficient time to allow them to adjust their plans so as to meet all required performance dates relative to their portions of the Work.

7.5.10 To the extent that any provisions of this Paragraph 7.5 are at variance with the scheduling requirements specified in the Supplementary Conditions, the latter shall govern.

7.5.11 The Owner and the Architect shall be entitled to rely fully on the content of the Construction Schedule (as it may be revised) in planning and scheduling performance of their obligations under the Contract Documents or of interrelated work by their own forces or separate contractors.

ARTICLE 8.
PAYMENTS TO CONTRACTOR

8.1 CONTRACT SUM

8.1.1 The Contract Sum is as stated in the Owner-Contractor Agreement, including adjustment thereto as authorized by the Contract Documents. Such Contract Sum (or the portion thereof authorized by the Owner-Contractor Agreement) shall represent the total amount payable by the Owner to the Contractor for performance of the Work under the Contract Documents.

8.2 SCHEDULE OF VALUES

8.2.1 Before the first Application for Payment and as a strict condition precedent to payment under Article 8, the Contractor shall submit to the Architect a Schedule of Values allocated to the various portions of the Work aggregating and dividing the Total Contract Sum so as to facilitate

determination of progress and progress payment. The Schedule of Values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. The Schedule of Values shall be in a format consistent with that to be used on the Application for Payment forms and shall segregate each major work item and each subcontracted item on a single line, with item numbers corresponding (if practicable) with specifications section numbers. Further, it shall provide a preliminary schedule of the Contractor's anticipated monthly Progress Payments. This Schedule, unless objected to by the Architect, shall be used only as a basis for the Contractor's Applications for Payment.

8.3 APPLICATIONS FOR PAYMENT

8.3.1 At least fifteen (15) days before the date for each progress payment established in the Owner-Contractor Agreement, the Contractor shall submit to the Architect an itemized Application for Payment duly sworn and notarized on such form as required by Owner and based on the previously approved Schedule of Values. It shall be supported by such data information and documentation substantiating the Contractor's right to payment as the Owner or the Architect may require, and reflecting retainage, if any, as provided elsewhere in the Owner-Contractor Agreement. To the extent of any delay in submission of any Application for Payment in duly authorized form, any specified date for progress payment shall be extended commensurately.

8.3.2 If approved in writing in advance by Owner, payments will be made on account of materials or equipment not incorporated in the Work but delivered and suitably stored at the site and suitably stored at some other location approved by Owner in writing. Payments for materials or equipment stored on or of the site shall be further conditioned upon submission by the Contractor of bills of sale or such other evidence or procedures satisfactory to the Owner to establish the Owner's title to such materials or equipment or

otherwise protect the Owner's interest, including applicable insurance and transportation to the site for those materials and equipment stored off the site.

8.4 CERTIFICATES FOR PAYMENT

8.4.1 The Architect will promptly review such Application and, within seven days after the receipt of the Contractor's Application for Payment, either issue a Certificate for Payment to the Owner, with a copy to the Contractor, for such amount as the Architect determines is properly due, or notify the Contractor in writing his reasons for withholding a Certificate as provided in Subparagraph 8.6.1.

8.4.2 The issuance of a Certificate for Payment will constitute a representation by the Architect to the Owner, based on his observations at the site as provided in Subparagraph 2.2.3 and the certified data comprising the Application for Payment, that the Work has progressed to the point indicated and that it therefore appears the Contractor is entitled to payment in the amount certified.

8.5 PROGRESS PAYMENTS

8.5.1 After the Architect has issued a Certificate for Payment and provided the Contractor has complied with all requirements of Subparagraph 8.5.2 and otherwise is not in default under the Contract Documents, the Owner shall make payment in the amounts and manner and within the time provided in the Contract Documents.

8.5.2 As a condition precedent to payment, Contractor shall submit on a monthly basis at or prior to the time of receipt of each payment its duly

executed waiver of all rights and claims of lien on the Work or the Project Site for the period for which payment is made, in the form provided by Owner. Contractor shall also submit on a monthly basis at the time of receipt of each monthly payment a similar waiver for labor and materials furnished during the period for which the previous Application for Payment was made in the form provided by Owner and executed by each of the Subcontractors who performed services for that previous period and paid receipts from suppliers and materialmen who provided equipment or material in that previous period.

8.5.3 The Contractor shall promptly pay each Subcontractor (including suppliers not previously paid), upon receipt of payment from the Owner, out of the amount paid to the Contractor on account of such Subcontractor's Work, the amount to which said Subcontractor is entitled, reflecting the percentage actually retained, if any, from payments to the Contractor on account of such Subcontractor's Work. The Contractor shall, by an appropriate agreement with each Subcontractor, require each Subcontractor to make payments to his Subcontractors in similar manner. Until such payment is actually made, Contractor shall be considered to hold such funds as a fiduciary in trust for the benefit of such subcontractors.

8.5.4 The Architect may, on request and at his discretion, furnish to any Subcontractor, if practicable, information regarding the percentage of completion or the amounts applied for by the Contractor and the action taken thereon by the Architect on account of Work done by such Subcontractor.

8.5.5 Neither the Owner nor the Architect shall have any obligation to pay or to see to the payment of any moneys to any Subcontractor or supplier, except as may otherwise be required by law. However, if the Contractor fails to pay any Subcontractor or supplier amounts due them, the Owner shall upon seven (7) days written notice to Contractor, have the right to make payments out of any unpaid portion of the Contract Sum to such parties as Owner may deem reasonably necessary to protect its interests and those of Owner's Lender. Any such payments so made by the Owner shall be considered as having been paid to Contractor.

8.5.6 No certificate for a progress payment, nor any progress payment, nor any partial or entire use or occupancy of the Project by the Owner, shall constitute an acceptance of any Work or performance not in accordance with the Contract Documents. Any determination or certification of the Architect shall be made for the limited purpose of making monthly Progress Payments and shall not relieve the Contractor of full responsibility for all defective materials and workmanship and for its failure strictly to follow the Contract Documents, notwithstanding the Owner or the Architect may have observed the default or failure.

8.6 PAYMENTS WITHHELD

8.6.1 The Architect may decline to certify payment and may withhold his certificate in whole or in part, to the extent necessary reasonably to protect the Owner, if, in his opinion, he is unable to make representations to the Owner as to the accuracy of the facts and estimates contained in the Contractor's Application for Payment. If the Architect is unable to make such representations to the Owner and to certify payment in the amount of the Application, he will notify the Contractor as provided in Subparagraph 8.4.1. If the Contractor and the Architect cannot agree on a revised amount, the Architect will promptly issue a Certificate for Payment for the amount for which he is able to make such representations to the Owner. The Architect may also decline to certify payment or, because of subsequently discovered evidence or subsequent observations, he may nullify or modify the whole or any part of any certificate for Payment previously issued, to such extent as may be necessary in his opinion to protect the Owner from loss because of:

1. Defective or nonconforming Work not remedied;

2. Third party claims filed or reasonable evidence indicating probable filing of such claims;

3. Failure of the Contractor to make payments properly to Subcontractors or suppliers for labor, materials or equipment;

4. Reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;

5. Damage to the Owner or another contractor;

6. Reasonable evidence that the Work will not be completed with the Contract Time; or

7. Unsatisfactory prosecution of the Work in accordance with the Contract Documents.

8.6.2 When the above grounds in Subparagraph 8.6.1 are removed, payment shall be made for amounts withheld because of them.

8.6.3 In the event that Architect should decline to certify or nullify a prior certification regarding any portion of an Application for Payment submitted by Contractor, the Owner shall pay only such amount as certified by Architect as justifiably due Contractor. Any overpayments to Contractor shall, unless otherwise credited or adjusted, be repaid to Owner upon demand.

8.6.4 The Architect and the Owner shall have the right to contact subcontractors and suppliers directly to ascertain (1) what amounts, if any, are due to them from Contractor, and (2) the projected costs of completing the remaining portion of their Work, and (3) the scope, amount and substance of any claims and disputes between them and Contractor.

8.7 SEMIFINAL PAYMENT UPON SUBSTANTIAL COMPLETION

8.7.1 Upon Substantial Completion of the Work or designated portion thereof (as established pursuant to Paragraph 9.1), the Contractor shall submit a Semifinal Application for Payment.

8.7.2 Subject to the more specific provisions elsewhere in the Contract Documents, the Semifinal Application for Payment shall provide for continued retention by Owner of at least an amount equal to twice the reasonably estimated cost or expense necessary to accomplish the following:

(a) Completion of all uncompleted work items;

(b) Remedy of any uncorrected work not in accordance with the Contract Documents;

(c) Satisfy any and all unresolved claims or liens filed or asserted (or reasonably anticipated filing or assertion) against Owner, its Lender, the Project or any of the Work by any person or entity providing labor, materials, equipment or services through or on behalf of the Contractor; and

(d) Compensating Owner and its separate contractors for any unresolved claims of damage or injury caused by Contractor, or anyone for whom it shall be held responsible under the Contract Documents, which have been asserted or are reasonably anticipated (including claims arising out of

Contractor's breach or default hereunder).

8.7.3 The Contractor's Application for Semifinal payment shall provide an estimated amount for the continued retainage set forth in Subparagraph 8.7.2 which Architect and Owner shall review and adjust as they deem necessary to reasonably protect the Owner's remaining interests. Architect shall then certify such application, as adjusted, for payment of any balance owing for Work performed over such adjusted retainage.

8.7.4 Upon final adjustment and certification by Architect of such Semifinal Application for Payment, Owner shall issue payment in accordance with the amount certified provided Contractor shall have first provided the following:

(a) An Affidavit that all indebtedness of Contractor connected with Work has been paid in full with the exception of amounts specifically listed in the Semifinal Application and certification as unresolved or unpaid;

(b) Waivers of all rights and claims of lien as described in Subparagraph 8.5.2;

(c) Other waivers, releases or data required by Owner or Architect establishing such payment or satisfaction; and

(d) Consent of surety, if any.

8.8 FINAL COMPLETION AND FINAL PAYMENT

8.8.1 Upon or prior to issuance of a written notice (under Subparagraph 9.4) by the Architect to the Owner and the Contractor that the Work has reached final completion, Contractor shall submit his final Application for Payment to Architect.

8.8.2 Such final Application for Payment shall include as a separate attachment a final adjustment of accounts reflecting any and all appropriate final accounting and adjustments of the contract balances and Contract Sum including but not limited to:

(a) Cost of the Work (if the Owner-Contractor Agreement provides for reimbursement of "cost").

(b) Additions and deductions resulting from the following:

(1) All Change Orders (and Change Order "cost" if appropriate under the Contract Documents).

(2) Allowances.

(3) Unit Prices.

(4) Deductions or Adjustments for defective or uncompleted work.

(5) Bonuses, as applicable.

(6) Deductions for liquidated or other damages.

(7) Savings and other adjustments (as appropriate under the Contract Documents).

(c) Total Contract Sum, as adjusted.

(d) Previous payments.

(e) Final Payment due to the Contractor.

8.8.3 As conditions precedent to final payment under the Contract Documents, Contractor shall:

(a) execute and furnish a release of all claims and liens (except as previously made in writing and identified as unsettled at the time of the final Application for Payment) against Owner, its Lender, the Project and the land upon which the Project is situated arising under or by virtue of the Contract Documents, including in the event of any termination as permitted by the Contract Documents, claims or liens arising under or by virtue of such termination;

(b) furnish written final releases and waivers of all rights to claim or file liens properly executed by any and all Subcontractors, vendors or others furnishing work, labor, materials, machinery or fixtures for the performance of Work;

(c) furnish appropriate affidavits and other such other data in such form designated by Owner as may be reasonably requested by Owner to establish payment or satisfaction and of all payrolls, material bills, and other indebtedness connected with the Work for which the Owner, its lender or its property might in any way be responsible; and

(d) furnish a consent of surety, if any, to final payment.

If any Subcontractor or Supplier refuses to furnish a release or waiver required by the Owner, the Contractor may furnish a bond satisfactory to the Owner to indemnify him against any such lien. If any such lien remains unsatisfied after all payments are made, the Contractor shall refund to the Owner all moneys that the latter may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

8.8.4 Upon his review and approval of such application the Architect shall prepare a final Change Order reflecting approved adjustments to the Contract Sum not previously made by Change Orders.

8.8.5 Upon such final adjustment and issuance of any change order so required and upon his review and approval of the final Application for Payment, reflecting such adjustments, the Architect shall promptly issue a final Certificate for Payment stating that to the best of his knowledge, information and belief, and on the basis of his observations and inspections, the Work has been completed in accordance with the terms and conditions of the Contract Documents and that the entire balance found to be due the Contractor and noted in said final Certificate, is due and payable. The Architect's final Certificate for Payment will constitute a further representation that the conditions precedent to the Contractor's being entitled to final payment as set forth in Subparagraph 8.8.3 have been fulfilled.

8.8.6 Final payment shall be due and payable in the amount certified thirty (30) days after Owner's receipt of such final Certificate of Payment.

8.9 WAIVER

8.9.1 Subject to Subparagraph 8.9.2, neither inspection by Owner or Architect, or by any of their duly authorized representatives, nor any order, measurement, notice or certificate by Owner; nor any order by Owner for the payment of money; nor final payment hereunder; nor acceptance of any work or any extension of time; nor any possession taken by Owner, shall operate as a waiver of any provision of the Contract Documents or any right of the Owner thereunder or of any right to damages under the Contract Documents or under law. Any waiver by Owner of any breach of the Contract Documents shall not be held to be a waiver of any other or subsequent breach, and any waiver by Owner of any right to terminate the

Agreement shall not be held to be a waiver of any breach of the Contract Documents, but Owner retains all of its rights to recover damages therefor.

8.9.2 The making of final payment shall constitute a waiver of all claims by the Owner except those arising from:

1. Unsettled liens.

2. Faulty or defective Work appearing after Substantial Completion.

3. Failure of the Work to comply with the requirements of the Contract Documents.

4. Terms of any special warranties required by the Contract Documents.

5. Claims thereafter asserted by third parties against Owner, its Lender or the Project arising out of or relative in any way to the Work or the performance thereof by or on behalf of Contractor.

8.9.3 The acceptance of final payment shall constitute a waiver of all claims by the Contractor except those previously made in writing and identified by the Contractor as unsettled at the time of the final Application for Payment.

ARTICLE 9.
COMPLETION

9.1 SUBSTANTIAL COMPLETION

9.1.1 The Date of Substantial Completion of the Work or designated portion thereof acceptable to Owner is the date certified by the Architect when construction is sufficiently complete, in accordance with the Contract Documents, so that the Owner (or its tenant(s)) can occupy or utilize the Work or such designated portion thereof for the use for which it is intended with all of the installations, parts and systems relating thereto and required by the Work hereunder functional, accessible, operable and usable by the Owner for their full and unimpeded intended usage. Such completion shall include, as applicable, all certificates of occupancy or other permits or authorizations by governmental agencies having jurisdiction thereof, necessary to permit such usage. Only minor or incidental corrective work under punch lists and final cleaning (if required) beyond cleaning needed for the Owner's full use may remain for Final Completion.

9.1.2 When the Contractor considers the Work to be substantially complete, he shall submit to the Owner and Architect written notice that the Work, or such designated portion thereof, is substantially complete, along with a list of items to be completed or corrected. The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. Within a reasonable time after receipt of notice, the Architect shall make an inspection to determine the status of completion.

9.1.3 Should the Architect determine that the Work has not reached substantial completion, the Architect shall promptly notify the Owner and Contractor in writing of his determination and the reasons therefor. The Contractor shall promptly remedy deficiencies and complete all incomplete work and thereafter send another written notice of substantial completion to the Owner and Architect who shall within a reasonable time thereafter reinspect the Work.

9.1.4 When the Architect determines that the Work or such designated portion is substantially complete, the Architect will prepare a Certificate of Substantial Completion on AIA Form G704, or such other form as the Owner shall stipulate, accompanied by the Contractor's list of items to be completed or corrected, as verified and amended by the Architect. The

issuance of such certificate shall establish the Date of Substantial Completion thereof. Such certificate shall further state the responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance, and shall set forth the time period within which the Contractor shall remedy or complete items listed above.

9.1.5 Warranties required by the Contract Documents shall commence on the Date of Substantial Completion of the Work or designated portion thereof, unless otherwise provided in the Certificate of Substantial Completion.

9.1.6 If the appropriate governmental agencies refuse to issue a Certificate of Occupancy or other necessary permits for reasons other than fault of the Contractor, including without limitation deficiencies in the Contract Documents, the requirement of such Certificate will be deemed to be waived, unless the Contractor knew or should have known of such deficiencies and failed to call it timely to the attention of the Owner and the Architect. The Contractor, at the Owner's option, shall thereafter perform the Work necessary to obtain such Certificate with an adjustment to the Contract Sum necessary to obtain such Certificate which shall be effected by Change Order.

9.2 COMPLETION AND CLOSEOUT SUBMITTALS

9.2.1 As soon as practicable, but in no event later than twenty (20) days after the Date of Substantial Completion, the Contractor shall:

1. Fully complete all remaining items and correct all deficient items, whether or not listed on the Certificate of Substantial Completion;

2. Organize, prepare and submit to Owner through Architect all Closeout Submittal Information (as defined in Paragraph 9.3);

3. To the extent not previously accomplished for Substantial Completion, complete the start-up of all systems and equipment and provide the Owner's designated personnel with instructions by Contractor (or its supplier, subcontractor or manufacturer) in care, use, cleaning, maintenance and operation procedures for each item; and

4. To the extent not previously accomplished, complete all cleaning and disposal operations required by governing codes, ordinances, regulations, anti-pollution requirements and Contract Documents. The entire Work (buildings and grounds) shall be cleaned as specified by Architect and as required for Owner's intended use.

9.3 CONTRACTOR'S CLOSEOUT SUBMITTAL

9.3.1 As a necessary part of completion of the Work under the Contract Documents, the Contractor shall assemble and submit to Owner through Architect the following material and documentation:

1. Except as otherwise provided by the Contract Documents, all certificates and approvals of any governmental agency with authority over

the Project or the Work required for the full, unrestricted use and occupancy thereof by Owner for its intended purpose, including specifically, but without limitation:

(a) Certificate(s) of Occupancy.

(b) Certificates of inspection for such systems and installations (as applicable) as:

(1) elevators, moving stairs and walks, (2) mechanical systems, (3) plumbing systems, (4) fire protection, and (5) electrical systems.

2. One record set of all the following project documentation:

(a) Project Manual (Specifications).

(b) Project Drawings.

(c) Addenda.

(d) Change Orders and Modifications to Contract.

(e) Owner's and Architect's Field Orders or written instructions, sketches, etc.

(f) Approved Shop Drawings, Product Data and Samples.

(g) Testing laboratory reports.

(h) All Construction samples and product samples.

3. One record set of "as built" drawings, legibly marked concurrently with the construction process including but not limited to, the following:

(a) Depths of various elements of foundation in relation to finish first floor datum;

(b) Horizontal and vertical locations of underground utilities and appurtenances, referenced to permanent surface improvements;

(c) Location of internal utilities and appurtenances concealed in construction, referenced to visible and accessible features of structure(s);

(d) Field Changes of dimensions and details;

(e) Changes made by Field Orders, or Change Orders and not shown on Contract Drawings (as amended); and

(f) Details not on original Contract Drawings.

4. One record set of "as built" specifications legibly marked so as to indicate the manufacturer, trade name, catalog number, and supplier of each product and item of equipment actually installed.

5. One record set of schematic diagrams covering installations of all electrical, mechanical and pneumatic controls.

6. Three duplicate sets, each separately bound and indexed in vinyl covered three ring binders, of operating instructions and maintenance recommendations for all Work, including, without limitation, a printed parts list for all items which might be subject to replacement. These instructions shall set forth all of the information necessary for

Owner to operate and make full and efficient use of all equipment and systems comprising the Work, and perform such maintenance and servicing as would ordinarily be done by Owner or its personnel. They shall be neatly typewritten in simple, non-technical language when possible, with sufficient diagrams and explanation where necessary to be readily understandable by average laymen.

7. All keys and key schedules.

8. All spare parts, maintenance materials and any materials or equipment for which Contractor had been paid but which was not actually incorporated into Work.

9. The originals of all Warranties, Guaranties, Bonds, or Certificates of Compliance required by the Contract Documents, relative to the Work or its component parts, equipment and systems, including those given by Contractor, Subcontractors and material manufacturers or suppliers. These shall be prepared in a vinyl covered three ring binder and indexed in order of and in accordance with corresponding specification sections or other contract requirements. All such warranties, guarantees and certificates, if not issued directly to Owner, shall by their terms by assignable to Owner and shall be accompanied by duly executed documentation effecting such transfer and assignment.

9.4 FINAL COMPLETION

9.4.1 When the Contractor considers the Work is fully complete and ready for final inspection, the Contractor shall certify in writing to the Owner and Architect that:

(a) Contract Documents have been reviewed by the Contractor.

(b) All work has been carefully inspected by the Contractor for compliance with the Contract Documents.

(c) All work has been completed in accordance with Contract Documents.

(d) Equipment and systems have been cleaned, tested and started up in accordance with the Contract Documents and are operational.

(e) All Closeout Submittals required by Paragraph 9.3 have been properly made.

(f) Work is fully completed and ready for final inspection.

9.4.2 The Architect and the Owner shall make an inspection to verify the status of completion within a reasonable time after receipt of the Contractor's certification required by Paragraph 9.4.1.

9.4.3 If the Owner and the Architect determine that any of the Work is incomplete or defective, the Architect shall promptly notify the Contractor, in writing, of such incomplete or defective Work, itemizing and describing such remaining items with reasonable particularity. The Contractor shall immediately complete all items and remedy all stated deficiencies, after which the Contractor shall send another written certification to the Owner and the Architect that the Work is fully complete. The Architect shall promptly reinspect the Work.

9.4.4 When the Owner and Architect determine that the entire work has been fully and properly completed in accordance with the Contract Documents, the Architect shall give written notice of final completion to the Owner and the Contractor.

PROTECTION OF PERSONS AND PROPERTY

10.1 SAFETY PRECAUTIONS AND PROGRAMS

10.1.1 The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Work.

10.2 SAFETY OF PERSONS AND PROPERTY

10.2.1 The Contractor shall take all reasonable precautions for the safety of, and shall provide all reasonable protection to prevent damage, injury or loss to:

1. All employees and subcontractors and subcontractors and their employees of the Project or performing the Work and all other persons who may be affected thereby;

2. All the Work and all materials and equipment to be incorporated therein, whether in storage on or off the site, under the care, custody or control of the Contractor or any of his Subcontractors or sub-subcontractors; and

3. Other property at the site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, relocation or replacement in the course of construction.

10.2.2 The Contractor shall give all notices and comply with all applicable laws, ordinances , rules regulations and lawful orders of any public authority bearing on the safety of persons or property or their protection from damage, injury or loss. Specifically but without limitation, Contractor and all of his Subcontractors shall thoroughly familiarize themselves with all requirements of Public Law 91-956 enacted by Congress, December 29, 1970, cited as the "Occupational Safety and Health Act of 1970", and all amendments thereto, commonly referred to as OSHA, and it shall be the responsibility of the Contractor to fully enforce and comply with all of the provisions of this Act.

10.2.3 The Contractor shall erect and maintain, as required by existing conditions and progress of the Work, all reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent utilities.

10.2.4 When the use or storage of explosives or other hazardous materials or equipment is necessary for the execution of the Work, the Contractor shall exercise the utmost care and shall carry on such activities under the supervision of properly qualified personnel.

10.2.5 The Contractor shall promptly remedy all damage or loss to any property referred to in this Paragraph 10.2 caused in whole or in part by the Contractor, any Subcontractor, any Sub-subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable and for which the Contractor is responsible under Paragraph 10.2.1, except damage or loss attributable solely to the negligent acts or omissions of the Owner or Architect or anyone directly or indirectly employed by either of them, or by anyone for whose acts either of them may be liable. The foregoing obligations of the Contractor are in addition to his obligations under Paragraph 4.1.6.

10.2.6 The Contractor shall designate a responsible member of his organization at the site whose duty shall be the prevention of accidents. This person

shall be the Contractor's superintendent unless otherwise designated by the Contractor in writing to the Owner and the Architect.

10.2.7 The Contractor shall not load or permit any part of the Work to be loaded so as to endanger its safety.

10.3 EMERGENCIES

10.3.1 In any emergency affecting the safety of persons or property, the Contractor shall act at his discretion to prevent threatened damage, injury or loss.

ARTICLE 11.
INSURANCE

11.1 CONTRACTOR'S LIABILITY INSURANCE

11.1.1 Before commencing the Work, Contractor shall have in effect and maintain, until completion and final acceptance of the Work, all insurance required under this Paragraph 11.1. Such insurance shall name Owner as an additional insured and shall be carried with companies duly qualified to do business in the State in which the Project is located and acceptable to Owner, the Contractor shall furnish to Owner copies of Certificates of Insurance of all such policies. Such certificates shall bear the endorsement that they are not to be cancelled, changed or permitted to lapse until thirty (30) days after Owner has received written notice as evidenced by return receipt of registered or certified mail, and it is agreed further that as to lapsing such notice will not be valid if mailed more than thirty-five (35) days prior to the proposed expiration date of the policy. Such notice must be sent to Owner as indicated elsewhere in the General Conditions and be clearly labeled on outside of the envelope "INSURANCE CANCELLATION". Contractor shall require each Subcontractor to provide coverage adequate to protect Subcontractor and its employees. Upon request, Contractor shall deliver Contractor's and/or any Subcontractor's insurance policies to Owner for review. If the terms of coverage of such policies are unacceptable to Owner, Contractor and/or Subcontractor shall revise its coverage or obtain additional coverage as reasonably requested by Owner. Owner's approval of Contractor's and any Subcontractor's insurance shall not relieve or limit their liability under the Contract Documents. In the event of the failure of Contractor to furnish and maintain such insurance, then Owner shall have the right, but not the obligation, to take out and maintain such insurance for and in the name of Contractor and Contractor shall pay the cost thereof and furnish all necessary information to permit Owner to take out and maintain such insurance for the account of Contractor. Contractor shall not allow any Subcontractor to commence work on its subcontract until all such insurance required of Subcontractor has been obtained.

11.1.2 Contractor shall purchase and maintain such insurance as will protect it from claims set forth below which may arise out of or result from Contractor's operations under the Contract Documents, whether such operations be by Contractor or by any Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

(a) Claims under Workers' or Workmen's Compensation, disability benefit and other similar employee benefit acts;

(b) Claims for damages because of bodily injury, occupational sickness or disease, or death of his employees;

(c) Claims for damages because of bodily injury, sickness or disease, or death of any person other than its employees;

(d) Claims for damages insured by usual personal injury liability coverage which are sustained (i) by any person as a result of an offense directly or indirectly related to the employment of such person by Contractor, or (ii) by any other person;

(e) Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom; and

(f) Claims for damages because of bodily injury or death of any person or property damages arising out of the ownership, maintenance or use of any motor vehicle.

11.1.3 The liability insurance required by this Paragraph 11.1 shall be on a comprehensive basis including:

(a) Premises - Operations (including X-C-U);

(b) Independent contractor's protection;

(c) Products and completed operations, which must be maintained for one (1) year commencing with the issuance of the final Certificate of Payment;

(d) Contractual, including specified provision for the Contractor's obligations under Subparagraph 4.16;

(e) Owned, non-owned and hired motor vehicles; and

(f) Broad form coverage for property damage.

11.1.4 The insurance required in this Paragraph 11.1 shall be in not less than the following amounts:

(a) Workers' Compensation:

(i) Workers' or Workmen's Compensation - maximum permitted by statute, unlimited, if permitted;

(ii) Employer's liability -- $100,000.

(b) Commercial General Liability:

Bodily injury and property damage having a combined single limit of $5,000,000 and including the following coverage:

(i) Personal Injury;

(ii) Independent contractors;

(iii) Products and completed operations, which must be maintained for one (1) year commencing with the issuance of the final certificate of payment;

(iv) Contractual liability;

(v) Umbrella liability coverage in the amount of $10,000,000.

(c) Automobile Liability:

(i) Bodily injury and death -- $5,000,000/$100,000;

(ii) Property damage -- $500,000.

11.2 OWNER'S LIABILITY INSURANCE

11.2.1 Owner shall be responsible for purchasing and maintaining its own liability insurance and, at its option, may purchase and maintain such insurance as will protect it against claims which may arise from operations under the Contract Documents.

11.3 PROPERTY INSURANCE

11.3.1 Unless otherwise provided, Contractor shall purchase and maintain property insurance upon the entire Work and the Project site in the full amount of the Contract Sum, as adjusted pursuant to the terms of the Contract Documents. This insurance shall include the interests of Owner, Contractor, Subcontractors and Sub-subcontractors in the Work and shall insure against the perils of fire and extended coverage and shall include "all risk" insurance for physical loss or damage. If the insurance which Contractor will maintain contains deductibles, whichever party that has experienced the loss shall pay the deductibles for any loss which is subject to said deductibles and as a result is not

recoverable from an insurance carrier. Such certificates shall bear the endorsement that they are not to lapse until thirty (30) days after Owner and Lender have received written notice as evidenced by return receipt of registered or certified mail.

11.3.2 Any loss insured under Subparagraph 11.3.1 and 11.3.2 is to be adjusted with Contractor and made payable to Contractor as trustee for the insureds, as their interests may appear, subject to the requirements of any applicable mortgagee clause and of Subparagraph 11.3.8. Contractor shall pay each Subcontractor a just and equitable share of any insurance monies received by Contractor, and by appropriate agreement, written where legally required for validity, shall require each Subcontractor to make payments to its subcontractors in similar manner.

11.3.3 Contractor shall file a Certificate of Insurance describing Contractor's insurance coverage provided for hereunder with Owner before an exposure to loss may occur.

11.3.4 If Owner requests in writing that insurance for risks other than those described in Subparagraphs 11.3.1 and 11.3.2 be included in the property insurance policy, Contractor shall, if possible, include such insurance, and the cost thereof shall be charged to Owner by appropriate Change Order.

11.3.5 Owner, Contractor, and all Subcontractors waive all rights against (a) each other and Subcontractors, sub-subcontractors, agents and employees each of the other, and (b) Architect and separate contractors, if any, and their subcontractors, sub-subcontractors, agents and employees, for damages caused by fire or other perils to the extent covered by insurance obtained pursuant to this Paragraph 11.3 or any other property insurance applicable to the Work, except such rights as they may have to the proceeds of such insurance held by Owner as trustee. The foregoing waiver afforded Architect, its agents and employees shall not extend to the liability of Architect, its agents or employees arising out of (a) the preparation or approval of maps, drawings, opinions, reports, surveys, Change Orders, designs or specifications, or (b) the giving of or the failure to give directions or instructions by Architect, its agents or employees provided such giving or failure to give is the primary cause of the injury or damage. Owner or Contractor, as appropriate, shall require of Architect, separate contractors, Subcontractors and sub-subcontractors by appropriate written agreements, similar waivers each in favor of all other parties enumerated in this Subparagraph 11.3.6.

11.3.6 If, after such loss, no other special agreement is made, replacement of damaged work shall be covered by an appropriate Change Order.

11.3.7 Contractor, as trustee, shall have power to adjust and settle any loss with the insurers.

11.3.8 If Owner finds it necessary to occupy or use a portion or portions of the Work prior to substantial completion thereof, such occupancy shall not commence prior to a time to which the insurance company or companies providing the property insurance have consented by endorsement to the policy or policies. This insurance shall not be cancelled

or lapsed on account of such partial occupancy. Consent of the insurance company or companies to such occupancy or use shall not be unreasonably withheld.

11.3.9 Nothing in this Paragraph however, shall alter the risk of loss, excluding loss or damage resulting from faulty design, of all improvements to be constructed and materials and equipment to be used in the Work, which shall remain with and upon the Contractor until the Work has been fully completed and accepted by way of issuance of final payment to Contractor. Without limiting this liability, the Contractor shall be entitled to use the proceeds of insurance obtained under this Paragraph to effect repairs to and replacements of the Work in accordance with the foregoing subparagraph.

11.4 LOSS OF USE INSURANCE

11.4.1 Owner, at its option, may purchase and maintain such insurance as will insure it against loss of use of its property due to fire or other hazards, however caused. Owner waives all rights of action against Contractor for loss of use of Owner's property, including consequential losses due or fire or other hazards, however caused, to the extent covered by insurance under this Subparagraph 11.4.1.

11.5 WRAP-UP

11.5.1 In lieu of the insurance requirements set forth in Paragraphs 11.1. through 11.3 hereof, Owner shall have the right to purchase "Wrap-Up" insurance for the Project to protect the interest of Owner, Contractor, any separate contractor and all Subcontractors. In such event, the Contract Sum shall be reduced to reflect the total amount included therein to compensate Contractor and all Subcontractors for the insurance coverage which would have been required under Paragraph 11.1 hereof.

ARTICLE 12.
CHANGES IN THE WORK AND CLAIMS

12.1 CHANGE ORDERS

12.1.1 A Change Order is a written order to the Contractor signed by the Owner and the Architect, issued after execution of the Contract, authorizing a change in the Work or an adjustment in the Contract Sum or the Contract Time. The Contract Sum and the Contract Time may be changed only by Change Order. A Change Order signed by the Contractor indicates his agreement therewith, including the adjustment in the Contract Sum or the Contract Time; provided, however, that the Contractor shall be obligated to proceed with any duly executed Change Order regardless of whether it is signed by him or not.

12.1.2 The Owner, without invalidating the Contract, may order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions, the

Contract Sum and the Contract Time being adjusted accordingly. All such changes in the Work shall be authorized by Change Order, and shall be performed under the applicable conditions of the Contract Documents.

12.1.3 Upon issuance of a Change Order signed by Owner and Architect the Contractor shall proceed promptly with the Changed Work notwithstanding any disagreement regarding the resulting adjustments to the Contract Sum or Contract Time. In such case, the Contract Sum and Contract Time shall be adjusted unilaterally by the amounts shown in the Change Order, subject to any reservation of rights regarding such dispute preserved by written notice of claim by Contractor (pursuant to Paragraph 12.5) to Owner and Architect prior to proceeding with the work in question.

12.1.4 The cost or credit to the Owner resulting from a change in the Work shall be determined in one or more of the following ways:

(1) By mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;

(2) By unit prices stated in the Contract Documents or subsequently agreed upon;

(3) By cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or

(4) By the method provided in Subparagraph 12.1.4.

(5) The cost or credit to the Owner resulting from a change in the Work, or extra work, not covered by unit prices, shall be based on the following percentages added to material and labor costs: Percentage allowance to the Contractor for overhead (including Bond Premiums), and profit for extra work performed by Contractor with his own forces shall be ten (10%) percent. Percentage allowance to the Contractor for overhead (including Bond Premiums) and profit for extra work performed by the Contractor's Subcontractor and supervised by the Contractor shall be five percent (5%).

12.1.5 If none of the methods set forth in Clauses 12.1.4(1), 12.1.4(2), 12.1.4(3) or 12.1.4(4) is agreed upon, the Contractor, provided he receives a written order signed by the Owner, shall promptly proceed with the Work involved. The cost of such Work shall then be determined by the Architect on the basis of the reasonable expenditures and savings of those performing the Work attributable to the change, including, in the case of an increase in the Contract Sum, a reasonable allowance for overhead and profit. In such case, and also under Subparagraphs 12.1.4(3) and 12.1.4(4) above, the Contractor shall keep and present, in such form as the Architect may prescribe, an itemized accounting together with appropriate supporting data for inclusion in a Change Order. Unless otherwise provided in the Contract Documents, cost shall be limited to the following: cost of

materials, including sales tax and cost of delivery; cost of labor, including social security, old age and unemployment insurance, and fringe benefits required by agreement or custom; workers' or workmen's compensation insurance; bond premiums; rental value of equipment and machinery; and the additional costs of supervision and field office personnel directly attributable to the change. Pending final determination of cost to the Owner, payments on account shall be made on the Architect's Certificate for Payment. The amount of credit to be allowed by the Contractor to the Owner for any deletion or change which results in a net decrease in the Contract Sum will be the amount of the actual net cost as confirmed by the Architect. When both additions and credits covering related Work or substitutions are involved in any one change, the allowance for overhead and profit shall be figured on the

basis of the net increase, if any, with respect to that change.

12.1.6 If unit prices are stated in the Contract Documents or subsequently agreed upon, and if the quantities originally contemplated are so changed in a proposed Change Order that application of the agreed unit prices to the quantities of Work proposed will cause substantial inequity to the Owner or the Contractor, the applicable unit prices shall be equitably adjusted.

12.2 CONCEALED CONDITIONS

12.2.1 Should concealed conditions encountered in the performance of the Work below the surface of the ground or should concealed or unknown conditions in an existing structure be materially at variance with the conditions indicated by the Contract Documents, or should unknown physical conditions below the surface of the ground or should concealed or unknown conditions in an existing structure of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Contract, be encountered, the Contract Sum and Contract Time, as appropriate, shall be equitably adjusted by Change Order upon written notice of claim written by either Owner or Contractor made within ten (10) days after the first observance of the conditions.

12.3 MINOR CHANGES IN THE WORK

12.3.1 The Architect, with the Owner's concurrence, will have authority to order minor changes in the Work not involving an adjustment to the Contract Sum or an extension of the Contract Time and not inconsistent with the intent of the Contract Documents. Such changes shall be effected by written order, and shall be binding on the Contractor. The Contractor shall carry out such written orders promptly.

12.4 CHANGE ORDER REQUESTS AND PROPOSALS

12.4.1 Should Owner or Architect contemplate imposition of a change to the Work, Architect may issue a Change Order Proposal Request to the Contractor to indicate contemplated changes in the Work. Within ten (10) days from receipt of such a Request, the Contractor

shall submit to the Owner through the Architect, a Change Order Proposal indicating his estimated price and its estimated effect, if any, on the Contract Time for such changed work.

12.5 CLAIMS

12.5.1 Other than as provided in Paragraphs 12.1 and 12.2, the Contractor shall not be entitled to any adjustment of Contract Sum or Contract Time except in strict compliance with the procedures and under the circumstances hereinafter set forth.

12.5.2 Should the Contractor contend that any other written or oral order (which shall include direction, instruction, interpretation or determination) from the Owner or Architect or other event or occurrence shall cause a change in the work entitling Contractor to adjustment to the Contract Sum or Contract Time, the Contractor shall:

1. Provide a written Notice of Claim to Owner and to Architect within ten (10) days after the occurrence of the event upon which the claim is based. Such Notice of Claim must clearly identify the order or event which is relied upon and contain a clear statement of why it constitutes a basis for adjustment.

2. Provide a written statement of claim to Owner and to Architect within twenty (20) days after the occurrence of the event, which statement shall

include a clear, concise recital of the basis upon which the claim is asserted, including a designation of the provision or provisions in the Contract Documents on which the claim is based and the amount of time and compensation claimed. All costs, expenses or damages and extensions of time claimed as a result of this alleged change shall be described in reasonable detail under the circumstances together with complete supporting documentation.

3. To the extent that any adjustment to the Contract Time is sought, the Contractor shall also fully comply with the requirements of Subparagraph 7.3.5.

12.5.3 Upon receiving a Statement of Claim, the Architect shall review any timely claim submitted by the Contractor within a reasonable time. In conducting this review, the Architect shall have the right to require the Contractor to submit such additional or supporting documents, data and other information as the Owner and/or Architect may require, and the failure to submit such additional documents, data or other information within fifteen (15) days following written request shall be deemed a waiver of the claim. Upon completion of such review, the Architect, in consultation with Owner, shall issue a Change Order amending the Contract Sum or Contract Time or both as may be found proper. If the Contractor or Owner disputes the determination made by the Architect as a condition precedent to any further action to resolve such dispute, such party must notify the other party and Architect in writing within five (5) days following receipt of the decision of such dispute and permit Architect fifteen (15) additional days to reconsider and, if it deems it appropriate, modify its decision.

12.5.4 The failure of the Contractor to assert any claim within the time limits prescribed herein or in the form or manner precisely as required hereby shall be deemed a material prejudice to the interests of the Owner and shall constitute an absolute waiver of the claim and the right to file or thereafter prosecute the same.

12.6 LIMITATION OF ENTITLEMENT

12.6.1 Except as provided in Paragraphs 12.1, 12.2 and 12.5, no order, statement or conduct of the Owner or the Architect shall entitle the Contractor to any adjustment hereunder of the Contract Sum or Contract Time. Nothing in this Article shall excuse the Contractor from proceeding with the Contract as changed. Nothing contained in this Article 12 shall operate to limit or extinguish any right or defense of the Owner contained elsewhere in the Contract Documents or available at law or in equity or constitute a waiver by the Owner of any right or defense otherwise available.

ARTICLE 13.
UNCOVERING OF WORK AND CORRECTION OF WORK

13.1 UNCOVERING OF WORK

13.1.1 If any portion of the Work shall be covered contrary to the request of the Owner or Architect or to requirements specifically expressed in the Contract Documents, it must, if required in writing by the Owner or the Architect, be uncovered for his observation and shall be removed and replaced at the Contractor's expense.

13.1.2 If any other portion of the Work has been covered which the Owner or Architect has not specifically requested to observe prior to being covered, the Owner or Architect may request to see such Work and it shall be uncovered by the Contractor. If such Work be found in accordance with

the Contract Documents, the cost of uncovering and replacement shall, by appropriate Change Order, be charged to the Owner. If such Work should be found not in accordance with the Contract Documents, the Contractor shall pay such costs unless it be found that this condition was caused by the Owner or a separate contractor in which event the Owner shall be responsible for the payment of such costs.

13.2 CORRECTION OF WORK

13.2.1 The Contractor shall promptly correct all Work rejected by the Architect or the Owner as defective or as failing to conform to the Contract Documents whether observed before or after Substantial Completion and whether or not fabricated, installed or completed. The Contractor shall bear all costs of correcting and/or replacing all such rejected Work, and including compensation of the Architect's additional services and all other expenses incurred by Owner as a result of such correction including the expense of repairing and/or replacing all other Work damaged or destroyed by such replacement and re-execution.

13.2.2 If it is determined that within one year after the date of Substantial Completion of the Work or designated portion thereof or within one year after acceptance by the Owner of designated equipment or within such longer period of time as may be prescribed by law or by the terms of any applicable special warranty required by the Contract Documents, any of the Work is defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written specific acceptance of such condition. This obligation shall survive termination or final completion of the Contract.

13.2.3 The Contractor shall remove from the Site all portions of the Work which are defective or non-conforming and which have not been corrected unless removal is waived by the Owner.

13.2.4 If the Contractor fails to correct defective or nonconforming Work within the time period set forth in a written notice from the Owner to the Contractor, the Owner, after written notice to the Surety, if any, may, but shall not be required to, correct such defective or non-conforming Work. All costs of such corrective action incurred by the Owner plus a fee equal to ten (10%) percent of the costs of such Work incurred by the Owner and all out-of-pocket expenses incurred by the Owner shall be deducted from the balance of the Contract Sum due to the Contractor, or if that is insufficient, the Contractor shall pay the difference to the Owner upon demand.

13.2.5 If the Contractor does not proceed with the correction of such defective or non-conforming Work within the time fixed by written notice from the Owner to the Contractor, the Owner may remove such defective or non-conforming Work and may store the material or equipment at the expense of the Contractor. If the Contractor does not pay the costs of such removal or storage within ten (10) days thereafter, the Owner may upon ten (10) days additional written notice sell such Work at auction or at private sale and shall account for the net proceeds thereof after deducting all the costs that shall have been borne by the Contractor, including compensation for the Architect's additional services made necessary thereby and the Owner's out-of-pocket expenses together with a fee of ten (10%) percent of such costs. If such proceeds of the sale do not cover all costs which the Owner shall have borne, the difference shall be charged to the Contractor and an appropriate Change Order shall be issued. If the unpaid balance of the Contract Sum owing the Contractor is not sufficient to cover such amount, the Contractor shall pay the difference to the Owner upon demand.

13.2.6 The Contractor shall bear the cost of making good all work of the Owner or separate contractors or damaged by such correction or removal.

13.3 ACCEPTANCE OF DEFECTIVE OR NON-CONFORMING WORK

13.3.1 If the Owner prefers to accept defective or nonconforming Work, he may do so instead of requiring its removal and correction, in which case a Change Order will be issued to reflect a reduction in the Contract Sum in an amount appropriate and equitable. Such adjustment shall be effective whether or not final payment has been made.

13.4 NON-LIMITATION OF RIGHTS

13.4.1 Nothing contained in Article 13 shall be construed to establish a period of limitation with respect to any other obligation which Contractor has under the Contract Documents or under any separate warranty or guaranty required thereby, including, without limitation, Paragraph 4.6 hereof, or under law. The establishment of the time period of one year after date of Substantial Completion or acceptance or such longer period of time as may be prescribed by law or by the terms of any warranty or guaranty required by the Contract Documents relates only to the specific obligation of Contractor to correct the Work, and has no relationship to the time within which its obligation to comply with the Contract Documents or applicable provisions of law may be sought to be enforced, nor to the time within which proceedings may be commenced to establish Contractor's liability with respect to its obligations other than specifically to correct the Work.

ARTICLE 14.
TITLE TO WORK AND LIENS

14.1 UNENCUMBERED TITLE TO WORK

14.1.1 Contractor warrants and guarantees that title to all Work covered by any Application for Payment, whether incorporated in the Project or not, will pass to Owner free and clear of all liens, claims, security interests or encumbrances upon the sooner of (i) the date such Work is incorporated into the Project or (ii) the date Contractor receives payment for such Work under Application for Payment; and that no Work covered by an Application for Payment will have been acquired by Contractor or by any other person performing the Work at the Project Site or furnishing materials and equipment for the Project, subject to an agreement under which an interest therein or an encumbrance thereon is retained by the seller or otherwise imposed by Contractor or such other person.

14.2 LIEN RELINQUISHMENT AND REMOVAL

14.2.1 The Contractor shall fully and promptly pay and discharge any and all commitments and claims and wholly protect and save harmless Owner and its property against any and all demands and claims which may or could ripen into liens or claims of lien on the Project or the property upon which it is situated. Further, the Contractor shall not at any time suffer or permit any lien, attachment, or other encumbrance under the laws of the State in which the Project is situated or otherwise by any person or persons whomsoever to

remain on record against the Project or the property upon which it is situated for any money due or any work done or materials furnished relative to the Work or otherwise under the Contract Documents or by reason of any other claim or demand against Contractor or any Subcontractor. The Contractor shall impose similar contractual requirements on its Subcontractors.

14.2.2 If Contractor fails to remove any mechanic's or other lien filed by Contractor, its Subcontractors or materialmen, by satisfaction, bouncing or otherwise, Owner may retain sufficient funds, out of any money due or thereafter to become due to Contractor by Owner, to pay the same and to pay all costs incurred by reason thereof, including reasonable attorneys' fees and the cost of any lien bonds Owner may elect to obtain. Additionally, without prejudice to any other rights or remedies and at its sole election, Owner may pay said lien or liens and costs out of any funds that are or that become due to Contractor and that are at any time in the possession of the Owner.

14.3 SUBORDINATION OF RIGHTS

14.3.1 The Contractor agrees to subordinate, and agrees to have its Subcontractors subordinate, any lien or claim or right of lien against the Project and its real property which the Contractor and his Subcontractors may now or hereafter have on account of construction labor, services or materials provided under the Contract in connection with the Work or otherwise for the Project, to any promissory note, loan agreement, mortgage, deed to secure debt, or other instrument executed by Owner which creates a first lien on the Project and the real property on which it is located, including any extension, renewal, additional advance or other modification thereof. The Contractor shall not, either in its own right or through subrogation, assignment or otherwise, assert any lien, privilege or claim which might prejudice or become superior to the rights of the Lender under such first lien agreement granted by the Owner. Contractor agrees further to execute any documentation reasonably required by Owner or its Lender effectuating this subordination.

ARTICLE 15.
CONTRACTOR DEFAULT AND OWNER'S REMEDIES

15.1 EVENTS OF CONTRACTOR'S DEFAULT

15.1.1 An Event of Default shall occur if the Contractor shall:

(a) Fail or refuse to maintain progress of the Work in accordance with the Contract Requirements and Construction Schedule (except to the extent that an extension of time is allowed); or

(b) Fail to prosecute the Work or any of its components in accordance with the Contract Documents; or

(c) Make any material misrepresentation to the Owner (including but not limited to misrepresentations in connection with any Application for Payment); or

(d) Persistently or repeatedly refuse or fail to supply sufficient properly skilled workmen or proper materials, to permit timely prosecution of the Work; or

(e) Fail to make prompt payment to subcontractors, or for materials or labor; or

(f) Disregard laws, ordinances, rules, regulations, or orders of any public authority having jurisdiction; or

(g) Be adjudicated a bankrupt; or

(h) Make a general assignment for the benefit of his creditors; or

(i) Have a receiver appointed as a result of his insolvency; or

(j) Be declared in breach or default under any general Agreement of Indemnity or other guaranty or indemnity agreement with a surety or lender and such declaration not be revoked within ten (10) days thereafter; or

(k) Otherwise commit a substantial violation of a provision of the Contract Documents.

15.1.2 Upon the happening of an Event of Default by Contractor, the Owner may elect to give the Contractor written notice thereof. The Contractor thereafter shall cure the default as soon as possible and in any event within seventy-two (72) hours from the giving of the notice of default.

15.2. OWNER'S REMEDIES FOR UNCURED CONTRACTOR DEFAULT

15.2.1 If the Contractor does not timely cure its default, as required by Subparagraph 15.1.2 and upon 72 hours additional written notification to Contractor and his surety, if any, the Owner may exercise any one or more of the following rights and remedies:

1. Termination

(a) Owner may terminate all or any portion of this Contract and take possession of the Work or portions thereof, including the Contractor's materials, tools, equipment, construction equipment, facilities, supplies, machinery and appliances used or to be used in connection with the Project, whether on or off the Project site, and to cause the remaining Work to be finished by another contractor or contractors as may be

deemed appropriate by the Owner. Such termination shall not relieve the Contractor, his Surety, or any insurer of Contractor of any liability or responsibility. Upon such termination and written request by Owner, the Contractor shall assign its full interests and rights to the Owner, in any or all of the subcontracts and contracts with suppliers, or such part thereof as the Owner may request, although the Owner shall not be required to accept an assignment of, or otherwise perform under any such contract. Owner shall be at liberty to negotiate with and engage (for himself or for any other contractors that Owner engaged to replace Contractor) any Subcontractors, suppliers, or others that Contractor dealt with prior to termination.

(b) Upon termination of all or any portion of the Work, Owner shall not be obligated to make any further payment for any purpose thereafter until all of such Work shall have been completed, and all subsequent costs necessary to complete the Work (including or Architect's additional services necessitated thereby) shall be paid for by Owner. If the cost to Owner for completing such Work shall exceed the Contract Sum as adjusted in accordance with the terms of the Contact Documents for the Work or any portion thereof so terminated, such excess cost shall be a rightful claim by Owner against Contractor and such excess amount shall be immediately due and payable and shall be paid by Contractor to Owner upon demand. If the cost to Owner for completing such Work shall be less than the Contract Sum as adjusted under the Contract Documents for the Work or any portion thereof so terminated, Owner shall pay any amounts which Contractor had earned with respect to such Work prior to Owner's termination thereof; provided, however, that Owner shall in no event pay an amount greater than the difference between the Contract Sum for the Work or the portion thereof terminated hereunder and the amount previously paid to Contractor.

(c) If only a portion of Work has been terminated by Owner, Contractor agrees to perform the remainder of the Work in conformity with the Contract Documents and in such a manner as not to interfere with Owner or others in their performance and completion of the portion of Work which was terminated.

(d) After the Work has been completed, the Contractor may remove such materials, tools, plant equipment and appliances as remain at the Property but the Owner shall not be liable for anything that has been lost, stolen, destroyed, consumed, worn or used.

2. Withhold Money Due

The Owner may withhold an amount from any and all retainages and Progress or other Payments then due or thereafter to become due to the Contractor sufficient to cover the costs of curing such default until the default has been corrected fully by the Contractor or in the event same is contested by the Contractor.

3. Direct Additional Effort

The Owner may direct the Contractor to furnish additional labor, materials and equipment that, in the Owner's opinion, would be sufficient to perform the Work and to expedite the delivery of materials in order to complete the Work as required under the Contract Documents. The additional labor, materials and equipment shall be furnished without adjustment of the Contract Sum by reason thereof.

4. Perform Work Without Termination

The Owner may, without prejudice to any other rights or remedies and without terminating this Agreement, and upon seventy-two (72) hours prior written notice, perform the obligations in respect of which the Contractor is in default (including without limitation, obligations relating to the performance of the Work and obligations relating to the payment of money) with its own forces or by engaging other contractors. In such case an appropriate Change Order shall be issued deducting from the payments then or thereafter due the Contractor the cost of correcting such deficiencies, including compensation for the Architect's additional services and any attorney's fees, made necessary by such default, neglect or failure. If the payments then or thereafter due the Contractor are not sufficient to cover such amount, the Contractor shall pay the difference to the Owner upon demand.

5. Demand and Seek Specific Performance

The Owner may demand that the Contractor specifically perform the obligation in respect of which he is in default or the Owner may seek a mandatory injunction requiring the Contractor to do so or a prohibitory injunction restraining the Contractor from acting contrary to this agreement or the Contract Documents, including in each case a temporary injunction. The Owner may obtain such injunctive relief without having to show irreparable injury or the absence of an adequate remedy at law.

15.3 OWNER'S REMEDIES FOR REPEATED DEFAULT

15.3.1 The Owner may exercise any one or more of the rights or remedies set forth in Paragraph 15.2 above without first giving the Contractor or its Surety a notice and opportunity to cure if: (a) on two or more prior occasions the Owner shall have justifiably given the Contractor a notice of default with respect to a similar or related default, or (b) the Event of Default arises under bankruptcy or insolvency.

15.4 NONWAIVER OF DEFAULT REMEDIES

15.4.1 No election by Owner of or his failure to exercise any particular rights or remedies set forth in Paragraph 15.2 and 15.3 shall operate as a waiver of any other of such rights or remedies or prevent it from exercising such rights or remedies, and the right of Owner to so act is without the prejudice to its rights and without waiver of the liabilities and obligations of Contractor or any Subcontractors, as the case may be.

ARTICLE 16.
RIGHTS OF CONTRACTOR

16.1 STOP WORK FOR NONPAYMENT OR SUSPENSION

16.1.1 If the entire Work should be suspended for a period of thirty (30) days by order of Owner, or if Owner should fail to pay to Contractor within fifteen (15) days after any payment becomes due and payable to Contractor hereunder, through no act or fault of Contractor or any Subcontractor or the agents or employees of either or any person performing any of the Work under a contract with Contractor, then upon seven (7) additional days' written notice to Owner and Architect, Contractor may stop the Work until payment of the amount owing has been received or the suspension order lifted.

16.1.2 The Contract Time shall be adjusted and the Contract Sum shall be increased by the amount of the Contractor's reasonable duration and costs of shutdown, delay and start-up, which shall be effected by appropriate Change Order in accordance with Paragraph 12.1.

16.2 TERMINATION BY CONTRACTOR

16.2.1 If the Work is stopped for thirty (30) days by Contractor pursuant to Paragraph 16.1, then upon seven (7) additional days' written notice to the Owner and the Architect, the Contractor may terminate this Agreement.

16.2.2 Upon such termination, the Contractor may recover from the Owner payment for all Work executed and for any proven loss sustained upon any materials, equipment, tools, construction equipment and machinery, including reasonable profit but not any nondirect or consequential damages.

ARTICLE 17.
ASSIGNMENT

17.1 ASSIGNMENT

17.1.1 The Contract Documents shall be binding upon the Owner and the Contractor, their respective legal representatives, heirs, successors and assigns. The Contractor shall not assign the whole or any part of

its obligations and undertakings under this Contract and shall not assign any monies due or to become due hereunder without the prior written consent of the Owner and the Lender. Any such assignment by the Contractor of all or any part of the monies due or to become due the Contractor under this Contract shall contain a provision to the effect that the right of the assignee in and to any monies due or to become due the Contractor hereunder shall be subject to the prior claims of all persons, firms and corporations for services rendered or materials supplies for the performance of the Work called for in this Contract and to any and all claims of the Owner or of the Lender, or both, against the Contractor in connection with the Contractor's performance under this Contract and under the other Contract Documents. Any request by the Contractor for the Owner to approve any assignment hereunder shall be accompanied by a written statement for the Surety whereby the Surety consents to the assignment and agrees that such assignment will not affect the Surety's obligation under the Bond. No assignment by the Contractor hereunder shall relieve the Contractor of any of its obligations under this Contract or under the other Contract Documents. The Contractor acknowledges that the Owner may assign its rights hereunder to the Lender and the Contractor agrees to execute such written documents to perfect such assignment.

ARTICLE 18.
DISPUTES

18.1 OBLIGATION TO PROCEED AND PERFORM

18.1.1 In the event of any claim, dispute or matter in question (collectively called a dispute), pending resolution of the dispute the Owner shall make payments of undisputed amounts. If the Owner requires the Contractor to proceed with the Work in a manner directed by the Owner pending resolution of the dispute, the Contractor shall comply with the requirement but reserving his rights to assert a request for an increase in Contract Time or Contract Sum as may be applicable pursuant to Article 12.

18.1.2 Contractor shall carry on the Work and adhere to the Project Schedule during and notwithstanding all disputes or disagreements with Owner. No Work shall be delayed or postponed pending resolution of any disputes or disagreements, except as Contractor and Owner may otherwise agree in writing.

ARTICLE 19.
RIGHTS OF OWNER

19.1 CONDITIONS EXCUSING PERFORMANCE

19.1.1 The Owner shall not be responsible for any failure or inability of the Owner to perform any of its obligations hereunder by reason of fire, flood, strike or labor dispute (whether legal or illegal), embargo, earthquake, work stoppages, acts of any government, acts of war, sanctions by civil or military authorities, rebellion, civil commotion or any other reason beyond the Owner's control, whether or not similar to those listed, but does not include unavailability of funds.

19.2 OWNER'S RIGHT TO SUSPEND WORK

19.2.1 The Owner or the Architect may order the Contractor in writing to suspend, delay or interrupt all or any part of the Work for such period of time as he may determine to be appropriate for the convenience of the Owner.

19.2.2 If the Performance of the Work is, for an unreasonable period of time,

suspended, delayed or interrupted by the Owner, an adjustment of the Contract Sum shall be made for any increase in Contractor's costs of performance (excluding profit) and of the Contract Time for any increase in the time required for performance of the Work necessarily caused by such unreasonable suspension, delay or interruption, and the Contract modified in writing accordingly. However, no equitable adjustment shall be made under this Subparagraph for any suspension pursuant to Subparagraph 19.3.1, or for which an equitable adjustment is provided or excluded under any other provision of the Contract Documents and no adjustment shall be made to the extent that performance would have been so suspended, delayed or interrupted by any other cause, including the fault or negligence of the Contractor. No claim for an equitable adjustment under this Subparagraph shall be allowed before the Contractor shall have notified the Owner and the Architect in writing of the act or failure to act involved and unless the claims for increased costs or increased time required are asserted in writing to the Owner and the Architect within ten (10) days after the termination of such suspension, delay or interruption.

19.3 OWNER'S RIGHT TO STOP WORK

19.3.1 If the Contractor fails to correct defective Work as required by Paragraph 13.2, or persistently fails to carry out the Work or supply labor or materials in accordance with the Contract Documents, the Owner may order in writing the Contractor to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, this right of the Owner to stop the Work shall not give rise to any duty on the part of the Owner to exercise this right for the benefit of the Contractor or any other person or entity.

ARTICLE 20.
BONDS

20.1 PERFORMANCE AND PAYMENT BONDS

20.1.1 Owner shall have the right to require Contractor to furnish Owner a corporate surety performance bond and labor and material payment bond, each in the amount of 100 percent of the Cost of the Work. The premiums for these bonds will be paid by Owner. Owner shall have the right to require Contractor to obtain corporate surety performance bonds and labor and material payment bonds covering the work of any and Subcontractors whose respective portion of the Work totals Seventy-Five Thousand ($75,000.00) Dollars or more; provided that, if the construction Lender requires such bonds from other Subcontractors, Contractor will obtain such required bonds. The premiums for such bonds will be paid by the Contractor. The bonds shall be executed by a surety company authorized to engage in such business in the state in which the Project is situated and approved by the Owner. The form of the bonds shall be subject to the approval by Owner.

20.1.2 If the surety on any bond furnished by Contractor or any Subcontractor is declared a bankrupt or becomes insolvent or its right to do business is terminated in the state where the Project is located, Contractor shall within ten (10) days thereafter substitute another bond and Surety, both of which must be acceptable to Owner.

ARTICLE 21.
MISCELLANEOUS PROVISIONS

21.1 GOVERNING LAW

21.1.1 The Contract shall be governed by the laws of the State of Georgia.

21.2 WRITTEN NOTICE

21.2.1 All applications for payment, notices, requests and other matters required or permitted to be give hereunder shall be transmitted to the addresses shown on the Owner-Contractor Agreement by letter, telex, telegram, mailgram, cable or private commercial courier. Any party may change the address for the giving of notices to it by giving due notice of the new address to the other parties, provided that the address must be a place in the United States of America where the mails and either telexes, telegrams, mailgrams or cables are regularly received.

21.2.2 The notice shall be deemed given to the party when properly transmitted to it at its address set forth in the Owner-Contractor Agreement.

21.3 CLAIMS FOR DAMAGES

21.3.1 Should either party to the Contract suffer injury or damage to person or property because of any act or omission of the other party or of any of his employees, agents or others for whose acts he is legally liable, claim shall be made in writing to such other party within a reasonable time after the first observance of such injury or damage.

21.4 NO WAIVER

21.4.1 No action or failure to act or to require in any one or more instances upon the strict performance of any one of more of the provisions of the Contract Documents, or to exercise any right herein contained or provided by law by the Owner, the Architect, or the Contractor shall constitute a waiver or relinquishment of any right or duty afforded any of them under the Contract, nor shall any such action of failure to act constitute an approval of or acquiescence in any breach thereunder, nor shall it be construed as a waiver of the right to subsequently demand strict performance or exercise such rights, and the rights shall continue unchanged and remain in full force and effect, except as may be specifically agreed in writing.

21.5 RIGHTS AND REMEDIES

21.5.1 Except as set forth in Subparagraph 21.5.2, the duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

21.5.2 The Contractor agrees that he can be compensated by money damages for any breach of this Contract which may be committed by the Owner and hereby agrees that no default, act, or omission of the Owner or the Architect, (except for failure to make payments as specifically addressed in Article 16) shall constitute a material breach of the Contract entitling the Contractor to cancel or rescind the provisions of this Contract or (unless the Owner shall so consent or direct in writing) to suspend or abandon performance of all or any part of the Work. The Contractor hereby waives any and all rights and remedies to which he might otherwise be or become entitled, save only his right to money damages.

21.6 SIGNS AND ADVERTISING

21.6.1 Contractor shall not place or maintain any advertising signs, bills or posters, not shall he allow same to be placed in or about the site or structure, except with the prior written consent of Owner.

21.7 ATTORNEY FEES

21.7.1 Should it be necessary for Owner, Lender or Contractor to employ an attorney to enforce any part of the Contract or the Contract Documents, then the party adjudged in breach or

default shall pay the reasonable fee of such attorney and all other cases related to such enforcement or defense.

21.8 AGREEMENT READ AND UNDERSTOOD

21.8.1 Each and every one of the Articles of the General Conditions and the other Contract Documents has been read, examined, and the meaning of the foregoing is fully understood by the Contractor.

21.9 COMPLETE AGREEMENT

21.9.1 There are no understandings between the parties to this Contractor other than as set forth herein and in the other Contract Documents, and any and all other verbal or written agreements or arrangements between the parties hereto relative to any item or provision of this Contract or of the other Contract Documents are hereby superseded and voided.

21.10 INTEREST

21.10.1 Payments due and unpaid under the Contract Documents shall bear interest from the date payment is due at such rate as the parties may agree upon in writing or, in the absence thereof, at the legal rate prevailing at the place of the Project.

21.11 LABOR RELATIONS

21.11.1 Contractor shall use its best efforts to prevent and avoid labor disputes and other labor problems which may affect the Work. Contractor warrants and represents that it presently knows of no fact, the existence of which might lead to a labor dispute which might affect the Work.

21.11.2 In the event of any strike, picket, sympathy strike, work stoppage, or other form of labor dispute at the Project whether directed at the Contractor, other separate contractors, subcontractors, suppliers or other persons, Contractor shall notwithstanding continue to perform its Work required hereby without interruption or delay. In the event Contractor fails to continue its Work without interruption or delay, because of any of such events, the Owner, in addition to all other rights it has in the Contract Documents and at law, may terminate the Contract after giving Contractor seven (7) days written notice of its intent to do so for reason of Contractor's failure to perform. Additionally, if Contractor is party to one or more labor agreement, Contractor shall take all reasonable action to avoid any Work stoppage, and in the event of a Work stoppage, Contractor shall within twenty-four (24) hours take all legal action permitted by such labor agreements or by law in order to expedite resumption of Work on this Project.

21.12 CONVENANT NOT TO SUE

21.12.1 Should the Owner elect to terminate the Agreement with the Contractor for default as provided herein, then the Contractor covenants that he will not file any suit or proceeding of any kind against the Owner by reason thereof, until the Owner shall have either abandoned the Project or completed the Contractor's Work as required under the Contract. If the Contractor should breach this covenant not to sue, then Contractor shall be liable to the Owner for all costs resulting to the Owner

therefrom including, without limitation, all attorney's fees expended by the Owner in defending said suit or proceeding, unless a positive determination is made therein that the Contractor's termination by the Owner was motivated by fraud and bad faith and was without justification of any kind.

21.13 UNENFORCEABILITY OF ANY CLAUSE

21.13.1 If any clause of this Contract is held as a matter of law to be unenforceable or unconscionable, the remainder or the Contractor shall be enforceable without such clause.

21.14 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

21.14.1 The representations and warranties made by the parties in the Contract Documents and pursuant thereto shall survive the consummation of the transaction contemplated therein and continue in full force and effect without limitation.

21.15 NOT TO BENEFIT THIRD PARTIES

21.15.1 No provisions of this Contract shall in any way inure to the benefit of any third party (including the public at large) so as to constitute such person a third party beneficiary of this Contract or of any one or more of the terms and conditions of this Contract or otherwise give rise to any cause of action in any person not a party to the Owner-Contractor Agreement, except as provided elsewhere in the Contract Documents.

21.16 TERMINATION OR SUSPENSION BY THE OWNER FOR CONVENIENCE

21.16.1 The Owner may, without cause, order the Contractor in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

21.16.2 An adjustment shall be made for increases in the cost of performance of the Contract, including profit on the increased cost of performance, caused by suspension, delay or interruption. No adjustment shall be made to the extent:

1. That performance is, was or would have been so suspended, delayed or interrupted by another cause for which the Contractor is responsible; or

2. That an equitable adjustment is made or denied under another provision of this Contract.

21.16.3 Adjustments made in the cost of performance may have a mutually agreed fixed or percentage fee.

21.16.4 The Owner may terminate this Contract without cause for the Owner's convenience at any time before a Notice to Proceed is issued to the Contractor shall be entitled to no compensation from the Owner.

EXHIBIT "D"

WAIVER OF LIEN

The undersigned hereby forever waives and releases any and all types and forms of contractors', mechanics', and materialmen's lien and other liens

(including, without limitation, any liens which might otherwise have been filed pursuant to Virginia Codes) with respect to labor or services performed or materials furnished to the _____ on that certain construction project (the "Project"), which is being constructed by Bovis Construction Corp., a Florida corporation ("Contractor") under the Owner-Contractor Agreement for ABB Power Systems- office building, Chesterfield County, Virginia dated _____, 1999 between Contractor and Wells REIT, LLC -VA I, a Georgia limited liability company, and the Land, as described in the legal description attached hereto as Exhibit "D-1".

Should any claim of lien be filed on the real property records of any county in the Commonwealth of Virginia by the Undersigned contrary to the terms of this Waiver of Lien, it is hereby agreed by the undersigned that such claim of lien shall be dissolved as a matter of record by the recordation of this Waiver of Lien.

By execution of this Waiver of Lien, the undersigned hereby binds its representatives, heirs and assigns or its successors and assigns, as the case may be.

IN WITNESS WHEREOF, the undersigned has caused this Waiver of Lien to be executed this _____ day of _____, _____.

COMPANY NAME

Signed, sealed, and delivered in the presence of:

By: _____
Title: _____

_____
Unofficial Witness

_____
Notary Public

EXHIBIT "E"

CONTRACTOR'S AFFIDAVIT

STATE OF GEORGIA

COUNTY OF

TO: Wells REIT, LLC - VA I
3885 Holcomb Bridge Road
Norcross, GA 30092

FROM: Bovis Construction Corp.

RE: Construction Agreement dated _____, 1999 between Wells REIT, LLC - VA I, (the "Owner"), and Bovis Construction Corp. (the "Undersigned"), for construction of ABB Power Systems office building, Chesterfield County, Virginia (the "Contract").

KNOW ALL MEN BY THESE PRESENTS

1. The undersigned hereby certifies that all work required under the Contract has been performed in accordance with the terms thereof, that all materialmen, subcontractors, mechanics, and laborers have been paid and satisfied in full in accordance with the terms of the Contract and that there are no outstanding claims of any character arising out of the performance of the Contract which have not been paid and satisfied in full.

2. The undersigned further certifies that to the best of his knowledge and belief there are no unsatisfied claims for damages resulting from injury or death to any employees, subcontractors, or the public at large, arising out of the performance of the Contract, or any suit or claims for any other

damage of any kind, nature, or description which might constitute a lien on the property of the Owner.

3. The undersigned makes this affidavit for the purpose of receiving final payment in the amount of $ in full settlement of all claims arising under or by virtue of the Contract and acceptance of such payment is acknowledge as a release of the Owner from any and all claims arising under or by virtue of the Contract.

IN WITNESS WHEREOF, the undersigned has signed and sealed this instrument this _____ day of _____,_____.

BOVIS CONSTRUCTION CORP.

BY:_____

TITLE:_____

Personally appeared before the undersigned, _____, who, after being duly sworn, deposes and says that the facts stated in the above affidavit are true.

_____
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

_____

EXHIBIT "F"

FINAL WAIVER OF LIEN

STATE OF _____

COUNT OF _____

Personally appeared before the undersigned Notary Public _____, who, having being duly sworn, deposes and says that he is the (Owner, Partner, or Office), of (Name of Company), a corporation organized and doing business under the laws of the State of _____, and has been duly authorized by said corporation to make this affidavit,

[a PARTNERSHIP composed of _____
a SOLE TRADER doing business as _____
with principal place of business in the City of _____ and has personal knowledge of the facts hereinafter set forth.]

Affiant further swears that on the _____ day of _____, 19__, said (Name of Company), entered into a current contract with Bovis Construction Corp. to furnish all work specified by the Contract for work on the ABB Power Systems office building located on Waterford Lake Drive, Chesterfield County, Virginia, on that property further described in the legal description attached hereto as Exhibit "D-1" (the "Property"), said Bovis Construction Corp. being the General Contractor for the complete erection of said building.

Affiant furthers swears that all work contemplated to be performed under this contract has been completed; that all materials and labor used in

connection therewith have been paid in full, and that there are no claims of any nature outstanding that might become a lien or claim against the Property or any obligation enforceable against Bovis Construction Corp. or any bond given by it in connection with said work; that this Affidavit is given for the purpose of assuring Wells REIT, LLC - VA I of the above facts and to induce it to make payment to Bovis Construction Corp. in accordance with terms of said contract.

Affiant further swears that employees have been paid in full at the prevailing scale of wages for the class of work performed and for all services rendered in connection with said contract.

SWORN TO AND SUBSCRIBED BEFORE

ME THIS _____ DAY OF
_____, ___.

_____ _____
(COMPANY OFFICIAL)

_____
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission expires:

_____

EXHIBIT 10.61

LEASE AGREEMENT

by and between

WELLS REIT, LLC - VA I a limited liability company
("Landlord")

and

ABB POWER GENERATION INC.
("Tenant")

dated

June 1, 1999

for

Suite Number 400

containing

80,000 square feet of Rentable Floor Area

Term: Eighty Four (84) Months

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and entered into this 1/st/ day of June 1999 by and between Landlord and Tenant.

W I T N E S S E T H:

1. Certain Definitions. For purposes of this Lease, the following terms shall have the meanings hereinafter ascribed thereto:

(a) Landlord: WELLS REIT, LLC - VA I

(b) Landlord's Address:

c/o Wells Capital, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

(c) Tenant: ABB POWER GENERATION INC.

(d) Tenant's Address:

Prior to the Rental Commencement Date:

5309 Commonwealth Centre Parkway
Midlothian, Virginia 23112

On and after the Rental Commencement Date:

Suite 400
____ Waterford Lake Drive
Midlothian, Virginia 23112

(e) Building Address:

____ Waterford Lake Drive
Midlothian, Virginia 23112

(f) Suite Number: 400

(g) Rentable Floor Area of the Demised Premises:

80,000 square feet (subject to the provisions of Article 1 and the Special Stipulations attached to this Lease)

(h) Rentable Floor Area of the Building:

97,350 square feet

(i) Lease Term: As set forth in Article 3.

(j) Base Rental Rate:

LEASE YEAR	RATE PER SQUARE FOOT OF RENTABLE FLOOR AREA OF DEMISED PREMISES
FIRST YEAR	$11.95/sq. ft. (subject to adjustment as set forth in Special Stipulation 10 of this Lease).
SECOND YEAR AND EACH LEASE YEAR THEREAFTER	102.5% of the Base Rental Rate for the immediately preceding Lease Year

(k) Rental Commencement Date: The later of (x) April 1, 2000, or (y) the earlier of (I) the date which is ten (10) days after Substantial Completion (as defined in Paragraph 1[i] of Exhibit "D" attached hereto) or (II) the date upon which Tenant takes possession and occupies any portion of the Demised Premises for business purposes.

(l) Construction Allowance for Demised Premises: $20.00 per square foot of Rentable Floor Area of the Demised Premises as of December 31, 1999.

(m) Broker(s): Morton G. Thalhimer, Inc. and ADEVCO Realty Group, LLC.

2. Lease of Premises. Landlord, in consideration of the covenants and agreements to be performed by Tenant, and upon the terms and conditions hereinafter stated, does hereby rent and lease unto Tenant, and Tenant does hereby rent and lease from Landlord, certain premises (the "Demised Premises") in the building (hereinafter referred to as "Building") located or to be located on that certain tract of land (the "Land") more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof, which Demised Premises comprise 80,000 square feet of Rentable Floor Area (subject to the provisions of Article 1 and the Special Stipulations attached to this Lease) and are outlined on the floor plans attached hereto as Exhibit "B" and by this reference made a part hereof, with no easement for light, view or air included in the Demised Premises or being granted hereunder. The "Project" is comprised of the Building, the Land, the Building's parking facilities, any walkways, covered walkways or other means of access to the Building and the Building's parking facilities, all common areas, including any lobbies or plazas, and any other improvements or landscaping on the Land. For purposes of this Lease, "common areas" shall include any improvements, areas and facilities from time to time made available by Landlord, in Landlord's sole discretion, and upon such conditions as Landlord shall reasonably determine, for the non-exclusive, common and joint use or benefit of Landlord, Tenant and other tenants, occupants and users of the Project, and their respective employees, agents, subtenants, concessionaires, licensees, customers and invitees, or any of them. The common areas may include (not to be deemed a representation as to their availability), but are not limited to, sidewalks, parking areas, access roads, driveways, serviceways, tunnels, loading docks, and landscaped areas, together with all hallways, lobbies, corridors, elevators, entrances and exits, restrooms, stairways and other similar areas within the Building designated by Landlord, from time to time, for the general use of all of the occupants of the Building. For such period of time as Tenant has the right under this Lease to occupy the Demised Premises, Tenant shall have the nonexclusive right to use the common areas in common with Landlord, Tenant and other tenants, occupants and users of the Project, and their respective employees, agents, subtenants, concessionaires, licensees, customers and invitees. For purposes of this Lease, the Rentable Floor Area of the Demised Premises shall be the Rentable Area of the Demised Premises (and the Rentable Floor Area of the Building shall be the Rentable Area of the Building from time to time) as defined and determined in accordance with the

American National Standard Method of Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996 published by the Building Owners and Managers Association International and certified by Landlord's architect.

3. Term. The term of this Lease ("Lease Term") shall commence on the date first hereinabove set forth, and, unless sooner terminated as provided in this Lease, shall end on the expiration of the period designated in Article 1(i) above, which period shall commence on the Rental Commencement Date, unless the Rental Commencement Date shall be other than the first day of a calendar month, in which event such period shall commence on the first day of the calendar month following the month in which the Rental Commencement Date occurs. Promptly after the Rental Commencement Date Landlord shall send to Tenant a Supplemental Notice in the form of Exhibit "C" attached hereto and by this reference made a part hereof, specifying the Rental Commencement Date, the date of expiration of the Lease Term in accordance with Article 1(i) above and certain other matters as therein set forth.

4. Possession. The obligations of Landlord and Tenant with respect to

the Building and the initial leasehold improvements to the Demised Premises are set forth in Exhibit "D" attached hereto and by this reference made a part hereof. Within thirty (30) days after the Rental Commencement Date, Tenant shall have the right to prepare and provide to Landlord a list of incomplete or defective Punch List Items, all of which shall be promptly repaired and/or completed by Landlord at its sole cost and expense, and, for a period of one (1) year following the date Tenant takes possession of any portion of the Demised Premises, Tenant shall have the right to notify Landlord of its discovery of latent defects in the Demised Premises all of which shall be promptly repaired and/or completed by Landlord at its sole cost and expense. Except for such Punch List Items so specified by Tenant within said thirty (30) day period, and except for such latent defects specified by Tenant within such one (1) year period, the taking of possession by Tenant shall be deemed conclusively to establish that Landlord's construction obligations with respect to the Demised Premises have been completed in accordance with the plans and specifications approved by Landlord and Tenant and that the Demised Premises, to the extent of Landlord's construction obligations with respect thereto, are in good and satisfactory condition.

5. Rental Payments.

(a) Commencing on the Rental Commencement Date, and continuing thereafter throughout the Lease Term, Tenant hereby agrees to pay all Rent due and payable under this Lease. As used in this Lease, the term "Rent" shall mean the Base Rental, Tenant's Forecast Additional Rental, Tenant's Additional Rental, and any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including without limitation any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant. Base Rental together with Tenant's Forecast Additional Rental shall be due and payable in twelve (12) equal installments on the first day of each calendar month, commencing on the Rental Commencement Date and continuing thereafter throughout the Lease Term and any extensions or renewals thereof, and Tenant hereby agrees to pay such Rent to Landlord at Landlord's address as provided herein (or such other address as may be designated by Landlord from time to time) monthly in advance. Tenant shall pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord under this Lease at the times and in the manner provided in this Lease, without demand, set-off or counterclaim except as expressly otherwise permitted by the terms of this Lease.

(b) If the Rental Commencement Date is other than the first day of a calendar month or if this Lease terminates on other than the last day of a calendar month, then the installments of Base Rental and Tenant's Forecast Additional Rental for such month or months shall be prorated on a daily basis and the installment or installments so prorated shall be paid in advance. Also, if the Rental Commencement Date occurs on other than the first day of a calendar year, or if this Lease expires or is terminated on other than the last day of a calendar year, Tenant's Additional Rental shall be prorated for

such commencement or termination year, as the case may be, by multiplying such Tenant's Additional Rental by a fraction, the numerator of which shall be the number of days of the Lease Term (from and after the Rental Commencement Date) during the commencement or expiration or termination year, as the case may be, and the denominator of which shall be 365, and the calculation described in Article 7 hereof shall be made as soon as possible after the expiration or termination of this Lease, Landlord and Tenant hereby agreeing that the provisions relating to said calculation shall survive the expiration or termination of this Lease.

6. Base Rental. From and after the Rental Commencement Date Tenant shall pay to Landlord a base annual rental (herein called "Base Rental") for each Lease Year equal to the sum of (a) the Base Rental Rate set forth for such Lease Year in Article 1(j) above multiplied by the Rentable Floor Area of the Demised Premises set forth in Article 1(g) above, plus (b) the monthly payment, if any, calculated pursuant to Special Stipulation 9 with respect to the Additional Allowance. As used in this Lease, the term "Lease Year" shall mean the twelve month period commencing on the Rental Commencement Date, and each successive twelve month period thereafter during the Lease Term, except that if the Rental Commencement Date is not on the first day of a calendar month, the first Lease Year shall extend through the end of the twelfth month after the Rental Commencement Date.

7. Additional Rental.

(a) For purposes of this Lease, "Tenant's Forecast Additional Rental" shall mean Landlord's reasonable estimate of Tenant's Additional Rental for the coming calendar year or portion thereof. If at any time it reasonably appears to Landlord that Tenant's Additional Rental for the current calendar year will vary from Landlord's estimate by more than ten percent (10%), Landlord shall have the right to revise, by notice to Tenant, its estimate for such year, and subsequent payments by Tenant for such year shall be based upon such revised estimate of Tenant's Additional Rental. Failure to make a revision contemplated by the immediately preceding sentence shall not prejudice Landlord's right to collect the full amount of Tenant's Additional Rental. Prior to the Rental Commencement Date and thereafter on or before November 1 of each calendar year during the Lease Term, including any extensions thereof, Landlord shall present to Tenant a statement of Tenant's Forecast Additional Rental for such calendar year; provided, however, that if such statement is not given on or before November 1 of any calendar year as aforesaid, Tenant shall continue to pay during the next ensuing calendar year on the basis of the amount of Tenant's Forecast Additional Rental payable during the calendar year just ended until the month after such statement is delivered to Tenant. For purposes of determining Tenant's Forecast Additional Rental the calendar year within which the Rental Commencement Date occurs, the estimated Operating Expenses for such calendar year shall be deemed to be $5.00 per square foot multiplied by the number of square feet of Rentable Floor Area of the Building.

(b) For purposes of this Lease, "Tenant's Additional Rental" shall mean for each calendar year (or portion thereof) Tenant's Share of the Operating Expenses (as defined below) for such calendar year (or portion thereof). The "Tenant's Share" shall mean the fraction (which may be expressed as a percentage) determined by dividing the number of square feet of Rentable Floor Area of the Demised Premises by the number of square feet of Rentable Floor Area of the Building. The Tenant's Share shall be a adjusted to reflect any change in the Rentable Floor Area of the Demised Premises or Rentable Floor Area of the Building. In the event the Building is not fully occupied during any calendar year (or portion thereof), the Operating Expenses which are variable in nature shall be adjusted for the purposes of determining Tenant's Additional Rental to an amount that would have been incurred by Landlord for such calendar year (or portion thereof) if the Building had been fully occupied during such calendar year (or portion thereof). Landlord agrees that only Operating Expenses which would normally vary depending on the amount of space actually occupied in the Building, such as costs of utilities, supplies and janitorial services, shall be adjusted in this manner and that fixed expenses which are unrelated to occupancy levels shall not be so adjusted.

(c) Within ninety (90) days after the end of the calendar year in which the Rental Commencement Date occurs and of each calendar year thereafter during the Lease Term, or as soon thereafter as practicable,

Landlord shall provide Tenant a statement showing the Operating Expenses for said calendar year and a statement prepared by Landlord showing any adjustment to the Operating Expenses to reflect full occupancy of the Building during such calendar year, and comparing Tenant's Forecast Additional Rental with Tenant's Additional Rental. In the event Tenant's Forecast Additional Rental exceeds Tenant's Additional Rental for said calendar year, Landlord shall credit such amount against Rent next due hereunder or, if the Lease Term has expired or is about to expire, refund such excess to Tenant if Tenant is not in default under this Lease (in the instance of a default such excess shall be held as additional security for Tenant's performance, may be applied by Landlord to cure any such default, and shall not be refunded until any such default is cured). In the event that the Tenant's Additional Rental exceeds Tenant's Forecast Additional Rental for said calendar year, Tenant shall pay Landlord, within thirty (30) days of receipt of the statement, an amount equal to such difference. The provisions of this Lease concerning the payment of Tenant's Additional Rental shall survive the expiration or earlier termination of this Lease.

(d) Landlord's books and records pertaining to the calculation of Operating Expenses for any calendar year within the Lease Term may be audited by Tenant or its representatives at Tenant's expense, at any time within twenty four (24) months after the end of each such calendar year; provided that Tenant shall give Landlord not less than thirty (30) days' prior written notice of any such audit. Prior to the commencement of such audit, Tenant shall cause its authorized representative to agree in writing for the benefit of Landlord that such representative will keep the results of the audit confidential and that such representative will not disclose or divulge the results of such audit except to Tenant and Landlord and except in connection with any dispute between Landlord and Tenant relating to Operating Expenses. Such audit shall be conducted during reasonable business hours at Landlord's office where Landlord's books and records are maintained. Tenant shall cause a written audit report to be prepared by its authorized representative following any such audit and shall provide Landlord with a copy of such report promptly after receipt thereof by Tenant. If Landlord's calculation of Tenant's Additional Rental for the audited calendar year was incorrect, then Tenant shall be entitled to a prompt refund of any overpayment or Tenant shall promptly pay to Landlord the amount of any underpayment, as the case may be. Should such an audit indicate that the Operating Expenses (as adjusted as required under this Lease) have been overstated by more than five percent (5%), then Landlord shall be obligated to pay to Tenant the reasonable and substantiated cost of such audit.

8. Operating Expenses.

(a) For the purposes of this Lease, "Operating Expenses" shall mean all expenses, costs and disbursements (but not specific costs billed to specific tenants of the Building) of every kind and nature, computed on the accrual basis, relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the Project, including but not limited to, the following:

(1) wages, salaries and other costs of all on-site and off-site employees engaged in the operation, management, maintenance or access control of the Project, including taxes, insurance and benefits relating to such employees, allocated based upon the time such employees are engaged directly in providing such services;

(2) the cost of all supplies, tools, equipment and materials used in the operation, management, maintenance and access control of the Project;

(3) the cost of all utilities for the Project, including but not limited to the cost of

electricity, gas, water, sewer services and power for heating, lighting, air conditioning and ventilating;

(4) the cost of all maintenance and service agreements for the Project and the equipment therein, including but not limited to security service, window cleaning, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service, landscaping maintenance and customary landscaping replacement;

(5) the cost of repairs and general maintenance of the Project;

(6) amortization of the cost of acquisition and/or installation of capital investment items (including security equipment and energy management equipment), amortized over their respective useful lives, which are installed for the purpose of reducing operating expenses, promoting safety, complying with governmental requirements, or maintaining the first-class nature of the Project;

(7) the cost of casualty, rental loss, liability and other insurance applicable to the Project and Landlord's personal property used in connection therewith;

(8) the cost of trash and garbage removal, vermin extermination, and snow, ice and debris removal;

(9) the cost of legal and accounting services incurred by Landlord in connection with the management, maintenance, operation and repair of the Project, excluding the owner's or Landlord's general accounting and fund accounting, such as partnership statements and tax returns, and excluding services described in Article 8(b)(14) below;

(10) all taxes, assessments and governmental charges, whether or not directly paid by Landlord, whether federal, state, county or municipal and whether they be by taxing districts or authorities presently taxing the Project or by others subsequently created or otherwise, and any other taxes and assessments attributable to the Project or its operation (and the costs of contesting any of the same), including without limitation assessments under any declaration or private restrictive covenants applicable to the Project or shared costs under any easement agreement with respect to the operation, maintenance, repair and replacement of the storm water facilities in Waterford, and business license taxes and fees, excluding, however, taxes and assessments imposed on the personal property of the tenants of the Project, federal and state taxes on income, death taxes, franchise taxes, and any taxes (other than business license taxes and fees) imposed or measured on or by the income of Landlord from the operation of the Project; and it is agreed that Tenant will be responsible for ad valorem taxes on its personal property; and

(11) a management fee in the amount of three and one half percent (3.5%) of the gross rental income from the Project.

(b) For purposes of this Lease, and notwithstanding anything in any other provision of this Lease to the contrary, "Operating Expenses" shall not include the following:

(1) the cost of any special build-out work or service performed for any tenant (including Tenant) at such tenant's cost;

(2) the cost of installing, operating and maintaining any specialty service, such as a restaurant, cafeteria, retail store, sundry shop, newsstand, or concession;

(3) the cost of correcting defects in construction;

(4) compensation paid to officers and executives of Landlord and employees above the grade of building superintendent;

(5) the cost of any items for which Landlord is reimbursed by insurance (or which would have been reimbursed had Landlord maintained the insurance required by this Lease to be maintained by Landlord), condemnation or otherwise, except for costs reimbursed pursuant to provisions similar to Articles 7 and 8 hereof;

(6) costs of alterations or additions made for the purpose of complying with any laws, rules or ordinances in effect prior to the date of this Lease;

(7) costs of all services rendered to other tenants not rendered to the Tenant;

(8) insurance premiums to the extent increased as a result of the activities of other tenants;

(9) the cost of any additions, changes, replacements and other items which are made in order to prepare for a tenant's occupancy;

(10) the cost of repairs incurred by reason of fire or other casualty;

(11) insurance premiums to the extent Landlord may be directly reimbursed therefor, except for premiums reimbursed pursuant to provisions similar to Articles 7 and 8 hereof;

(12) interest on debt or amortization payments on any mortgage or deed of trust and rental under any ground lease or other underlying lease;

(13) any real estate brokerage commissions;

(14) any advertising expenses incurred in connection with the marketing of any rentable space;

(15) rental payments for base building equipment such as HVAC equipment and elevators;

(16) any expenses for repairs or maintenance which are covered by warranties and service contracts, to the extent such maintenance and repairs are made at no cost to Landlord (Landlord agrees to use good faith efforts to enforce the no cost maintenance and repair provisions of such construction warranties and service contracts);

(17) legal expenses arising out of the construction of the improvements on the Land or the enforcement of the provisions of any lease affecting the Land or Building, including without limitation this Lease;

(18) costs or amounts paid to parties affiliated with Landlord or Landlord's managing agent to the extent such costs or amounts exceed the fair market value of the services or materials provided;

(19) except as permitted under Article 8(a)(6), the costs of any repairs, alterations, additions, changes, replacements, or renovations which under generally accepted accounting practices are properly classified as capital expenses;

(20) the cost (including without limitation overtime) of Landlord performing work that is expressly provided in this Lease to be borne by Landlord at Landlord's sole cost without inclusion as an Operating Expense;

(21) any inheritance, gift, transfer, franchise, excise, net income or profit taxes or capital levies imposed upon Landlord; provided,

however, that, if at any time during the Lease Term the methods of taxation prevailing at the commencement of the Lease Term are altered so that in lieu of or as a substitute for the whole or any part of the taxes now levied, assessed or imposed, there shall be levied, assessed or imposed an income or other tax of whatever nature, then the same shall be included in the computation of Operating Expenses hereunder.

(22) provided and on the condition that Tenant timely pays all sums due Landlord under this Lease, interest and penalties arising by Landlord's failure to timely pay Operating Expenses; and

(23) charitable contributions.

Landlord agrees that so long as Tenant occupies at least fifty percent of the Rentable Floor Area of the Building, and provided and on the condition that no event of default has occurred under this Lease which has not been waived by Landlord, Landlord will provide an on site combination day porter and maintenance person for not less than six hours per day, Monday through Friday (except Holidays, as defined on Exhibit "E" hereto). The costs associated with such day porter and maintenance person shall be included within Operating Expenses. Upon the written request of Tenant with respect to a specific service contract, Landlord will competitively bid such service contract upon the expiration of the existing contract. Landlord will review on an annual basis the assessed valuation of the Land and Building, and where Landlord deems appropriate, Landlord will appeal the assessed valuation of the Land and Building.

9. Tenant Taxes; Rent Taxes. Tenant shall pay promptly when due all taxes directly or indirectly imposed or assessed upon Tenant's gross sales, business operations, machinery, equipment, trade fixtures and other personal property or assets, whether such taxes are assessed against Tenant, Landlord or the Building. In the event that such taxes are imposed or assessed against Landlord or the Building, Landlord shall furnish Tenant with all applicable tax bills, public charges and other assessments or impositions and Tenant shall forthwith pay the same either directly to the taxing authority or, at Landlord's option, to Landlord. In addition, in the event there is imposed at any time a tax upon and/or measured by the rental payable by Tenant under this Lease, whether by way of a sales or use tax or otherwise, Tenant shall be responsible for the payment of such tax and shall pay the same on or prior to the due date thereof; provided, however, that the foregoing shall not include any inheritance, estate, succession, transfer, gift or income tax imposed on or payable by Landlord.

10. Payments. All payments of Rent and other payments to be made to Landlord shall be made on a timely basis and shall be payable to Landlord or as Landlord may otherwise designate. All such payments shall be mailed or delivered to Landlord's Address designated in Article 1(b) above or at such other place as Landlord may designate from time to time in writing. If mailed, all payments shall be mailed in sufficient time and with adequate postage thereon to be received in Landlord's account by no later than the due date for such payment. Tenant agrees to pay to Landlord Fifty Dollars ($50.00) for each check presented to Landlord in payment of any obligation of Tenant which is not paid by the bank on which it is drawn, together with interest from and after the due date for such payment at the rate of eighteen percent (18%) per annum on the amount due.

11. Late Charges. Any Rent or other amounts payable to Landlord under this Lease, if not paid by the fifth day of the month for which such Rent is due, or by the due date specified on any invoices from Landlord for any other amounts payable hereunder, shall incur a late charge of Fifty Dollars ($50.00) for Landlord's administrative expense in processing such delinquent payment and in addition thereto shall bear

interest at the rate of eighteen percent (18%) per annum from and after the due date for such payment. In no event shall the rate of interest payable on any late payment exceed the legal limits for such interest enforceable under applicable law.

12. Use Rules. The Demised Premises shall be used for executive, general administrative, office space and other similar purposes and no other purposes and in accordance with all applicable laws, ordinances, rules and regulations of governmental authorities, all private restrictive covenants applicable to the Project, all nationally recognized industry standards applicable to such uses and the Rules and Regulations attached hereto and made a part hereof. Tenant covenants and agrees to abide by the Rules and Regulations in all respects as now set forth and attached hereto or as hereafter promulgated by Landlord. Landlord shall have the right at all times during the Lease Term to publish and promulgate and thereafter enforce such rules and regulations or changes in the existing Rules and Regulations as it may reasonably deem necessary to protect the tenantability, safety, operation, and welfare of the Demised Premises and the Project. Landlord shall enforce the Rules and Regulations in a nondiscriminatory manner.

13. Alterations. Except for any initial improvement of the Demised Premises pursuant to Exhibit "D", which shall be governed by the provisions of said Exhibit "D", and except for "Permitted Alterations" (as hereinafter defined), Tenant shall not make, suffer or permit to be made any alterations, additions or improvements to or of the Demised Premises or any part thereof, or attach any fixtures or equipment thereto, (collectively, an "Alteration") without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld. Except for Tenant's trade fixtures and personal property which are readily removable, all such alterations, additions and improvements shall become Landlord's property at the expiration or earlier termination of the Lease Term and shall remain on the Demised Premises without compensation to Tenant unless Landlord elects by notice to Tenant at the time of granting consent (or, with respect to Permitted Alterations, unless Landlord elects by notice to Tenant within thirty days after Tenant's request for such election by Landlord for the applicable Permitted Alterations; provided, however, that if such request is not made by Tenant within 30 days after completion of the applicable Permitted Alteration, Landlord may elect by notice to Tenant at any time thereafter) to have Tenant remove such alterations, additions and improvements, in which event, notwithstanding any contrary provisions respecting such alterations, additions and improvements contained in Article 30 hereof, Tenant shall promptly restore, at its sole cost and expense, the Demised Premises to its condition prior to the installation of such alterations, additions and improvements, normal wear and tear excepted. The following alterations are referred to as "Permitted Alterations": any Alteration or related series of Alterations if such Alteration or related series of Alterations:

(i) are nonstructural;

(ii) do not cause any violation of and do not require any change in any certificate of occupancy applicable to the Building;

(iii) do not cause any change in the outside appearance of the Building, do not weaken or impair the structure of the Building and do not materially reduce the value of the Demised Premises or the Building or the Property;

(iii) do not affect the proper functioning of the Building equipment;

(iv) do not cost in excess of $50,000.00.

Tenant shall give Landlord prior notice of any Permitted Alteration, and upon completion of any Permitted Alteration (other than decorations), Tenant shall

deliver to Landlord three (3) copies of the "as-built" plans for such Permitted Alteration.

14. Repairs.

(a) Landlord shall maintain in good order and repair, subject to normal wear and tear and subject to casualty and condemnation, the Building (including without limitation the roof, foundation, basement, structural portions of interior and exterior structural walls, but excluding the Demised Premises and other portions of the Building leased to other tenants), the mechanical, electrical and plumbing systems within the Building [exclusive of supplemental HVAC, mechanical, electrical or plumbing installations made by Tenant (such as, but not limited to, Liebert units and private restrooms), which shall be maintained by Tenant], the Building parking facilities, the common areas and the landscaped areas. Notwithstanding the foregoing obligation, the cost of any repairs or maintenance to the foregoing necessitated by the intentional acts or negligence of Tenant or its agents, contractors, employees, licensees, subtenants or assigns, shall be borne solely by Tenant and shall be deemed Rent hereunder and shall be reimbursed by Tenant to Landlord upon demand. Except as expressly set forth above in this Article 14(a), Landlord shall not be required to make any repairs or improvements to the Demised Premises except for any initial improvements to the Demised Premises pursuant to the provisions of Exhibit "D" and except structural repairs necessary for safety and tenantability and except for the correction of punchlist items and latent defects pursuant to the provisions of Article 4 hereof.

(b) Tenant covenants and agrees that it will take good care of the Demised Premises and all alterations, additions and improvements thereto and will keep and maintain the same in good condition and repair, except for normal wear and tear, damage by fire or other casualty, and repairs which are the responsibility of Landlord. Tenant shall promptly report, in writing, to Landlord any defective or dangerous condition known to Tenant. Except for Tenant's rights as set forth in Article 18(e), to the fullest extent permitted by law, Tenant hereby waives all rights to make repairs at the expense of Landlord or in lieu thereof to vacate the Demised Premises as may be provided by any law, statute or ordinance now or hereafter in effect. Landlord has no obligation and has made no promise to alter, remodel, improve, repair, decorate or paint the Demised Premises or any part thereof, except as specifically and expressly herein set forth.

15. Landlord's Right of Entry. Landlord shall retain duplicate keys to all doors of the Demised Premises and Landlord and its agents, employees and independent contractors shall have the right to enter the Demised Premises at reasonable hours to inspect and examine same, to make repairs, additions, alterations, and improvements, to exhibit the Demised Premises to mortgagees, prospective mortgagees, purchasers or tenants, and to inspect the Demised Premises to ascertain that Tenant is complying with all of its covenants and obligations hereunder; provided, however, that Landlord shall, except in case of emergency, have the right to enter only with the prior knowledge of Tenant and such entry shall be during Tenant's normal business hours (unless Tenant otherwise consents to entry during other hours, which consent Tenant agrees not to unreasonably withhold or delay). Landlord shall be allowed to take into and through the Demised Premises any and all materials that may be required to make such repairs, additions, alterations or improvements. During such time as such work is being carried on in or about the Demised Premises, the Rent provided herein shall not abate, and Tenant waives any claim or cause of action against Landlord for damages by reason of interruption of Tenant's business or loss of profits therefrom because of the prosecution of any such work or any part thereof; provided and on the condition that Landlord shall use all reasonable and diligent efforts to minimize the disruption of Tenant's business and to protect Tenant's property during such times.

16. Insurance.

(a) Tenant shall either self insure or procure at its expense and maintain throughout the Lease Term a policy or policies of all-risk insurance insuring the full replacement cost of its furniture, equipment, supplies, and other property owned, leased, held or possessed by it and contained in the Demised Premises. Tenant shall also shall procure at its expense and maintain throughout the Lease Term a policy or policies of worker's compensation insurance as required by applicable law. Tenant shall also procure at its expense and maintain throughout the Lease

Term a policy or policies of insurance, insuring Tenant, Landlord, Landlord's managing agent and Landlord's mortgagee, if any, against any and all liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of any construction work being done by Tenant or Tenant's contractors on the Demised Premises, or arising out of the condition, use, or occupancy of the Demised Premises, or in any way occasioned by or arising out of the activities of Tenant, its agents, contractors or employees in the Demised Premises, or other portions of the Building or the Project, and of Tenant's guests and licensees while they are in the Demised Premises, the limits of such policy or policies to be in combined single limits for both damage to property and personal injury and in amounts not less than Three Million Dollars ($3,000,000) for each occurrence. Such insurance shall, in addition, extend to any liability of Tenant arising out of the indemnities provided for in this Lease. All insurance policies procured and maintained by Tenant pursuant to this Article 16 shall name Landlord and any additional parties designated by Landlord as additional insured, shall be carried with companies licensed to do business in the Commonwealth of Virginia having a rating from Best's Insurance Reports of not less than A-/X, and shall be non-cancelable and not subject to material change except after at least twenty (20) days' written notice to Landlord. Duly executed certificates of insurance with respect to such policies shall be delivered to Landlord prior to the date Tenant enters the Demised Premises for the installation of its improvements, trade fixtures or furniture, and certificates evidencing renewals of such policies shall be delivered to Landlord at least thirty (30) days prior to the expiration of each respective policy term.

(b) Landlord shall procure at its expense (but with the expense to be included in Operating Expenses as provided in Article 8[a] hereof) and shall thereafter maintain throughout the Lease Term a policy or policies of all-risk (including rent loss coverage) real and personal property insurance with respect to the Building (including the leasehold improvements to the Demised Premises), insuring against loss or damage by fire and such other risks as are from time to time included in a standard form of all-risk policy of insurance available in the Commonwealth of Virginia. Said Building and improvements to the Demised Premises shall be insured for the benefit of Landlord in an amount not less than the full replacement costs thereof as determined from time to time by the insurance company (and such insurance may provide for a reasonable deductible). Landlord shall also procure at its expense (but with the expense to be included in Operating Expenses as provided in Article 8[a] hereof) and shall thereafter maintain throughout the Lease Term a policy or policies of commercial general liability insurance insuring against the liability of Landlord arising out of the maintenance, use and occupancy of the Project, with limits of such policy or policies to be in combined single limits for both damage to property and personal injury and in amounts not less than Three Million Dollars ($3,000,000.00) for each occurrence. Such insurance required herein shall be issued by an insurance company licensed to do business in the Commonwealth of Virginia. Any insurance required to be carried by Landlord hereunder may be carried under blanket policies covering other properties of Landlord and/or its partners and/or their respective related or affiliated corporations so long as such blanket

policies provide insurance at all times for the Project as required by this Lease. Upon reasonable request from Tenant, Landlord will provide a certificate of insurance evidencing the maintenance of the insurance required herein.

17. Waiver of Subrogation. Landlord and Tenant shall each have included in all policies of fire, extended coverage, business interruption and loss of rents insurance respectively obtained by them covering the Demised Premises, the Building and contents therein, a waiver by the insurer of all right of subrogation against the other in connection with any loss or damage thereby insured against. Any additional premium for such waiver shall be paid by the primary insured. To the full extent permitted by law, Landlord and Tenant each waives all right of recovery against the other for, and agrees to release the other from liability for, loss or damage to the extent such loss or damage is covered by valid and collectible insurance in effect at the time of such loss or damage or would be covered by the insurance required to be maintained under this Lease by the

party seeking recovery.

18. Default.

(a) The following events shall be deemed to be events of default by Tenant under this Lease: (i) Tenant shall fail to pay any installment of Rent or any other charge or assessment against Tenant pursuant to the terms hereof within five (5) days after receipt by Tenant of notice in writing from Landlord; provided, however, such notice and such grace period shall be required to be provided by Landlord and shall be accorded Tenant if necessary, only two times during any consecutive twelve month period of the Lease Term, and in the event of default shall be deemed to have immediately occurred upon the third failure by Tenant to make a timely payment as aforesaid within any consecutive twelve (12) month period of the Lease Term, it being intended by the parties hereto that such notice and such grace period shall protect against infrequent unforeseen clerical errors beyond the control of Tenant, and shall not protect against Tenant's lack of diligence of planning in connection with its obligation to make timely payment of rent and other amounts due hereunder; (ii) Tenant shall fail to comply with any term, provision, covenant or warranty made under this Lease by Tenant, other than the payment of the Rent or any other charge or assessment payable by Tenant, and shall not cure such failure within thirty (30) days after notice thereof to Tenant provided, however, in the case of a failure or breach which is capable of being remedied by Tenant but which cannot with due diligence be remedied by Tenant within a period of thirty (30) days, if Tenant proceeds as promptly as may be reasonably possible after the service of such notice and with all due diligence to remedy the failure or breach and thereafter to prosecute the remedying of such failure or breach with all due diligence, Tenant shall have an additional period of time, not to exceed ninety (90) days (for a total of one hundred twenty (120) days from the service of such notice), in which to effect such cure; (iii) Tenant or any guarantor of this Lease shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding; (iv) a proceeding is commenced against Tenant or any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed or discharged within sixty (60) days after the commencement thereof; (v) a receiver or trustee shall be appointed for the

Demised Premises or for all or substantially all of the assets of Tenant or of any guarantor of this Lease; (vi) Tenant shall fail to take possession of the Demised Premises as provided in this Lease; (vii) Tenant shall do or permit to be done anything which creates a lien upon the Demised Premises or the Project and such lien is not removed or discharged by bond or otherwise (or by the posting of such security with Landlord as Landlord shall determine, in Landlord's sole discretion) within thirty (30) days after the filing thereof; (viii) Tenant shall fail to return a properly executed instrument to Landlord in accordance with the provisions of Article 26 hereof within the time period provided for such return following Landlord's request for same as provided in Article 26; (ix) Tenant shall fail to return a properly executed estoppel certificate to Landlord in accordance with the provisions of Article 27 hereof within the time period provided for such return following Landlord's request for same as provided in Article 27; or (x) Tenant shall fail, for any reason whatsoever, to maintain the Original Letter of Credit or any Replacement Letter of Credit (as those terms are defined in Article 39 hereof) in full force and effect at all times during the Security Period (as that term is defined in Article 39 hereof).

(b) Upon the occurrence of any of the aforesaid events of default [Landlord and Tenant acknowledging that certain events of default as defined in Article 18(a) cannot occur without the written notice from Landlord expressly provided for with respect to such events of default in Article 18(a)], Landlord shall have the option to pursue any one or more of the following remedies

without any notice or demand whatsoever: (i) terminate this Lease, in which event Tenant shall immediately surrender the Demised Premises to Landlord and if Tenant fails to do so, Landlord may without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying said Demised Premises or any part thereof without being liable for prosecution or any claim of damages therefor; Tenant hereby agreeing to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Demised Premises on satisfactory terms or otherwise; (ii) terminate Tenant's right of possession (but not this Lease) and enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying said Demised Premises or any part thereof, by entry, dispossessory suit or otherwise, without thereby releasing Tenant from any liability hereunder, without terminating this Lease, and without being liable for prosecution or any claim of damages therefor and, if Landlord so elects, make such alterations, redecorations and repairs as, in Landlord's judgment, may be necessary to relet the Demised Premises, and Landlord may, but shall be under no obligation to do so, relet the Demised Premises or any portion thereof in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be for a term extending beyond the Lease Term) and at such rental or rentals and upon such other terms as Landlord may reasonably deem advisable, with or without advertisement, and by private negotiations, and receive the rent therefor, Tenant hereby agreeing to pay to Landlord the deficiency, if any, between all Rent reserved hereunder and the total rental applicable to the Lease Term hereof obtained by Landlord re-letting, and Tenant shall be liable for Landlord's expenses in redecorating and restoring the Demised Premises and all costs incident to such re-letting, including broker's commissions and lease assumptions, and in no event shall Tenant be entitled to any rentals received by Landlord in excess of the amounts due by Tenant hereunder; or (iii) enter upon the Demised Premises without being liable for prosecution or any claim of damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses including, without limitation, reasonable attorneys' fees which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease and Tenant further agrees that

Landlord shall not be liable for any damages resulting to Tenant from such action, , except for damage to property or injury to persons to the extent caused by the gross negligence or willful misconduct of Landlord. If Landlord shall reenter the Demised Premises and take possession from Tenant without terminating this Lease, provided that Tenant has vacated the Demised Premises and is not contesting Landlord's right to the possession of the Demised Premises, Landlord will use reasonable efforts to relet the Demised Premises and thereby mitigate the damages which Landlord shall incur. Tenant hereby agrees that Landlord's agreement to use reasonable efforts to relet the Demised Premises in order to mitigate Landlord's damages shall not be deemed to impose upon Landlord any obligation to relet the Demised Premises (i) for any purpose other than use permitted under this Lease or (ii) to any tenant who is not financially capable of performing the duties and obligations imposed upon Tenant under this Lease with respect to the portion of the Demised Premises leased by such tenant, or (iii) to prefer the Demised Premises over any other space available in the Building. If this Lease is terminated by Landlord as a result of the occurrence of an event of default, Landlord may declare to be due and payable immediately, the present value (calculated with a discount factor of eight percent [8%] per annum) of the difference between (x) the entire amount of Rent and other charges and assessments which in Landlord's reasonable determination would become due and payable during the remainder of the Lease Term determined as though this Lease had not been terminated (including, but not limited to, increases in Rent pursuant to this Lease), and (y) the then fair market rental value of the Demised Premises for the remainder of the Lease Term. Upon the acceleration of such amounts, Tenant agrees to pay the same at once, together with all Rent and other charges and assessments theretofore due, at Landlord's address as provided herein, it being agreed that such payment shall not constitute a penalty or forfeiture but shall constitute liquidated damages for Tenant's failure to comply with the terms and provisions of this Lease (Landlord and Tenant agreeing that Landlord's actual damages in such event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof).

(c) Pursuit of any of the foregoing remedies shall not preclude pursuit of any other remedy herein provided or any other remedy provided by law or at equity, nor shall pursuit of any remedy herein provided constitute an election of remedies thereby excluding the later election of an alternate remedy, or a forfeiture or waiver of any Rent or other charges and assessments payable by Tenant and due to Landlord hereunder or of any damages accruing to Landlord by reason of violation of any of the terms, covenants, warranties and provisions herein contained. No reentry or taking possession of the Demised Premises by Landlord or any other action taken by or on behalf of Landlord shall be construed to be an acceptance of a surrender of this Lease or an election by Landlord to terminate this Lease unless written notice of such intention is given to Tenant. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. In determining the amount of loss or damage which Landlord may suffer by reason of termination of this Lease or the deficiency arising by reason of any reletting of the Demised Premises by Landlord as above provided, allowance shall be made for the expense of repossession. Tenant agrees to pay to Landlord all costs and expenses incurred by Landlord in the enforcement of this Lease, including, without limitation, the reasonable fees of Landlord's third party attorneys as provided in Article 24 hereof.

(d) The abandonment or vacation of the Demised Premises shall not be an event of default by Tenant under this Lease, but in the event Tenant shall abandon or vacate the Demised Premises for more than ninety (90) days, unless due to a casualty, condemnation or remodeling (which remodeling is being diligently prosecuted), Landlord may, at any time while such abandonment or vacation of the Demised Premises is continuing, notify Tenant of Landlord's election to terminate this Lease, in which event this

Lease shall terminate on the date so selected by Landlord in Landlord's written election to terminate this Lease, and on the date so set forth in Landlord's written election, this Lease shall terminate and come to an end as though the date selected by Landlord were the last day of the natural expiration of the Lease Term; provided, however, that no such termination shall affect or limit any obligations or liabilities of Tenant arising or accruing under this Lease prior to the effective date of any such termination; and provided further that Tenant may rescind Landlord's election by (i) notifying Landlord in writing, within ten (10) days after receipt of Landlord's written election to terminate this Lease, that Tenant will reoccupy the Demised Premises for business purposes and (ii) in fact, so reoccupying the Demised Premises for business purposes within sixty (60) days thereafter.

(e) If Landlord shall default in the performance of any of its obligations under this Lease in a way which materially affects the use or tenantability of the Demised Premises (including but not limited to a failure to cure Punch List Items or latent defects within the applicable time periods set forth in Article 4 of this Lease), and such default shall continue for thirty (30) days after notice from Tenant specifying Landlord's default (except that if such default cannot be cured within said thirty [30] day period, this period shall be extended for a reasonable additional time, provided that Landlord commences to cure such default within the thirty [30] day and proceeds diligently thereafter to effect such cure and completes such cure as promptly as reasonably possible under all the circumstances), Tenant may, without prejudice to any of its other rights under this Lease, correct or cure such default by Landlord and invoice Landlord the cost and expenses incurred by Tenant therefor, and Landlord shall reimburse Tenant within thirty (30) days following receipt of such invoice. If Landlord shall fail to reimburse Tenant for such cost and expenses within such thirty (30) day period, Tenant shall have the right to deduct such cost and expenses from Base Rental thereafter due hereunder, provided, however, that in the event Landlord notifies Tenant that it disputes the existence of any such default, during the pendency of such dispute, Tenant may pay the amount in dispute to an independent escrow agent of its choice to be held by the agent pending resolution of the dispute. Tenant shall not be deemed to be in default hereunder by reason of such payment until the dispute is resolved in favor of Landlord and Tenant fails to cause the agent to pay the amount determined to be payable to Landlord within ten (10) days after Tenant is notified of the determination. Tenant and Landlord shall negotiate

in good faith to resolve the dispute by agreement.

19. Waiver of Breach. No waiver of any breach of the covenants, warranties, agreements, provisions, or conditions contained in this Lease shall be construed as a waiver of said covenant, warranty, provision, agreement or condition or of any subsequent breach thereof, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred.

20. Assignment and Subletting. Tenant shall not, without the prior written consent of Landlord, assign this Lease or any interest herein or in the Demised Premises, or mortgage, pledge, encumber, hypothecate or otherwise transfer or sublet the Demised Premises or any part thereof or permit the use of the Demised Premises by any party other than Tenant. Consent to one or more such transfers or subleases shall not destroy or waive this provision, and all subsequent transfers and subleases shall likewise be made only upon obtaining the prior written consent of Landlord. Without limiting the foregoing prohibition, in no event shall Tenant assign this Lease or any interest herein, whether directly, indirectly or by operating of law, or sublet the Demised Premises or any part thereof or permit the use of the Demised Premises or any part thereof by any party (i) if the proposed assignee or subtenant is a party

who would (or whose use would) detract from the character of the Building as a first-class building, such as, without limitation, a dental, medical or chiropractic office or a governmental office, (ii) if the proposed use of the Demised Premises shall involve an occupancy rate of more than one (1) person per 160 square feet of Rentable Floor Area within the Demised Premises, (iii) if the proposed assignment or subletting shall be to a governmental subdivision or agency or any person or entity who enjoys diplomatic or sovereign immunity, (iv) if Tenant is then occupying 50% or less of the Building, if such proposed assignee or subtenant is an existing tenant of the Building, or (v) if such proposed assignment, subletting or use would contravene any restrictive covenant (including any exclusive use) granted to any other tenant of the Building. Notwithstanding the foregoing prohibition, Tenant shall have the right, without the consent of Landlord but with prior notice to Landlord, to assign this Lease or sublet the entire Premises to an entity which is more than fifty percent (50%) owned, directly or indirectly, by Tenant, or to an entity which directly or indirectly owns more than fifty percent (50%) of Tenant, or to an entity which is more than fifty percent (50%) owned, directly or indirectly, by an entity which itself owns, directly or indirectly, more than fifty percent (50%) of Tenant. No assignment of this Lease or subletting of the Demised Premises shall relieve Tenant of any liability arising under this Lease; provided, however, that if (1) this Lease is assigned, and (2) the assignee Tenant (a) has a net worth equal to or greater than $12,000,000.00 determined in accordance with generally accepted accounting principles determined as of the date of the assignment and for the two (2) fiscal years of assignee immediately prior thereto and evidence thereof reasonably satisfactory to Landlord is delivered to Landlord within thirty (30) days following such assignment, (b) provides the Letter of Credit required in accordance with Article 39 of this Lease, (c) assumes in writing, in favor of Landlord, all obligations of Tenant first arising under this Lease subsequent to such assignment, and (d) notifies Landlord of such assignment within thirty (30) days after the effective date thereof, including with such notice the written assumption identified in (c) above, then, in such event, the assignor Tenant shall have no liability for the obligations of Tenant first arising hereunder subsequent to such assignment. Sublessees or transferees of the Demised Premises for the balance of the Lease Term shall become directly liable to Landlord for all obligations of Tenant hereunder, without relieving Tenant (or any guarantor of Tenant's obligations hereunder) of any liability therefor, and Tenant shall remain obligated for all liability to Landlord arising under this Lease during the entire remaining Lease Term including any extensions thereof, whether or not authorized herein. If Tenant is a partnership, a withdrawal or change, whether voluntary, involuntary or by operation of law, of partners owning a controlling interest in the Tenant shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling interest in the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. Landlord hereby consents to (i) the assignment of this Lease to a joint venture (the "Joint Venture") between Tenant and ALSTOM, and (ii) the subletting of portions of the Demised Premises to business entities which control, are controlled by, or are under common control with Tenant (or if and when the Lease is assigned to the Joint

Venture, to business entitles which control, are controlled by, or are under common control with ABB Power Generation Inc., ALSTOM or the Joint Venture), provided and on the condition that at all times thereafter such business entities control, are controlled by, or are under common control with Tenant, ABB Power Generation Inc., ALSTOM or the Joint Venture, as the case may be. Landlord may, as a prior condition to considering any request for consent to an assignment or sublease (when Landlord's consent is required), require Tenant to obtain and submit current financial statements of any proposed subtenant or assignee. In the event Landlord consents to an assignment or sublease, Tenant shall pay to Landlord a fee to cover Landlord's reasonable accounting costs plus any legal fees incurred by Landlord as a result of the assignment or sublease. Any consideration, in excess of the Rent and other charges and sums due and payable by Tenant under this Lease, paid to Tenant by any assignee of this Lease

for its assignment, or by any sublessee under or in connection with its sublease (when Landlord's consent is required), or otherwise paid to Tenant by another party for use and occupancy of the Demised Premises or any portion thereof, shall be retained by Tenant and Landlord shall have no right or claim thereto as against Tenant. No assignment of this Lease consented to by Landlord shall be effective unless and until Landlord shall receive an original assignment and assumption agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and Tenant's proposed assignee, whereby the assignee assumes due performance of this Lease to be done and performed for the balance of the then remaining Lease Term of this Lease. No subletting of the Demised Premises, or any part thereof, shall be effective unless and until there shall have been delivered to Landlord an agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and the proposed sublessee, whereby the sublessee acknowledges the right of Landlord to continue or terminate any sublease, in Landlord's sole discretion, upon termination of this Lease, and such sublessee agrees to recognize and attorn to Landlord in the event that Landlord elects under such circumstances to continue such sublease.

21. Destruction.

(a) If the Demised Premises are damaged by fire or other casualty, the same shall be repaired or rebuilt as speedily as practical under the circumstances at the expense of the Landlord, unless this Lease is terminated as provided in this Article 21, and during the period required for restoration, a just and proportionate part of Base Rental, Operating Expenses and Additional Rent shall be abated until the Demised Premises are repaired or rebuilt.

(b) If the Demised Premises are damaged or destroyed by fire or other casualty, Landlord shall give Tenant written notice (the "Repair Notice") within thirty (30) days after the date of the casualty specifying Landlord's reasonable estimate of the time period to complete the repairs of such damage or destruction. If the Demised Premises are (i) damaged to such an extent that repairs cannot, in Landlord's good faith judgment, be completed within one hundred fifty (150) days after the date of the casualty or (ii) damaged or destroyed as a result of a risk which is not insured under standard fire insurance policies with extended coverage endorsement, or (iii) damaged or destroyed during the last six (6) months of the Lease Term, or if the Building is damaged in whole or in part (whether or not the Demised Premises are damaged), to such an extent that the Building cannot, in Landlord's judgment, be operated economically as an integral unit, then and in any such event Landlord may at its option terminate this Lease by notice in writing to the Tenant within sixty (60) days after the date of such occurrence. If the Demised Premises are damaged to such an extent that repairs cannot, in Landlord's good faith judgment, be completed within one hundred fifty (150) days after the date of the casualty or if the Demised Premises are substantially damaged during the last six (6) months of the Lease Term, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within ten (10) days after the date of the Repair Notice. Unless Landlord or Tenant elects to terminate this Lease as hereinabove provided, this Lease will remain in full force and effect and Landlord shall repair such damage at its expense to the extent required under this Article as expeditiously as possible under the circumstances. If Landlord, subject to force majeure and subject to delays caused by Tenant, does not restore the Premises as required in this Article 21(b) within the time period herein set forth, Tenant may terminate this Lease at any time thereafter [and Rent shall be accounted for as of the date

of termination (as of the date of the fire or other casualty with respect to the damaged portion)], prior to the date such restoration is substantially completed, provided (i) Tenant gives Landlord not less than thirty (30) days prior written notice, and (ii) Landlord does not complete the restoration during such thirty (30) day period.

(c) If Landlord should elect or be obligated pursuant to subparagraph (a) above to repair or rebuild because of any damage or destruction, Landlord's obligation shall be limited to the original Building and the leasehold improvements in the Demised Premises and shall not extend to any furniture, equipment, supplies or other personal property owned or leased by Tenant, its employees, contractors, invitees or licensees. If the cost of performing such repairs exceeds the actual proceeds of insurance paid or payable to Landlord (or which would have been payable to Landlord had Landlord maintained the insurance required by this Lease to be maintained by Landlord) on account of such casualty), or if Landlord's mortgagee or the lessor under a ground or underlying lease shall require that any insurance proceeds from a casualty loss be paid to it, Landlord may terminate this Lease unless Tenant, within thirty (30) days after demand therefor, deposits with Landlord a sum of money sufficient to pay the difference between the cost of repair and the proceeds of the insurance available to Landlord for such purpose. If Landlord should elect or be obligated pursuant to subparagraph (a) above to repair or rebuild because of any damage or destruction, Landlord shall make available to Tenant on an "as-is" basis (and solely for the time period from the date of the casualty to the date the repairs have been completed, whereupon the term with respect to such temporary space shall be deemed to terminate) any vacant space in the Building which is suitable and available for immediate occupancy and is reasonably expected to remain so available until such time as the repairs to the Demised Premises have been completed (and Landlord shall have no obligation to perform or install tenant improvements or otherwise finish such space), and Tenant shall pay Landlord the same Base Rental and other charges with respect to such temporary space on a square foot basis as Tenant would then be required under this Lease to pay with respect to such temporary space were such space part of the Demised Premises, and the terms and provisions of this Lease [excluding, however, the construction obligations of Landlord and the obligations with respect to the Construction Allowance, Additional Allowance, and reimbursement for costs of Plans and Specifications] shall apply to such space as if such space were part of the Demised Premises.

(d) In no event shall Landlord be liable for any loss or damage sustained by Tenant by reason of casualties mentioned hereinabove or any other accidental casualty.

22. Intentionally Omitted.
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23. Services by Landlord. Landlord shall provide the Building Standard Services described on Exhibit "E" attached hereto and by reference made a part hereof.

24. Attorneys' Fees and Homestead. In the event Landlord or Tenant defaults in the performance of any of the terms, agreements or conditions contained in this Lease and the non-defaulting party places the enforcement of this Lease, or any part thereof, or the collection of any Rent due or to become due hereunder, or recovery of the possession of the Demised Premises, in the hands of an attorney, or files suit upon the same, and should such non-defaulting party prevail in such suit, the defaulting party, to the extent permitted by applicable law, agrees to pay the non-defaulting party all reasonable attorney's fees actually incurred by the non-defaulting party. Tenant waives all homestead rights and exemptions which it may have under any law as against any obligation owing under this Lease, and assigns to Landlord its homestead and exemptions to the extent necessary to secure payment and performance of its covenants and agreements hereunder.

25. Time. Time is of the essence of this Lease and whenever a certain day is stated for payment or performance of any obligation of Tenant or Landlord, the same enters into and becomes a part of the consideration hereof.

26. Subordination, Attornment and Non-Disturbance.

(a) Existing Security Deeds or Underlying Leases. Landlord represents and warrants to Tenant that (i) as of the date of this Lease, Landlord owns or has a valid contract to acquire fee simple title to the Land, and (ii) as of the later of the date of this Lease or the date Landlord acquires fee simple title to the Land, the Land is (or will be) free and clear of any mortgages, deeds to secure debt, deeds of trust or other such financing instruments (each a "Security Deed") or any ground or underlying leases.

(b) Subordination. Tenant agrees that within ten (10) business days after receipt of a written request from the Landlord, from the holder or proposed holder of any Security Deed or from the lessor or proposed lessor under any underlying lease, Tenant shall execute a subordination, non-disturbance and attornment agreement ("non-disturbance agreement") subordinating this Lease to the interest of such holder or lessor and their respective heirs, successors and assigns. The holder of any such Security Deed or the lessor under any such underlying lease shall agree in such nondisturbance agreement that, so long as Tenant complies with all of the terms and conditions of this Lease and is not in default hereunder beyond the period of cure of such default as provided herein, such holder or lessor or any person or entity acquiring the interest of the Landlord under this Lease as a result of the enforcement of such Security Deed or lease or deed in lieu thereof (the "Successor Landlord") shall not take any action to disturb Tenant's possession of the Demised Premises during the remainder of the Lease Term and any extension or renewal thereof and the Successor Landlord shall recognize all of Tenant's rights under this Lease, despite any foreclosure, lease termination or other action by such holder or lessor, including, without limitation, the taking of possession of the Demised Premises or any portion thereof by the Successor Landlord or the exercise of any assignment of rents by the holder or lessor. In any such non-disturbance agreement, Tenant shall agree to give the holder of the Security Deed (or, in the case of an underlying lease, the lessor thereunder) notice of defaults by Landlord hereunder (but only to the address previously supplied to Tenant in writing) at the same time as such notice is given to Landlord and time periods to cure such defaults which are the same as those granted to Landlord hereunder (which time period shall run from and after such notice is given to such holder or lessor), and Tenant shall further agree that any Successor Landlord shall not be personally liable for any accrued obligation of the former landlord, or for any act or omission of the former landlord, whether prior to or after such enforcement proceedings, nor be subject to any counterclaims which shall have accrued to Tenant against the former landlord prior to the date upon which such Successor Landlord shall become the owner of the Demised Premises. Such non-disturbance agreement shall also provide for the attornment by Tenant to the Successor Landlord and shall provide that such Successor Landlord shall not be (a) subject to any offsets which the Tenant might have against the former landlord (other than any payments made to cure a default by Landlord); or (b) bound by any Base Rental or any other payments (other than any payments made to cure a default by Landlord) which the Tenant under this Lease might have paid for more than one (1) month in advance to any former landlord under this Lease. Landlord will join in the signing of the non-disturbance agreement, and such non-disturbance agreement will be in the form suitable for recording in the deed records of Chesterfield County, Virginia.

(c) Election by Mortgagee. If the holder of any Security Deed or any lessor under a ground or underlying lease elects to have this Lease superior to its Security Deed or lease and signifies its election in the instrument creating its lien or lease or by separate instrument recorded in

connection with or prior to a foreclosure, or in the foreclosure deed itself, then this Lease shall be superior to such Security Deed or lease.

27. Estoppel Certificates. Within thirty (30) days after request therefor by Landlord, Tenant agrees to execute and deliver to Landlord in recordable form an estoppel certificate addressed to Landlord, any

mortgagee or assignee of Landlord's interest in, or purchaser of, the Demised Premises or the Building or any part thereof, certifying (if such be the case) that this Lease is unmodified and is in full force and effect (and if there have been modifications, that the same is in full force and effect as modified and stating said modifications); that there are no defenses or offsets against the enforcement thereof or stating those claimed by Tenant; and stating the date to which Rent and other charges have been paid. Such certificate shall also include such other information as may reasonably be required by such mortgagee, proposed mortgagee, assignee, purchaser or Landlord. Any such certificate may be relied upon by Landlord, any mortgagee, proposed mortgagee, assignee, purchaser and any other party to whom such certificate is addressed.

28. Cumulative Rights. All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative to, but not restrictive of, or in lieu of those conferred by law.

29. Holding Over. If Tenant remains in possession after expiration or termination of the Lease Term with or without Landlord's written consent, Tenant shall become a tenant-at-sufferance, and there shall be no renewal of this Lease by operation of law. During the period of any such holding over, all provisions of this Lease shall be and remain in effect except that the monthly rental shall be determined as follows:

(a) if Tenant does not give affirmative written notice to Landlord at least twelve (12) months prior to the expiration of the then current Lease Term (the Holdover Term as hereinafter defined is not part of the Lease Term) that Tenant will not renew or extend the Lease Term, then the monthly rental shall be one hundred and fifty percent (150%) of the amount of Rent (including any adjustments as provided herein) payable for the last full calendar month of the Lease Term including renewals or extensions.

(b) if Tenant does give affirmative written notice to Landlord at least twelve (12) months prior to the expiration of the then current Lease Term that Tenant will not renew or extend the Lease Term, then Tenant, by written notice to Landlord given no later than nine (9) months prior to the expiration of the then current Lease Term may elect to hold over beyond the expiration of the Lease Term for the period specified in such notice (the "Holdover Term"); provided however that the Holdover Term shall be not more than six (6) months. If Tenant properly makes such election in accordance with the foregoing provisions of this subparagraph (b), then for months 1 through 3 of the Holdover Term, the monthly rental shall be one hundred ten percent (110%) of the amount of Rent (including any adjustments as provided herein) payable for the last full calendar month of the Lease Term including renewals or extensions and for months 4 through 6 of the Holdover Term, the monthly rental shall be one hundred fifteen percent (115%) of the amount of Rent (including any adjustments as provided herein) payable for the third month of the Holdover Term. After the expiration of the Holdover Term, monthly rental shall be two hundred percent (200%) of the amount of Rent (including any adjustments as provided herein) payable for the last full calendar month of the Lease Term including renewals and extensions.

The inclusion of the preceding provisions of this Section 29 in this Lease shall not be construed as Landlord's consent for Tenant to hold over except as expressly set forth in this Section 29.

30. Surrender of Premises. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Demised Premises and every part thereof and all alterations, additions and improvements thereto, broom clean and in good condition and state of repair, except only reasonable wear and tear, damage by fire or other casualty, and repairs which are the responsibility of Landlord. Tenant shall remove Tenant's trade fixtures and all personalty and equipment not attached to the Demised Premises which it has placed upon the Demised Premises, and Tenant shall repair all damage to the Demised Premises, Building or Project caused by the removal of such property. If Tenant shall fail or refuse to remove all of Tenant's effects, personalty and equipment from the Demised Premises upon the expiration or termination of this Lease for any cause whatsoever or upon the Tenant being dispossessed by process of law or otherwise, such effects, personalty and equipment shall be deemed conclusively to be abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without obligation to account for them. Tenant shall pay Landlord on demand any and all expenses incurred by Landlord in the removal of such property, including,

without limitation, the cost of repairing any damage to the Building or Project caused by the removal of such property and storage charges (if Landlord elects to store such property). The covenants and conditions of this Article 30 shall survive any expiration or termination of this Lease.

31. Notices. All notices required or permitted to be given hereunder shall be in writing and may be delivered in person to either party or may be sent by courier or by United States Mail, certified, return receipt requested, postage prepaid. Any such notice shall be deemed received by the party to whom it was sent (i) in the case of personal delivery or courier delivery, on the date of delivery to such party, and (ii) in the case of certified mail, the date receipt is acknowledged on the return receipt for such notice or, if delivery is rejected or refused or the U.S. Postal Service is unable to deliver same because of changed address of which no notice was given pursuant hereto, the first date of such rejection, refusal or inability to deliver. All such notices shall be addressed to Landlord or Tenant at their respective address set forth hereinabove or at such other address as either party shall have theretofore given to the other by notice as herein provided.

32. Damage or Theft of Personal Property. All personal property brought into Demised Premises by Tenant, or Tenant's employees or business visitors, shall be at the risk of Tenant only, and Landlord shall not be liable for theft thereof or any damage thereto occasioned by any act of co-tenants, occupants, invitees or other users of the Building or any other person, unless such theft or damage is the result of the act of Landlord or its employees and Landlord is not relieved therefrom by Article 17 hereof. Unless caused by the negligence of Landlord or its employees, Landlord shall not at any time be liable for damage to any property in or upon the Demised Premises which results from power surges or other deviations from the constancy of the electrical service or from gas, smoke, water, rain, ice or snow which issues or leaks from or forms upon any part of the Building or from the pipes or plumbing work of the same, or from any other place whatsoever.

33. Eminent Domain.

(a) If all or part of the Demised Premises shall be taken for any public or quasi-public use by virtue of the exercise of the power of eminent domain or by private purchase in lieu thereof, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Demised Premises by written notice to the other within thirty (30) days after such date; provided, however, that a condition to the exercise by Tenant of such right to

terminate shall be either (i) that more than fifteen percent (15%) of the Demised Premises was taken or (ii) that the portion of the Demised Premises taken shall be of such extent and nature as substantially to handicap, impede or impair Tenant's use of the balance of the Demised Premises. If title to so much of the Building is taken that a reasonable amount of reconstruction thereof will not in Landlord's sole discretion result in the Building being a practical improvement and reasonably suitable for use for the purpose for which it is designed, then this Lease shall terminate on the date that the condemning authority actually takes possession of the part so condemned or purchased.

(b) If this Lease is terminated under the provisions of this Article 33, Rent shall be apportioned and adjusted as of the date of termination. Tenant shall have no claim against Landlord or against the condemning authority for the value of any leasehold estate or for the value of the unexpired Lease Term provided that the foregoing shall not preclude any claim that Tenant may have against the condemning authority for the unamortized cost of leasehold improvements, to the extent the same were installed at Tenant's expense (and not with the proceeds of the Construction Allowance), or for loss of business, moving expenses or other consequential damages, in accordance with subparagraph (d) below.

(c) If there is a partial taking of the Building and this Lease is not thereupon terminated under the provisions of this Article 33, then this Lease shall remain in full force and effect, and Landlord shall, within a reasonable time thereafter, repair or reconstruct the remaining portion of the

Building to the extent necessary to make the same a complete architectural unit; provided that in complying with its obligations hereunder Landlord shall not be required to expend more than the net proceeds of the condemnation award which are paid to Landlord.

(d) All compensation awarded or paid to Landlord upon a total or partial taking of the Demised Premises or the Building shall belong to and be the property of Landlord without any participation by Tenant. All compensation awarded or paid to Landlord upon a temporary taking of all or any portion of the Demised Premises with respect to which Tenant exercises Tenant's right to terminate under Article 33(e) shall belong to and be the property of Landlord without any participation by Tenant. Nothing herein shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority for loss of business, for damage to, and cost of removal of, trade fixtures, furniture and other personal property belonging to Tenant, and for the unamortized cost of leasehold improvements to the extent same were installed at Tenant's expense (and not with the proceeds of the Construction Allowance). In no event shall Tenant have or assert a claim for the value of any unexpired term of this Lease. Subject to the foregoing provisions of this subparagraph (d), Tenant hereby assigns to Landlord any and all of its right, title and interest in or to any compensation awarded or paid as a result of any such taking.

(e) Notwithstanding anything to the contrary contained in this Article 33, if, during the Lease Term, the use or occupancy of any part of the Building or the Demised Premises shall be taken or appropriated temporarily for any public or quasi-public use under any governmental law, ordinance, or regulations, or by right of eminent domain, this Lease shall be and remain unaffected by such taking or appropriation and Tenant shall continue to pay in full all Rent payable hereunder by Tenant during the Lease Term; provided, however, that if Landlord reasonably estimates that the temporary taking will continue for a period in excess of ninety (90) days, Tenant shall have the right to terminate this Lease solely with respect to the portion of the Demised Premises which is the subject of such temporary taking by giving Landlord written notice of such termination within fifteen (15) days after the date of such temporary taking. In the event of any such temporary appropriation or taking with respect to which

Tenant does not exercise the right of termination set forth in the sentence immediately preceding this sentence, Tenant shall be entitled to receive that portion of any award which represents compensation for the loss of use or occupancy of the Demised Premises during the Lease Term, and Landlord shall be entitled to receive that portion of any award which represents the cost of restoration and compensation for the loss of use or occupancy of the Demised Premises after the end of the Lease Term. In the event of any such temporary appropriation or taking with respect to which Tenant exercises the right of termination set forth in the first sentence of this Article 33(e), Landlord shall be entitled to receive that portion of any award which represents compensation for the loss of use or occupancy of the portion of the Demised Premises with respect to which such termination is effective.

34. Parties. The term "Landlord", as used in this Lease, shall include Landlord and its assigns and successors. It is hereby covenanted and agreed by Tenant that should Landlord's interest in the Demised Premises cease to exist for any reason during the Lease Term, then notwithstanding the happening of such event, this Lease nevertheless shall remain in full force and effect, and Tenant hereby agrees to attorn to the then owner of the Demised Premises. The term "Tenant" shall include Tenant and its heirs, legal representatives and successors, and shall also include Tenant's assignees and sublessees, if this Lease shall be validly assigned or the Demised Premises sublet for the balance of the Lease Term or any renewals or extensions thereof. In addition, Landlord and Tenant covenant and agree that Landlord's right to transfer or assign Landlord's interest in and to the Demised Premises, or any part or parts thereof, shall be unrestricted, and that, except as expressly otherwise provided in the last sentence of Paragraph 37 of this Lease, in the event of any such transfer or assignment by Landlord which includes the Demised Premises, Landlord's obligations to Tenant thereafter arising hereunder shall cease and terminate, and Tenant shall look only and solely to Landlord's assignee or transferee for performance thereof.

35. Indemnification. Tenant hereby indemnifies Landlord from and agrees to hold Landlord harmless against, any and all liability, loss, cost, damage or expense, including, without limitation, court costs and reasonable attorney's fees, imposed on Landlord by any person whomsoever, caused in whole or in part by any negligent act or omission of Tenant, or any of its employees, contractors, servants, agents, subtenants or assignees, or of Tenant's invitees while such invitees are within the Demised Premises or the Building, or otherwise occurring in connection with any default of Tenant hereunder except for such matters as are caused by the gross negligence or willful misconduct of Landlord, its employees, agents, contractors and subcontractors. Landlord hereby indemnifies Tenant from and agrees to hold Tenant harmless against, any and all liability, loss, cost, damage or expense, including, without limitation, court costs and reasonable attorney's fees, imposed on Tenant by any person whomsoever, caused in whole or in part by any negligent act or omission of Landlord, or any of its employees, contractors, servants, agents, subtenants or assignees, or of Landlord's invitees while such invitees are within the Demised Premises or the Building, or otherwise occurring in connection with any default of Landlord hereunder except for such matters as are caused by the gross negligence or willful misconduct of Tenant, its employees, agents, contractors and subcontractors. The provisions of this Article 35 shall survive any termination of this Lease.

36. Force Majeure. In the event of strike, lockout, labor trouble, civil commotion, act of God, or any other cause beyond a party's control (collectively "force majeure") resulting in the Landlord's inability to supply the services or perform the other obligations required of Landlord hereunder, then, except for the express rights of termination granted to Tenant elsewhere in this Lease, this Lease shall not terminate and Tenant's obligation to pay Rent and all other charges and sums due and payable by Tenant shall not be affected or excused and

Landlord shall not be considered to be in default under this Lease. If, as a result of force majeure, Tenant is delayed in performing any of its obligations under this Lease, other than Tenant's obligation to pay Rent and all other charges and sums payable by Tenant hereunder, Tenant's performance shall be excused for a period equal to such delay and Tenant shall not during such period be considered to be in default under this Lease with respect to the obligation, performance of which has thus been delayed.

37. Landlord's Liability. Landlord shall have no personal liability with respect to any of the provisions of this Lease. If Landlord is in default with respect to its obligations under this Lease, Tenant shall look for satisfaction of Tenant's remedies, if any, solely to the equity of Landlord in and to the Building and the Land described in Exhibit "A" hereto and to the proceeds of Landlord's insurance policy or policies actually paid to Landlord and not applied by Landlord by the applicable claim or to the restoration of the Building as required by the terms of this Lease (unless same are not so applied because such proceeds are required by the holder of a mortgage to be paid to it to reduce the debt secured by such mortgage). It is expressly understood and agreed that Landlord's liability under the terms of this Lease shall in no event exceed the amount of its interest in and to said Land and Building and the aforedescribed proceeds of insurance. In no event shall any partner of Landlord nor any joint venturer in Landlord, nor any officer, director or shareholder of Landlord or any such partner or joint venturer of Landlord be personally liable with respect to any of the provisions of this Lease. The foregoing limitation of liability and agreements set forth in this Section 37 shall be inapplicable to the liability of Landlord for failure of Landlord to comply with the provisions of Section 39(h) of this Lease; provided, however, that in the event of the transfer or assignment of this Lease, the assignor Landlord shall only be liable for the failure of the assignor Landlord to comply with the provisions of Section 39(h) during the period of such assignor's ownership of the Landlord's interest in this Lease, and the assignee Landlord shall only be liable for the failure of the assignee Landlord to comply with the provisions of Section 39(h) of this Lease during the period of such assignee's ownership of the Landlord's interest in this Lease.

38. Landlord's Covenant of Quiet Enjoyment. Provided Tenant performs the terms, conditions and covenants of this Lease, and subject to the terms and provisions hereof, Landlord covenants and agrees to take all necessary steps to secure and to maintain for the benefit of Tenant the quiet and peaceful possession, occupancy and use of the Demised Premises, for the Lease Term, without hindrance, claim or molestation by Landlord or any other person lawfully claiming under Landlord.

39. Letter of Credit.

(a) As security for the performance by Tenant of its obligations under this Lease, Tenant hereby covenants and agrees that it shall obtain and maintain in full force and effect at all times during the time period commencing on the date of execution of this Lease through the seventh (7th) anniversary of the Rental Commencement Date (such period of time being referred to herein as the "Security Period") an irrevocable stand-by letter of credit or irrevocable stand-by replacement letter of credit subject to and in accordance with the terms and conditions set forth below (such letters of credit and replacement letters of credit required to be provided hereunder being herein individually referred to as a "Letter of Credit" and collectively as the "Letters of Credit"; the initial Letter of Credit in the amount of $4,000,000 delivered hereunder and any replacement of such initial Letter of Credit that has a term which includes any period of time prior to the Rental Commencement Date is sometimes referred to herein as the "Original Letter of Credit"; and any subsequent Letter of Credit issued after the Rental Commencement Date is sometimes herein referred to as a

"Replacement Letter of Credit"). Landlord and Tenant acknowledge that in lieu of issuing a replacement of the initial or any subsequent Letter of Credit, the issuer of the then existing Letter of Credit may elect to amend the then existing Letter of Credit to extend the maturity date thereof as required hereunder and, if applicable, reduce the amount of the Letter of Credit to the amount required to be maintained hereunder as of the date such reduction is permitted hereunder (it being understood and agreed that such amendment(s) shall be limited to such matters only), by issuing an amendment to the then existing Letter of Credit, in which case the "Original Letter of Credit" or the "Replacement Letter of Credit" shall be deemed to be the then existing Letter of Credit, as so amended.

(b) Each Letter of Credit issued hereunder shall (i) be in the form of an irrevocable credit; (ii) be issued by an "Approved Issuer" (as hereinafter defined); (iii) name Landlord as the beneficiary and will state that it is transferable by Landlord to the assigns of Landlord's interest in this Lease upon notice from Landlord, the payment of the issuer's transfer charges as set forth in the applicable Letter of Credit and compliance with the issuer's customary requirements relating to such transfers (each Letter of Credit shall expressly contain an acknowledgement by the issuer that such Letter of Credit can be transferred by Landlord to any holder of any mortgage on Landlord's interest in the Project to secure such holder's mortgage); and (iv) specify that Landlord, as beneficiary, may draw against the Letter of Credit, without documents other than the sight draft and certification set forth below, at any time and from time to time until the expiration thereof at one or more designated branches of the issuing bank in Atlanta, Georgia, or at one or more designated bank counters at designated offices of the issuing bank in either Atlanta, Georgia, or New York City, New York, in a single drawing for the full amount of such Letter of Credit, upon presentation of a sight draft and written certification from Landlord, as beneficiary, that a "Drawing Event" described in Article 39(l) of this Lease has occurred and is continuing under this Lease and that Landlord has the right to draw against the Letter of Credit for the sum set forth in the sight draft under the provisions of this Article 39. "Approved Issuer" shall mean: (x) Svenska Handelsbanken (or its successor) for so long as Svenska Handelsbanken (or its successor) (A) shall maintain a banking office with banking counters in either or both of Atlanta, Georgia, and New York City, New York, and (B) shall have and maintain a Moody's Bank Credit Report Service rating of P-1 (or, if Moody's subsequently uses a different scale, the rating which would be equivalent to the current P-1, or if Moody's dissolves or otherwise becomes defunct, the rating of another nationally recognized rating service which would be equivalent to the current P-1); or (y) such other national banking association which Tenant, in its discretion, may designate and which shall be approved by Landlord in its reasonable discretion, provided and for so long as such national banking association (A) shall maintain a banking office with banking counters in either or both of Atlanta, Georgia, and New York City, New York, and (B) shall have and maintain a Moody's Bank Credit Report Service rating of P-1 (or, if Moody's subsequently uses a different scale, the rating which would be equivalent to the current P-1, or if Moody's dissolves or otherwise becomes defunct, the rating of another nationally recognized rating service which would be equivalent to the current P-1). The

Original Letter of Credit shall have an initial expiration date of the first anniversary of the date of this Lease, but Tenant shall maintain the Original Letter of Credit in effect in accordance with the provisions of Article 39(c) until at least ninety (90) days after the Rental Commencement Date, the first Replacement Letter of Credit shall have an expiration date of the first anniversary of the Rental Commencement Date, the second Replacement Letter of Credit shall have an expiration date of the second anniversary of the Rental Commencement Date, the third Replacement Letter of Credit shall have an expiration date of the third anniversary of the Rental Commencement Date, the fourth Replacement Letter of Credit shall have an expiration date of the fourth anniversary of the Rental

Commencement Date, the fifth Replacement Letter of Credit shall have an expiration date of the fifth anniversary of the Rental Commencement Date, the sixth Replacement Letter of Credit shall have an expiration date of the sixth anniversary of the Rental Commencement Date, and the seventh Replacement Letter of Credit shall have an expiration date of the seventh anniversary of the Rental Commencement Date. The Letters of Credit shall be in the following amounts for the following time periods:

Time Period	Amount of Letter of Credit
Date of execution of this Lease to 5/th/ anniversary of Rental Commencement Date	$ 4,000,000.00
5/th/ anniversary of Rental Commencement Date to 7/th/ anniversary of Rental Commencement Date	$ 2,000,000.00

(c) The Original Letter of Credit shall have a term of approximately one (1) year and shall be delivered to Landlord by Tenant simultaneously with the execution of this Lease. Tenant shall maintain the Original Letter of Credit in effect (either by replacement thereof or amendment thereto) for a term which extends at least ninety (90) days after the Rental Commencement Date (the ninetieth (90th) day preceding the expiration of the Original Letter of Credit is herein defined as the "Replacement Date" applicable to the Original Letter of Credit). Accordingly, at least ninety (90) days prior to the expiration of the Original Letter of Credit, Tenant shall cause the expiration date of the Original Letter of Credit to be extended (either by issuance of a replacement of the then existing Original Letter of Credit or an appropriate amendment thereto) to the end that the Original Letter of Credit shall at all times by maintained in effect by Tenant for a term which extends at least ninety (90) days after the Rental Commencement Date. If the replacement of or amendment to the then existing Original Letter of Credit is issued on or after the Rental Commencement Date, such replacement Letter of Credit or amended Letter of Credit, as the case may be, shall constitute the first Replacement Letter of Credit, and such first Replacement Letter of Credit shall have an expiration date of the first anniversary of the Rental Commencement Date. At least ninety (90) days prior to each of the first, second, third, fourth, fifth, and sixth anniversaries of the Rental Commencement Date (the ninetieth (90th) day preceding each such anniversary being herein referred to as a "Replacement Date"), a Replacement Letter of Credit replacing the expiring Letter of Credit which must be effective (i.e., capable of being drawn upon) on or before the expiration date of the expiring Letter of Credit (the actual date of delivery of each Replacement Letter of Credit being herein referred to as a "Letter Delivery Date") and shall expire on the second (2nd) Rental Commencement Date anniversary following such Letter Delivery Date, shall be delivered to Landlord by Tenant; it being understood and agreed by Tenant that, notwithstanding any other term or provision of this Article 39 [but subject to the terms of Article 39(f)], a Letter of Credit in the applicable amount required pursuant to the schedule above shall be outstanding and in full force and effect at all times during the Security Period. Tenant's

obligation to maintain a Letter of Credit hereunder shall cease and expire on the seventh (7/th/) anniversary of the Rental Commencement Date.

(d) Upon receipt of any newly issued Letter of Credit (if same is a newly issued Letter of Credit, as opposed to an amendment of the then existing Letter of Credit), and provided that such newly issued Letter of

Credit becomes effective on or before the date of delivery thereof to Landlord, Landlord shall deliver to Tenant (or, at the direction of Tenant, the issuing bank) the expiring Letter of Credit in exchange for the newly issued Letter of Credit. Upon receipt of any newly issued Letter of Credit which becomes effective after the date of delivery thereof to Landlord, Landlord shall deliver to Tenant (or, at Tenant's direction, the issuing bank) the expiring Letter of Credit on the effective date of the newly issued Letter of Credit (unless Landlord has drawn on such expiring Letter of Credit in accordance with this Article 39), it being understood and agreed that in such case the expiring Letter of Credit shall remain in full force and effect until the effective date of the newly issued Letter of Credit. Notwithstanding any other provision of this Article 39 to the contrary, each Replacement Letter of Credit having an effective date prior to the expiration date of the expiring Letter of Credit shall be in the amount of the expiring Letter of Credit from the applicable Letter Delivery Date until the next anniversary date of the Rental Commencement Date and then shall automatically (by the terms of such Replacement Letter of Credit) reduce to the applicable lower amount set forth on the schedule above as of such anniversary date. All fees, premiums and other sums charged by the issuing bank for each Letter of Credit shall be paid by Tenant, and not Landlord.

(e) In the event that a Drawing Event occurs under this Lease, it is understood and agreed that Landlord shall thereupon have the right, in its discretion and at any time during the continuance of such Drawing Event, to draw upon the full face amount of the then outstanding Letter of Credit.

(f) The failure by Tenant, for any reason whatsoever, to maintain the Original Letter of Credit or any Replacement Letter of Credit in full force and effect at all times during the Security Period shall constitute an immediate Drawing Event and an immediate event of default hereunder (no notice and right to cure period or grace period shall be a condition to such failure constituting an event of default hereunder notwithstanding the provisions of Article 18 of this Lease) and, in addition to (and not in lieu of) all other rights and remedies available to Landlord under this Lease or at law or in equity, Landlord shall have the right to sue Tenant for specific performance of its obligation to deliver and maintain the applicable Letter of Credit.

(g) It is understood and agreed that the Letters of Credit are required to be issued hereunder as security for the performance of Tenant's obligations under this Lease after the occurrence of a Drawing Event and, notwithstanding any other term or provision of this Article 39 or elsewhere in this Lease, such Letters of Credit and the receipt of the proceeds therefrom are not intended by Landlord and Tenant to be, and shall not be construed or deemed to be, liquidated damages or a cap, restriction or limitation of any kind or sort on or with respect to any of Landlord's rights and remedies under this Lease or at law or in equity by virtue of the occurrence of a Drawing Event or of an event of default; it being understood and agreed by Tenant that Landlord hereby expressly reserves all rights and remedies against Tenant, including without limitation a suit or suits for monetary damages, available to it under this Lease and at law or in equity because of a Drawing Event or an event of default.

(h) Any proceeds received by Landlord from any Letter of Credit (hereinafter called the "Proceeds") shall be applied by Landlord first toward the performance of Tenant's obligations which Tenant has failed to perform under this Lease, and the remainder, if any, shall be held by Landlord, in such "Permitted Investments" (as hereinafter defined) as Landlord shall determine, in Landlord's sole discretion, as additional security for the faithful performance by Tenant throughout the Security Period of all the terms and conditions of the Lease on the part of Tenant to be performed. If all or any part of the Proceeds is or are so applied by Landlord, then Tenant shall immediately upon demand from

Landlord pay to Landlord an amount sufficient to return the Proceeds to an amount equal to the amount set forth in Article 39(b) as the amount of the Letter of Credit which was otherwise required to be maintained by Tenant at such time. In no event shall Landlord be responsible or liable for any decrease in the Proceeds invested in Permitted Investments. Any interest earned on the Proceeds shall become part of the Proceeds. Permitted Investments shall mean, collectively, (a) direct obligations of the United States of America or of any agency or political subdivision thereof, or obligations guaranteed as to principal and interest by the United States or by any agency or political subdivision thereof, in any case maturing not more than ninety (90) days from the date of acquisition thereof; (b) certificates of deposit issued by any bank having capital, surplus and undivided profits of at least U.S.$200,000,000 and a long-term unsecured senior debt rating of at least "A" by Standard & Poor's and "A2" by Moody's, in any case maturing not more than ninety (90) days from the date of acquisition thereof; and (c) commercial paper rated "P-1" or better by Moody's or "A-1" or better by Standard & Poor's, in any case maturing not more than ninety (90) days from the date of acquisition thereof. If, on the fifth (5/th/) anniversary of the Rental Commencement Date no event of default then exists under this Lease and the Proceeds in Landlord's possession in excess of the unreimbursed amounts incurred by or owed to Landlord in connection with any default by Tenant under this Lease equal or exceed $2,000,000.00, Landlord shall refund to Tenant the amount by which the Proceeds in excess of such unreimbursed amounts equal or exceed $2,000,000.00. If, on the seventh (7/th/) anniversary of the Rental Commencement Date no event of default then exists under this Lease and there are any Proceeds in Landlord's possession in excess of the unreimbursed amounts incurred by or owed to Landlord in connection with any default by Tenant under this Lease, Landlord shall refund to Tenant such excess. If no event of default then exists under this Lease and Tenant delivers to Landlord a Letter of Credit complying in all respects with the terms of this Lease, in the amount of the Letter of Credit that would then be required to be in effect had Landlord not drawn on the previous Letter of Credit, then upon such delivery, Landlord shall refund to Tenant the Proceeds then held by Landlord.

(i) Landlord shall have the right to apply all or any part of the Proceeds toward the performance of Tenant's obligations which Tenant has failed to perform under this Lease.

(j) In the event of a sale or transfer of Landlord's interest in the Demised Premises or the Building or a lease by Landlord of the Building, Landlord shall have the right to transfer the Proceeds to the purchaser or lessee, as the case may be, and Landlord shall be relieved of all liability to Tenant for the return of the Proceeds. The Tenant shall look solely to the new owner or lessor for the return of the Proceeds. The Proceeds shall not be mortgaged, assigned or encumbered by Tenant. In the event of a permitted assignment or subletting under this Lease by Tenant, the Proceeds shall be held by Landlord as a deposit made by the permitted assignee or subtenant and the Landlord shall have no further liability with respect to the return of the Proceeds to the original Tenant.

(k) Landlord shall keep the Proceeds in Permitted Investments separate from its general accounts.

(l) "Drawing Event" shall mean any one or more of the following:

(i) an event of default under Article 18(a)(i) of this Lease;

(ii) an event of default under Article 18(a)(ii) of this Lease with respect to which Landlord performs Tenant's unperformed obligation and incurs costs in connection with such performance and Tenant fails to reimburse Landlord in full for all such costs within ten (10) days after written notice from Landlord to Tenant;

(iii) any event of default under Article 18(a)(iii), (iv),

(v), (vi) or (x);

(iv) any other event of default under Article 18 with respect to which Landlord has commenced or is simultaneously commencing an action to terminate this Lease or terminate Tenant's right to possession under Article 18(b)(i), Article 18(b)(ii), at law or in equity, and such action is not dismissed within sixty (60) days after the filing thereof.

40. Hazardous Substances. Tenant hereby covenants and agrees that Tenant shall not cause or permit any "Hazardous Substances" (as hereinafter defined) to be generated, placed, held, stored, used, located or disposed of at the Project or any part thereof, except for Hazardous Substances as are commonly and legally used or stored as a consequence of using the Demised Premises for general office and administrative purposes (and, if permitted hereunder, medical treatment and medical laboratory purposes), but only so long as the quantities thereof do not pose a threat to public health or to the environment or would necessitate a "response action", as that term is defined in CERCLA (as hereinafter defined), and so long as Tenant strictly complies or causes compliance with all applicable governmental rules and regulations concerning the use, storage, production, transportation and disposal of such Hazardous Substances. For purposes of this Article 40, "Hazardous Substances" shall mean and include those elements or compounds which are contained in the list of Hazardous Substances adopted by the United States Environmental Protection Agency (EPA) or in any list of toxic pollutants designated by Congress or the EPA or which are defined as hazardous, toxic, pollutant, infectious or radioactive by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including, without limitation, strict liability) or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter in effect (collectively "Environmental Laws"). Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, Landlord by any person, entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence in, or the escape, leakage, spillage, discharge, emission or release from, the Demised Premises of any Hazardous Substances (including, without limitation, any losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of any settlement or judgment or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act ["CERCLA"], any so-called federal, state or local "Superfund" or "Superlien" laws or any other Environmental Law); provided, however, that the foregoing indemnity is limited to matters arising solely from Tenant's violation of the covenant contained in this Article. The obligations of Tenant under this Article shall survive any expiration or termination of this Lease.

41. Submission of Lease. The submission of this Lease for examination does not constitute an offer to lease and this Lease shall be effective only upon execution hereof by Landlord and Tenant.

42. Severability. If any clause or provision of the Lease is illegal, invalid or unenforceable under present or future laws, the remainder of this Lease shall not be affected thereby, and in lieu of each clause or provision of this Lease which is illegal, invalid or unenforceable, there shall be added as a part of this Lease a clause or provision as nearly identical to the said clause or provision as may be legal, valid and enforceable.

43. Entire Agreement. This Lease contains the entire agreement of the parties and no representations, inducements, promises or agreements, oral or

otherwise, between the parties not embodied herein shall be of any force or effect. No failure of Landlord to exercise any power given Landlord hereunder, or to insist upon strict compliance by Tenant with any obligation of Tenant hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. No failure of Tenant to exercise any power given Tenant hereunder, or to insist upon strict compliance by Landlord with any obligation of Landlord hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Tenant's right to demand exact compliance with the terms hereof. This Lease may not be altered, waived, amended or extended except

by an instrument in writing signed by Landlord and Tenant. This Lease is not in recordable form, and Tenant agrees not to record or cause to be recorded this Lease or any short form or memorandum thereof.

44. Headings. The use of headings herein is solely for the convenience of indexing the various paragraphs hereof and shall in no event be considered in construing or interpreting any provision of this Lease.

45. Broker. Tenant represents and warrants to Landlord that (except with respect to any Broker[s] identified in Article 1[m] hereinabove) no broker, agent, commission salesperson, or other person has represented Tenant in the negotiations for and procurement of this Lease and of the Demised Premises and that (except with respect to any Broker[s] identified in Article 1[m] hereinabove) no commissions, fees, or compensation of any kind are due and payable in connection herewith to any broker, agent, commission salesperson, or other person as a result of any act or agreement of Tenant. Tenant agrees to indemnify and hold Landlord harmless from all loss, liability, damage, claim, judgment, cost or expense (including reasonable attorneys' fees and court costs) suffered or incurred by Landlord as a result of a breach by Tenant of the representation and warranty contained in the immediately preceding sentence or as a result of Tenant's failure to pay commissions, fees, or compensation due to any broker who represented Tenant, whether or not disclosed, or as a result of any claim for any fee, commission or similar compensation with respect to this Lease made by any broker, agent or finder (other than the Broker[s] identified in Article 1[m] hereinabove) claiming to have dealt with Tenant. Tenant shall cause any agent or broker representing Tenant to execute a lien waiver to and for the benefit of Landlord, waiving any and all lien rights with respect to the Building and Land which such agent or broker has or might have under Virginia law. Landlord agrees to indemnify and hold Tenant harmless from all loss, liability, damage, claim, judgement, cost or expense, (including reasonable attorney's fees and court costs) suffered or incurred by Tenant as a result of Landlord's failure to pay commissions, fees or compensation due to any broker who represented Landlord, whether or not disclosed, with respect to this Lease, including any Broker identified in Article 1(m).

46. Governing Law. The laws of the Commonwealth of Virginia shall govern the validity, performance and enforcement of this Lease. Tenant hereby submits to the non-exclusive personal jurisdiction in the Commonwealth of Virginia, the courts thereof and the United States District Courts sitting therein, for the enforcement of this Lease, and Tenant hereby waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the Commonwealth of Virginia for the purpose of litigation to enforce this Lease.

47. Special Stipulations. The special stipulations attached hereto as Exhibit "F" are hereby incorporated herein by this reference as though fully set forth.

48. Authority. Each of the persons executing this Lease on behalf of Tenant does hereby personally represent and warrant that each person signing on behalf of the corporation is an officer of the corporation and is authorized to sign on behalf of the corporation. Tenant does hereby represent and warrant that Tenant is a duly incorporated and validly existing corporation and is fully authorized and qualified to do business in the Commonwealth of Virginia, that the corporation has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is an officer of the corporation and is authorized to sign on behalf of the corporation. Upon the request of Landlord, Tenant shall deliver to Landlord documentation satisfactory to Landlord evidencing Tenant's compliance with this Article, and Tenant agrees to promptly execute all necessary and reasonable applications or documents as reasonably requested by Landlord, required by the jurisdiction in which the Demised Premises is located, to permit the issuance of necessary permits and certificates for Tenant's use and occupancy of the Demised Premises. Each of the persons executing this Lease on behalf of Landlord does hereby personally represent and warrant that each person signing on behalf of the corporate general partner of the general partner of Landlord is an officer of such corporation and is authorized to sign on behalf of such corporation as general partner of the general partner of Landlord. Landlord does hereby represent and warrant that Landlord is a duly formed and validly existing limited partnership and is fully authorized and qualified to do business in the Commonwealth of Virginia, that

the limited partnership has full right and authority to enter into this Lease, and that each person signing on behalf of the of the corporate general partner of the general partner of Landlord is an officer of such corporation and is authorized to sign on behalf of such corporation as general partner of the general partner of Landlord.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day, month and year first above written.

WELLS REIT, LLC - VA I,
a Georgia limited liability company

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

By: Wells Real Estate Investment Trust, Inc., a Maryland corporation, General Partner

By: Wells Capital, Inc., a Georgia corporation, General Partner

By: /s/ Leo F. Wells

Leo F. Wells, III,
President

[CORPORATE SEAL]

[Signatures continued on following page]

[Signatures continued from previous page]

"TENANT":

ABB POWER GENERATION INC., a Delaware corporation

By: /s/ [ILLEGIBLE]^^

Its: President

Attest: /s/ [ILLEGIBLE]^^

Its: Secretary

(CORPORATE SEAL)

RULES AND REGULATIONS

1. No sign, picture, advertisement or notice visible from the exterior of the Demised Premises shall be installed, affixed, inscribed, painted or otherwise displayed by Tenant on any part of the Demised Premises or the Building unless the same is first approved by Landlord. Any such sign, picture, advertisement or notice approved by Landlord shall be painted or installed for Tenant at Tenant's cost by Landlord or by a party approved by Landlord. No awnings, curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with any window or door of the Demised Premises without the prior consent of the Landlord, including approval by the Landlord of the quality, type, design, color and manner of attachment.

2. Tenant agrees that its use of electrical current shall never exceed the capacity of existing feeders, risers or wiring installation provided as Building Standard Services (see Exhibit "H").
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3. The Demised Premises shall not be used for storage of merchandise held for sale to the general public. Tenant shall not do or permit to be done in or about the Demised Premises or Building anything which shall increase the rate of insurance on said Building or obstruct or interfere with the rights of other lessees of Landlord or annoy them in any way, including, but not limited to, using any musical instrument, making loud or unseemly noises, or singing, etc. The Demised Premises shall not be used for sleeping or lodging. No cooking or related activities shall be done or permitted by Tenant in the Demised Premises except with permission of Landlord. Tenant will be permitted to use for its own employees within the Demised Premises small Underwriter's Laboratory approved microwave ovens and Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations, and provided that such use shall not result in the emission of odors from the Demised Premises into the other areas of the Building. No vending machines of any kind will be installed, permitted or used on any part of the Demised Premises without the prior consent of Landlord, provided, however, that Landlord will not unreasonably withhold, condition or delay such consent with respect to vending machines installed in the Demised Premises solely for the use of Tenant's employees. No part of said Building or Demised Premises shall be used for gambling, immoral or other unlawful purposes. No intoxicating beverage shall be sold in said Building or Demised Premises without prior written consent of the Landlord. No area outside of the Demised Premises shall be used for storage purposes at any time.

4. No birds or animals of any kind shall be brought into the Building (other than trained seeing-eye dogs required to be used by the visually impaired). No bicycles, motorcycles or other motorized vehicles shall be brought into the Building.

5. The sidewalks, entrances, passages, corridors, halls, elevators, and stairways in the Building shall not be obstructed by Tenant or used for any purposes other than those for which same were intended as ingress and egress. No windows, floors or skylights that reflect or admit light into the Building shall be covered or obstructed by Tenant. Toilets, wash basins and sinks shall not be used for any purpose other than those for which they were constructed, and no sweeping, rubbish, or other obstructing or improper substances shall be thrown therein. Any damage resulting to them, or to heating apparatus, from misuse by Tenant or its employees, shall be borne by Tenant.

6. No additional lock, latch or bolt of any kind shall be placed upon any door nor shall any changes be made in existing locks without written consent of Landlord and Tenant shall in each such case furnish Landlord with a key for any such lock. At the termination of the Lease, Tenant shall return to Landlord all keys furnished to Tenant by Landlord, or otherwise procured by Tenant, and in the event of loss of

any keys so furnished, Tenant shall pay to Landlord the cost thereof.

7. Landlord shall have the right to prescribe the weight, position and manner of installation of heavy articles such as safes, machines and other equipment brought into the Building. No safes, furniture, boxes, large parcels or other kind of freight shall be taken to or from the Demised Premises or allowed in any elevator, hall or corridor except at times allowed by Landlord. In no event shall any weight be placed upon any floor by Tenant so as to exceed the design conditions of the floors at the applicable locations.

8. Tenant shall not cause or permit any gases, liquids or odors to be produced upon or permeate from the Demised Premises, and, except in the case of normal and customary medical supplies, no flammable, combustible or explosive fluid, chemical or substance shall be brought into the Building.

9. Landlord may implement an electronic cipher lock access security system to control access during times other than the Building Operating Hours. Landlord shall not be liable for excluding any person from the Building during such other times, or for admission of any person to the Building at any time, or for damages or loss for theft resulting therefrom to any person, including Tenant.

10. Unless agreed to in writing by Landlord, Tenant shall not employ any person other than Landlord's contractors for the purpose of cleaning and taking care of the Demised Premises. Cleaning service will not be furnished on nights with respect to rooms occupied after 6:30 p.m., unless, by agreement in writing, service is extended to a later hour for specifically designated rooms. Landlord shall not be responsible for any loss, theft, mysterious disappearance of or damage to, any property, however occurring.

11. No connection shall be made to the electric wires or gas or electric fixtures, without the consent in writing on each occasion of Landlord. All glass, locks and trimmings in or upon the doors and windows of the Demised Premises shall be kept whole and in good repair. Tenant shall not injure, overload or deface the Building, the woodwork or the walls of the Demised Premises, nor permit upon the Demised Premises any noisome, noxious, noisy or offensive business.

12. Any wiring for telephone service must be approved by Landlord, and no boring or cutting for wiring shall be done unless approved by Landlord or its representatives, as stated.

13. Tenant and its employees and invitees shall observe and obey all parking and traffic regulations as imposed by Landlord. All vehicles shall be parked only in areas designated for vehicle parking by Landlord.

14. Canvassing, peddling, soliciting and distribution of handbills or any other written materials in the Building are prohibited, and Tenant shall cooperate to prevent the same.

15. Landlord shall have the right to change the street address of the Building, provided that Landlord shall give Tenant not less than 180 days' prior notice of the change, unless the change is required by governmental authority. If Tenant occupies 50% or less of the Rentable Floor Area of the Building, Landlord shall have the right to change the name of the Building.

16. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular lessee, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other lessee, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the other lessees of the Building.

17. These Rules and Regulations are supplemental to, and shall not be construed to in any way modify or

amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building.

18. Landlord reserves the right upon fifteen (15) days' prior written notice to Tenant to make such other and reasonable Rules and Regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and the Land, and for the preservation of good order therein.

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

FLOOR PLAN

All of the Second, Third and Fourth Floors and such portion of the First Floor as is marked on the accompanying floor plans.

EXHIBIT "C"

SUPPLEMENTAL NOTICE

Re: Lease dated as of _____, 1999, by and between _____, as Landlord, and _____, as Tenant.

Dear Sirs:

Pursuant to Article 3 of the captioned Lease, please be advised as follows:

1. The Rental Commencement Date is the _____ day of _____, 1999, and the expiration date of the Lease Term is the _____ day of _____, 20___, subject however to the terms and provisions of the Lease.

2. The Rentable Floor Area of the Demised Premises is square

feet.

3. Terms denoted herein by initial capitalization shall have the meanings ascribed thereto in the Lease.

"LANDLORD":

WELLS REIT, LLC - VA I,
a Georgia limited liability company

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

By: Wells Real Estate Investment
Trust, Inc., a Maryland
corporation, General Partner

By: Wells Capital, Inc., a
Georgia corporation,
General Partner

By: /s/ Leo F. Wells, III

Leo F. Wells, III,
President

[CORPORATE SEAL]

EXHIBIT "D"

CONSTRUCTION OBLIGATIONS

1. DEFINITIONS.

(a) Base Building Plans. The term "Base Building Plans" shall mean the plans and specifications developed by Landlord's architects and engineers and used to build the Building to achieve the Base Building Condition (as hereinafter defined). The Base Building Plans shall be evolutionary of and consistent with the preliminary plans identified on Exhibit "D-1" attached hereto and by reference made a part hereof.

(b) Base Building Condition. The term "Base Building Condition" shall mean the condition when the following improvements have been completed, constructed, and, except for Base Building Ceiling Systems, are installed and are operational:

(1) Exterior walls and glass windows and frames installed. Building perimeters will be fully finished as relates to water proofing, caulking, glazing and metal finishing.

(2) Unfinished interior of exterior walls on each floor of the Demised Premises (with wallboard portion of exterior walls taped and finished ready for surface treatment).

(3) Concrete slab (level to 1/4" in 10') broom cleaned. Finished surfaces to be ready to receive carpet, ceramic tile, resilient tile, wood parquet or stone flooring.

(4) Men's and ladies' bathroom facilities, with Building Standard doors, lighting fixtures, and finishes located on each floor of the Building on which any portions of the Demised Premises are located.

(5) One (1) Building Standard drinking fountain for each floor of the Building.

(6) Fire valve cabinets and/or fire extinguisher cabinets (including all hoses, extinguishers and the like) as required by codes for open floor occupancy, installed in stairways or core. Sprinklers and smoke and fire detection system installed.

(7) Building fire stairs installed, finished and painted, with surrounding walls installed and with Building Standard doors for such stairwells installed.

(8) Building core installed, with walls installed, taped, sanded and floated.

(9) Building Standard electrical and telephone distribution rooms and janitorial closets constructed in accordance with the Base Building Plans, together with doors for such rooms and closets installed, and including telephone and data main service entry conduit and vertical sleeves and duplex outlets in electrical and telephone/data closets.

(10) Building Standard electrical panels in the core electrical closet on each floor (ready for Tenant's electrical connections) sufficient to supply the quantities of electrical power described in the Building Standard Services set forth in Exhibit "E" of this Lease.

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(11) Base Building air conditioning system, including diffusers and returns, capable of maintaining (i) 76 degrees F.D.B. at 50% R.H. +/- 5% automatic control in summer based on the local 2-1/2%

outdoor design condition as specified in the "ASHRAE Handbook of Fundamentals" and (ii) 72 degrees F.D.B. at 30% R.H. minimum in winter based on the local 97.5 outdoor design condition as specified in the latest edition of "ASHRAE Handbook of Fundamentals". Air conditioning design basis is 7.0 watts per rentable square foot lighting and power load, based upon an occupancy rate of one (1) person per 100 rentable square feet and venetian blinds drawn with slats tilted against the sun at not less than 45 degrees from horizontal.

(12) Building Standard air handling unit(s) installed in the mechanical room on each floor. HVAC main trunk duct work from the fan room to the core walls installed, HVAC ducts and VAV boxes, together with VAV boxes and PIUs for upstream ductwork interior zones and VAV boxes for upstream ductwork perimeter zones, installed.

(13) One (1) sanitary sewer and vent location per floor in the core area for Tenant's connection in accordance with the Base Building Plans.

(14) One (1) domestic cold water supply connection per floor located in the core area in accordance with the Base Building Plans, together with wet columns, for future plumbing on each wing of each floor.

(15) Building Standard sprinkler risers and main loop installed on each floor of the Building, together with Building Standard sprinkler heads (semi recessed chrome pendants) installed in accordance with Landlord's standard grid pattern.

(16) All gypboard cladding around the core, all columns and perimeter sills.

(17) Building Standard blinds for all exterior window openings.

(18) The parking facilities, driveways, and all entrances and exits are complete so as to allow beneficial use thereof.

(19) All general exhaust requirements completed in accordance with the Base Building Plans.

(20) All exterior landscaping and plaza work, except for landscaping not yet completed due to seasonal conditions.

(21) Building Standard 2x4, 3 tube, recessed deep cell parabolic fluorescent fixtures, with one (1) fixture per 85 usable square feet.

(22) Building Standard blinds installed on all exterior windows.

(23) Complete finish of Building lobby, including security access, elevators and building direction signs. Complete finish of monument sign at street entrance and all common areas within the Building, including elevator lobbies and common corridors.

(24) Full DCC Controls, including Energy Management and lighting controls.

(25) All thermostats.

(26) Identification signage for mechanical and electrical closets, stairwells, toilet rooms and mechanical and electrical components.

(27) Loading dock.

(28) Full height demising walls between tenant space and public corridors finished and painted.

(29) Keypad access at front and rear doors.

(30) All light fixtures, exit light fixtures and emergency circuits installed in the common areas of the Building and Project. The installation of those exit light fixtures, exit signs and emergency circuits which would be required on each floor if each floor had no interior partitions.

(31) Building Standard ceiling grid and ceiling tile for the Demised Premises.

(32) Building Standard Doors at 8' 0' with welded frames and ADA compliant hardware installed in all mechanical rooms, electrical rooms, telephone rooms, restrooms, janitors closets and similar architectural openings, as required.

(33) In addition to the foregoing, Base Building Condition includes such construction and installations to the core of the Building, the exterior of the Building, the shell of the Building, the common areas of the Building and Project, and the non-tenant rentable areas as are necessary for the issuance of a Certificate of Occupancy for the Building.

Except where installation (or "installed") is expressly specified in the foregoing provisions of this Paragraph 1(b), Base Building Condition does not include the installation in the Demised Premises of the ceiling grid and ceiling tile or the installation in the ceiling of the HVAC, lighting, and electrical systems (the ceiling grid and ceiling tile and the ceiling HVAC, lighting and electrical systems are collectively referred to as the "Base Building Ceiling Systems") set forth above as part of Base Building Condition. Landlord shall provide at Landlord's cost, but not install, the Base Building Ceiling Systems, and the costs incurred by or on behalf of Tenant to install the Base Building Ceiling Systems in the ceiling shall be included within the costs of the Layout Work for purposes of paying the Construction Allowance and Tenant's obligation

to pay costs of the Layout Work in excess of the Construction Allowance.

(c) Base Building Work. The term "Base Building Work" shall mean the work required to complete the improvements on the Land to Base Building Condition.

(d) Building Standard. The term "Building Standard" shall mean the standard of all material, finishes and workmanship established by Landlord for the Building. All such materials, finishes and workmanship shall be consistent with the first-class nature of the Project, and consistent with the standards set forth on Exhibit "D-3" attached hereto, and in accordance with all applicable codes, regulations, and statutes.

(e) Plans and Specifications. The term "Plans and Specifications" shall mean the working drawings and specifications for the construction of the Layout Work in the Demised Premises, which working drawings and specifications will be prepared as set forth below. The Plans and Specifications shall include, without limitation, complete, detailed architectural drawings and specifications for Tenant's partition layout, reflected ceiling and other installations, and complete mechanical and electrical plans and specifications for installation of supplemental air conditioning systems, fire protection and electrical systems. Tenant, at Tenant's sole cost and expense (subject to the reimbursement obligation of Landlord hereinafter set forth), shall cause the proposed Plans and Specifications to be prepared by Tenant's architect and/or designer. All such proposed Plans and Specifications are expressly subject to Landlord's approval and shall comply with all applicable laws, rules and regulations. Tenant covenants and agrees to cause the proposed Plans and Specifications to be delivered to Landlord on or before October 15, 1999, and, upon approval by Landlord, Landlord will cause said plans to be filed, at Tenant's sole cost and expense, with the appropriate governmental agencies in such form

(building notice, alteration or other form) as Landlord may direct. In the event of any disapproval by Landlord of the proposed Plans and Specifications, Tenant shall, within fifteen (15) days, have the same revised and resubmitted to Landlord for Landlord's approval. The proposed Plans and Specifications which have been approved by Landlord are referred to as the Plans and Specifications. Within thirty (30) days after the date upon which the Plans and Specifications were approved by Landlord, Tenant shall submit to Landlord a detailed statement including paid invoices showing the amounts paid by Tenant for the preparation of the Plans and Specifications, and Landlord shall pay to Tenant the amounts shown by such statement, but in no event shall Landlord be obligated to pay Tenant an amount in excess of $1.00 multiplied by the Rentable Floor Area of the Demised Premises (the "Design Allowance").

(f) Tenant's Architect. The term "Tenant's Architect" shall mean Ai, or such other architect as may be designated by Tenant and approved by Landlord for the design of the Layout Work and the preparation of plans and specifications therefor.

(g) Plan Delivery Date. The term "Plan Delivery Date" shall mean October 15, 1999.

(h) Layout Work. The term "Layout Work" shall mean all job plant, labor, equipment, materials, and appurtenances necessary to fully complete the construction, finishing, and installation of all of the leasehold improvements to the portion of the Demised Premises to be initially built-out as shown on the Plans and Specifications, including without limitation, the following:

(1) HVAC supply diffusers, perimeter diffusing system, perimeter gypboard soffit, thermostats (labor to install only) and controls throughout the Demised Premises and all connections to the Base Building systems.

(2) Labor to install the Base Building Ceiling System in the Demised Premises.

(3) Electrical and telephone:

(i) All light switches.

(ii) All electrical outlets and all conduit and wiring throughout the Demised Premises for electrical power, including connections to the Building Standard electrical panels in the core of the Building.

(iii) All telephone outlets, conduit and wiring throughout the Demised Premises and any necessary connections in the Building core.

(iv) All conduit and wiring for lights throughout the Demised Premises and connections to Building Standard electrical panels in the core of the Building, and any increase to the number of Building Standard panelboards.

(v) Any provision for supplying power to the Demised Premises beyond the amount required under the Building Standard Services or circuiting at less than 8 outlets per 15 AMP circuit, including necessary metering to measure excess electrical usage.

(vi) All exit light fixtures, exit signs and emergency circuits, except that Base Building Work shall include those fixtures, signs and circuits which would be required on each floor if each floor had no interior partitions.

(4) All plumbing work for facilities such as toilets and sinks in the Demised Premises in addition

to the plumbing work, toilets, sinks and related facilities provided in Base Building Work.

(5) All partitions including finish, and the finish to the inside of the Building's perimeter walls.

(6) All doors, frames and hardware not included in the Base Building Work.

(7) All floor finish including base.

(8) Any modification to or deviation from the sprinkler system to be provided by Landlord as part of the Base Building Condition.

(9) Any special construction as shown on the Plans and Specifications approved by the Landlord.

(10) Tenant's identification sign(s).

(11) Tenant's communication and telephone equipment and installation thereof.

The Layout Work comprises the completed construction and installation required to fully complete the leasehold improvements required by or shown on the Plans and Specifications (including any amendments, additions, or changes to said Plans and Specifications) and includes all labor and services necessary to timely and fully produce such construction and installation, and all materials and equipment incorporated, or to be incorporated, in such construction or installation (including any labor, materials, or services furnished pursuant to any change orders or in accordance with any other changes, modifications, or additions to construction). The Layout Work shall be performed by Landlord's contractors as provided in Paragraph 5 below.

(i) Substantial Completion. The term "Substantial Completion" shall mean the earlier of (i) the date when all of the Base Building Work and Layout Work shall have been completed, except for Punch List Items, or (ii) the date when the Base Building Work and Layout Work would have been so completed to such an extent but for delays caused by Tenant.

(j) Punch List Items. The term "Punch List Items" shall mean details of construction, decoration and mechanical adjustment which, in the aggregate, are minor in character and do not interfere with Tenant's use or enjoyment of the Demised Premises.

2. BASE BUILDING WORK.

Landlord agrees to pursue the Base Building Work with due diligence and continuity so as to cause Substantial Completion to occur as soon as practicable under the circumstances, with a goal of achieving Substantial Completion on or before April 1, 2000 (subject to force majeure and subject to delays caused by Tenant).

3. PLANS AND SPECIFICATIONS.

Tenant shall cause the Plans and Specifications to be prepared by Tenant's Architect and delivered to Landlord on or before the Plan Delivery Date.

4. CONSTRUCTION ALLOWANCE.

Tenant shall be responsible for the payment of all costs of the Layout Work to the extent such costs exceed the Construction Allowance provided by Landlord. Landlord will provide the Construction

Allowance described in Article 1(l) of this Lease, and Tenant shall receive a credit for the Construction Allowance as provided in Paragraph 5(c) below.

5. PERFORMANCE OF LAYOUT WORK BY LANDLORD'S CONTRACTORS. The performance of the Layout Work shall be governed by this Paragraph 5.

(a) Performance by Landlord. Landlord shall, through Landlord's contractors, construct and install the Layout Work in a first-class manner in accordance with first-class construction standards. Tenant shall pay Landlord or Landlord's designee, as part of the cost of the Layout Work, a fee in the amount of $64,000.00 for Landlord's coordination and management of the construction and installation of the Layout Work. Landlord shall be obligated diligently to manage and coordinate the construction and installation of the Layout Work so that the Layout Work shall be substantially completed on a reasonable construction schedule, unless completion of the Layout Work is prevented by reason of delays caused by Tenant. Landlord shall cause its general contractor to obtain bids for the major portions of the Layout Work (e.g., HVAC and electrical) from reputable, bondable and qualified subcontractors selected by such general contractor and approved by Tenant and Tenant's Architect (Tenant agrees that such approval shall not be unreasonably withheld, conditioned or delayed). With respect to such contracts to which the sentence immediately preceding this sentence applies, notwithstanding that the general contractor shall be entitled to accept whichever bid the general contractor determines, there shall be included in the costs of the Layout Work for purposes of this Exhibit "D" only the costs which would have been incurred if the general contractor had chosen the lowest bid complying with all of

the bid requirements from one of the qualified subcontractors.

(b) Coordination Services. Tenant acknowledges that Landlord will not act a general contractor for the Layout Work, and the manner in which Landlord will coordinate and supervise the construction of the Layout Work is described on Exhibit "D-2" attached hereto.

(c) Payment of Costs of Layout Work. Tenant shall be responsible for all costs of the Layout Work in accordance with the Plans and Specifications, to the extent such costs exceed the Construction Allowance. Periodically after commencement of construction of the Layout Work, but not more frequently than monthly, Landlord shall submit to Tenant a billing for that portion of the costs of the Layout Work payable to the date of such billing. There shall be a credit against Tenant's obligation under each billing for the Construction Allowance, which credit shall be the lesser of (x) the product of (i) the quotient of the Construction Allowance divided by the total estimated cost of the Layout Work, times (ii) the amount of the billing in question, and (y) the unpaid Construction Allowance. Final adjustment of the credit for such Construction Allowance shall be made in connection with the final payment by Tenant to Landlord of the costs of such Layout Work. Tenant's failure to promptly pay any such billing within ten (10) days after receipt of such billing shall be deemed authorization for Landlord to instruct the contractor constructing and installing the Layout Work to stop work until such payment is made, together with any accrued interest and late fees attributable thereto. The payments due by Tenant to Landlord for costs of the Layout Work shall be deemed Additional Rental under this Lease. In the event that upon final completion of the Layout Work, there remains any unused Construction Allowance, then, at the option of Tenant, to be exercised by written notice to Landlord on or before the date sixty (60) days after the Rental Commencement Date, either (a) the unused Construction Allowance shall be credited dollar for dollar against Base Rental payments as they come due, or (b) Tenant shall submit to Landlord, on or before the date sixty (60) days after the Rental Commencement Date, a detailed statement including paid invoices showing the amounts paid by Tenant for relocation expenses (unreimbursed under, and not the subject of a reimbursement request under, Special Stipulation 9 of this Lease) or systems furniture installed in the Demised Premises, and Landlord shall pay to Tenant the amounts shown by such statement (and not previously paid by Landlord to Tenant), but in no event shall the aggregate of all such payments by Landlord to Tenant exceed the unused Construction Allowance.

6. CONSENT OF LANDLORD.

Any approval or consent by Landlord of any of Tenant's plans, specifications, or other items to be submitted by Tenant to and/or reviewed by Landlord pursuant to this Exhibit "D" shall be deemed to be strictly limited to an acknowledgement of approval or consent by Landlord thereto and such approval or consent shall not constitute an assumption by Landlord of any responsibility for the accuracy, sufficiency or feasibility of any plans, specifications or other such items and shall not imply any representation, acknowledgement or warranty by Landlord that the design is safe, feasible or structurally sound or will comply with any legal or governmental requirements. Landlord's approval or consent shall be deemed to have been withheld unreasonably if it was withheld for any reason other than (i) non-compliance of Tenant's Plans and Specifications with governmental requirements, (ii) Tenant's Plans and Specifications will materially, adversely affect the structure or systems of the Building or the first class nature of the Project, (iii) the work required by such Tenant's Plans and Specifications would cause a delay in the completion of the Base Building Work, or (iv) Landlord's reasonable objections to the appearance of the improvements which will be visible from the exterior of the Building.

EXHIBIT "D-1"

PLANS AND SPECIFICATIONS

EXHIBIT "D-2"

COORDINATION OF LAYOUT WORK BY LANDLORD

Landlord will provide the following services:

1. Meet with Tenant and Tenant's Architect to determine Tenant's work requirements, design package and plans, which include, but are not limited to:

   (a) Floor Plan
   (b) Reflected Ceiling Plans
   (c) Architectural Details
   (d) Electrical
   (e) Mechanical/Plumbing

2. Review the architectural and engineering plans, drawings, and specifications, and advise and make recommendations to Tenant and Tenant's Architect with respect to such factors as construction feasibility, possible economies, availability of materials and labor, time requirements for procurement and construction, and projected costs. Assist in the coordination of all sections of the drawings and specifications, without, however, assuming any of Tenant's Architect's responsibilities for design.

3. Consult with, advise, assist and make recommendations to Tenant and Tenant's Architect on all aspects of planning for the construction of Tenant improvements.

4. Make recommendations to Tenant and Tenant's Architect regarding the division of work in the Plans and Specifications to facilitate the awarding of trade contracts, taking into consideration such factors as time of performance, availability of labor, overlapping trade jurisdictions, provisions for temporary facilities, etc.

5. Review Plans and Specifications with Tenant's Architect to eliminate areas of conflict and overlapping in the work to be performed by the various trade contractors.

6. Recommend for purchase and expedite the procurement of long-lead items to insure their delivery by the required dates.

7. After receiving final construction drawings, proceed to secure competitive bids, as follows:

   (a) Evaluate all bidders as to their acceptability prior to being asked to bid each job and advise Tenant of this evaluation.

   (b) Invite a minimum of three (3) competitive bids from each of the following trades:

      (1) Architectural Work - including partitions, doors, hardware, carpentry work (excluding fine millwork), painting, wall covering, ceiling, sprinkler, plumbing, general condition,

etc.

(2) Fine Millwork
(3) All Electrical
(4) All Mechanical
(5) All Floor Coverings

(6) All other trades designated by Tenant or Tenant's Architect as requiring competitive bids.

(c) Issue complete copies of all construction drawings, with all specifications necessary for the contractor to give a detailed statement of cost to complete the project.

(d) Deviation from the three bid procedure may be taken at Tenant's request.

8. Establish a construction schedule for Tenant's review and reasonable approval, which approval Tenant shall be deemed to have given if Tenant does not notify Landlord of any objections within five (5) business days of Tenant's receipt thereof from Landlord. Closely monitor the schedule during the construction phase and be responsible for providing all parties with periodic reports as to the status of the work with respect to the construction schedule.

9. Coordinate the work of all trades as well as the architects and engineers, including without limitation relocation of sprinkler heads and relocation of HVAC supply and returns. (Landlord in this instance is providing services normally provided by a general contractor).

10. Provide a competent project manager to coordinate and provide general direction of the work and the trade contractors.

11. Establish on-site organization, lines of authority, and procedures for coordination among Tenant, Tenant's Architect, consultants, and engineers, Tenant's contractors and subcontractors, Landlord's project contractor and subcontractors, and Landlord's architect, consultants, and engineers with respect to the Layout Work and implement such procedures.

12. In cooperation with Tenant's Architect, establish and implement procedures to be followed for expediting and processing all shop drawings, catalogs, and other papers and drawings.

13. Establish effective programs relating to safety, job site records, labor relations, EEO, and progress reports.

14. Continually review all construction work to ensure quality of work and contractual terms, and coordinate with Tenant any changes necessary and/or requested after construction starts.

15. Review and process all applications for payment by trade contractors and material suppliers.

16. Make recommendations for and process requests for changes in the work and maintain records of change orders.

17. Prepare a final punchlist after inspection of the Demised Premises in conjunction with Tenant's Architect and Tenant.

18. Supervise completion of all punchlist items.

Tenant understands that Landlord may not directly employ personnel to carry out its duties as required above and may perform its duties through a contractor or developer selected by Landlord, but there will not be any additional cost or

fee to be paid by Tenant.

EXHIBIT "D-3"

MATERIALS STANDARDS

Building Lobby:	hard surface finished flooring (e.g., porcelain pavers); polished stainless steel elevator doors and frames; 2500 lb, 125 fpm elevators; drywall ceilings and wall sconce lighting; drywall columns and reveals; painted or stained wood base; and fabric wall panels.
Tenant Office Areas:	2' x 2' 5/8" reveal edge tile at 9'0" AFF; 15/16" ceiling grid 2' x 2' module; 2 x 4 three tube deep cell parabolic fluorescent lights with electronic ballast and T8 lamps; elevator doors and frames at each floor factory primed steel, center opening.
Toilet Rooms:	wet walls to have full height 4" x 4" ceramic tiles of manufacturer standard colors, borders and field; other walls to be water resistant gypboard with vinyl wall covering; floors of 2" x 2" unglazed ceramic tile; toilet partitions and privacy screens with factory plastic laminate; full width mirror over solid surface lavatory tops with recessed stainless accessories.
HVAC:	Trane, Carrier, or equal.
Elevators:	2 x 3500 lb hydraulic passenger elevators; 1 x 4500 lb freight elevator; Dover or equal.
Miscellaneous:	Window blinds, horizontal 1" mini style; full height doors and welded frames for Base Building doors.

EXHIBIT "E"

BUILDING STANDARD SERVICES

Landlord shall furnish the following services to Tenant during the Lease Term (the "Building Standard Services"):

(a) Common-use restrooms (with cold and tempered domestic water) and toilets at the locations provided for in the Base Building Plans.

(b) Subject to curtailment as required by governmental laws, rules or mandatory regulations and subject to the design conditions set forth in paragraph 1(b)(11) of Exhibit "D" attached hereto, central heat and air conditioning in season, at such temperatures and in such amounts as are in keeping with the standards of Class "A" suburban multi-tenant office buildings comparable to the Building in the metropolitan Richmond, Virginia area. Such heating and air conditioning shall be furnished between 7:00 a.m. and 6:00 p.m. on weekdays (from Monday through Friday, inclusive) and between 8:00 a.m. and 1:00 p.m. on Saturdays, all exclusive of Holidays, as defined below (the "Building Operating Hours").

Upon one (1) day's prior notice by Tenant given during Building Operating Hours, Landlord will furnish such air conditioning and heating at other times (that is, other than the times specified above), in which case Tenant shall reimburse Landlord for all costs of such heating and air conditioning during

days and times other than the Building Operating Hours. Any sums due hereunder from Tenant shall be paid by Tenant to Landlord together with the installment of Base Rental which is due next following receipt by Tenant of a billing from Landlord for such sums.

(c) Electric lighting service for all public areas and special service areas of the Building in the manner and to the extent reasonably deemed by Landlord to be in keeping with the standards of Class "A" suburban multi-tenant office buildings comparable to the Building in the metropolitan Richmond, Virginia area.

(d) Janitor service shall be provided five (5) days per week, exclusive of Holidays (as hereinbelow defined), in a manner that Landlord reasonably deems to be consistent with the standards of Class "A" suburban multi-tenant office buildings comparable to the Building in the metropolitan Richmond, Virginia area, and in accordance with the standards set forth on Exhibit "E-1" attached hereto. In the event any special cleaning services are required for special non-office space (and which are not required for office space), any incremental cost of providing such special cleaning services shall be borne solely by Tenant, and shall be paid by Tenant to Landlord as additional rent.

(e) Sufficient electrical capacity to operate lights, typewriters, calculating machines, photocopying machines, personal computers and other machines of the same low voltage electrical consumption.

Should Tenant's total rated electrical design load exceed 7.0 watts per rentable square foot lighting and power load, or if Tenant's electrical design requires low voltage or high voltage circuits in excess of Tenant's share of the Building Standard circuits, Landlord will (at Tenant's expense) install such additional circuits and associated high voltage panels and/or additional low voltage panels with associated transformers (which additional circuits, panels and transformers shall be hereinafter referred to as the "Additional Electrical Equipment"). If the Additional Electrical Equipment is installed because Tenant's low or high voltage rated electrical design load exceeds the applicable Building Standard rated electrical design load, then a meter shall also be added (at Tenant's expense) to measure the electricity used through the Additional Electrical Equipment.

The design and installation of any Additional Electrical Equipment (or any related meter) required by Tenant shall be subject to the prior approval of Landlord (which approval shall not be unreasonably withheld). All expenses incurred by Landlord in connection with the review and approval of any Additional Electrical Equipment shall also be reimbursed to Landlord by Tenant. Tenant shall also pay on demand the actual metered cost of electricity consumed through the Additional Electrical Equipment (if applicable), plus any actual accounting expenses incurred by Landlord in connection with the metering thereof.

If any of Tenant's electrical equipment requires conditioned air in excess of Building Standard air conditioning, the same shall be installed by Landlord (on Tenant's behalf), and Tenant shall pay all design, installation, metering and operating costs relating thereto.

If Tenant requires that certain areas within Tenant's Demised Premises must operate in excess of the normal Building Operating Hours (as hereinabove defined), the electrical service to such areas shall be separately circuited and metered (at Tenant's expense) such that Tenant shall be billed the costs associated with electricity consumed during hours other than Building Operating Hours.

(f) All Building Standard fluorescent bulb replacement in all areas and all incandescent bulb replacement in public areas, toilet and restroom areas, and stairwells.

To the extent the services described above require electricity and water supplied by public utilities, Landlord's covenants thereunder shall only impose on Landlord the obligation to use its reasonable efforts to cause the applicable public utilities to furnish same. Except for deliberate and willful acts of Landlord, failure by Landlord to furnish the services described herein, or any cessation thereof, shall not render Landlord liable for damages to either person or property, nor be construed as an eviction of Tenant, nor work an abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. In addition to the foregoing, should any of the equipment or machinery, for any cause, fail to operate, or function properly, Tenant shall have no claim for rebate of rent or damages on account of an interruption in service occasioned thereby or resulting therefrom; provided, however, Landlord agrees to use reasonable efforts to promptly repair said equipment or machinery and to restore said services during normal business hours.

The following dates shall constitute "Holidays" as that term is used in this Lease: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas, and any other holiday generally recognized as such by landlords of office space in the Richmond, Virginia office market, as determined by Landlord in good faith. If in the case of any specific holiday mentioned in the preceding sentence, a different day shall be observed than the respective day mentioned, then that day which constitutes the day observed by national banks in Richmond, Virginia on account of said holiday shall constitute the Holiday under this Lease.

EXHIBIT "F"

Special Stipulations

1. EXTENSION OPTIONS.

(a) Tenant is hereby granted options to extend the Lease Term for two (2) successive additional periods of three (3) years each (each such additional period being herein referred to as an "Extended Term") by giving written notice of such extension to Landlord at least twelve (12) months prior to the expiration of the initial Lease Term or the then current Extended Term, as the case may be. Tenant shall have the right to exercise these options to extend provided that on the date of such exercise no default or event of default under this Lease then exists. Each Extended Term shall be upon all of the same terms, covenants and conditions of this Lease then applicable except that the Base Rental Rate during the Extended Terms shall be the "Market Rate" (as hereinafter defined), and except that after the exercise of the option for the first Extended Term, Tenant shall have only one (1) option to extend, and after the exercise of the option for the second Extended Term, Tenant shall have no further options to extend the Lease Term. The term "Lease Term" as used in this Lease shall mean the initial Lease Term and any Extended Term which may become effective. For purposes of this Special Stipulation, "Market Rate" shall mean the annual effective rental rate per square foot of rentable floor area then being charged by landlords under new leases of office space in that portion of the metropolitan Richmond, Virginia market that is located south of the James
River and west of I-95 for space similar to the Demised Premises in a building of comparable quality and with comparable parking and other amenities. In determining the Market Rate, Landlord and Tenant (and any appraisers, if applicable) shall take into account the fact that Tenant shall pay Tenant's share of the Operating Expenses. Also, in determining the Market Rental Rate, Landlord and Tenant (and any appraisers, if applicable) shall compare actual rental rates only (after making appropriate adjustments resulting from the foregoing facts) and shall take into consideration any discounts, allowances, free rent, remodeling credits, construction allowances and other concessions and inducements granted by other landlords.

(b) Tenant may not assign the options to extend under Special Stipulation 1(a) to any subtenant of the Demised Premises or any assignee of this Lease

other than the Joint Venture or an "Affiliate" (as hereinafter defined), nor may any such subtenant or assignee other than an Affiliate or the Joint Venture exercise the options to extend. "Affiliate" shall mean an entity which is more than fifty percent (50%) owned, directly or indirectly, by Tenant, or an entity which directly or indirectly owns more than fifty percent (50%) of Tenant, or an entity which is more than fifty percent (50%) owned, directly or indirectly, by an entity which itself owns, directly or indirectly, more than fifty percent (50%) of Tenant.

(c) In the event Landlord and Tenant are unable to agree on the Market Rate for the Demised Premises on or before the first day of the applicable Extended Term, then, within ten (10) days after that date, each party shall appoint and employ, at its cost, a real estate appraiser [who shall be a member of the American Institute of Real Estate Appraisers (MAI) or be a Counselor of Real Estate (a member of the American Society of Real Estate Counsellors) and who shall have at least ten (10) years of full-time commercial appraisal experience in the Richmond area and who is not affiliated with either party hereto] to appraise and establish the Market Rate for the Demised Premises. The two appraisers, thus appointed, shall meet promptly and attempt to agree on such rate. In the event one party fails to appoint an appraiser, the other designated appraiser shall independently determine the Market Rate for the Demised Premises in accordance herewith. If they are unable to agree within twenty (20) days after the last of them has been appointed, they shall attempt to agree upon and designate a third appraiser meeting the qualifications set forth above within ten (10) days after the last date on which the two appraisers were given to agree. If they are unable to agree on the third appraiser, either of the parties, after giving five (5) days notice to the other, may apply to the presiding judge of the _____ Court of Chesterfield County, Virginia, for the selection of a third appraiser meeting the qualifications stated above. Each of the parties shall bear one-half of the cost of the appointment of the third appraiser, and each of the

appraisers shall make a determination of Market Rate for the Demised Premises. The appraisal that is farthest from the middle appraisal shall be disregarded and the remaining two appraisals shall be averaged in order to establish such rate; provided, however, if the low appraisal and/or the high appraisal are equidistant from the middle appraisal, all three appraisals shall be averaged. After the Market Rate for the Demised Premises has been established, the appraisers shall immediately notify the parties in writing and such Market Rate for the Demised Premises shall be binding upon the parties for the applicable Extended Term. In the event the Market Rate for the Demised Premises has not been finally determined by the appraisers prior to the first day of the Extended Term, Tenant shall pay Base Rental at the rate in effect immediately prior to the first day of the Extended Term, with appropriate adjustment to be made within thirty (30) days following conclusion of the determination of Market Rate.

2. REFUSAL RIGHT

Prior to December 31, 1999, Landlord will not lease any space in the Building other than to Tenant. "Refusal Period" shall mean the period beginning on December 31, 1999, and ending on the last day of the third Lease Year. Provided and on the condition that there is no uncured default of Tenant then existing, Tenant shall have, during the Refusal Period, a right of refusal (the "Refusal Right"), subject to and upon the terms and conditions set forth below, to all remaining rentable space in the Building (other than the Demised Premises) and designated on Exhibit "G" attached hereto and by reference made a part hereof
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(the "Refusal Space"). "Refusal Space" does not include any space leased by Tenant pursuant to Special Stipulation 8. Prior to entering into a lease with any other party of any of the Refusal Space, Landlord shall notify Tenant that it intends to enter into such lease and the economic terms of such proposed lease (a "Refusal Notice"). Tenant shall have the right to exercise its Refusal Right to add the space identified in the Refusal Notice to the Demised Premises

[with such space subject to all the terms and conditions of this Lease, provided, however, that with respect to such Refusal Space the Base Rental and other charges, and any allowances (such as but not limited to tenant improvement allowance, redecoration allowance, furniture allowance, and plan preparation allowance), shall be solely as set forth in the Refusal Notice (provided, however, that if the remaining initial Term of this Lease is less than 84 months at the Rental Commencement Date for such Refusal Space, then all such allowances shall be multiplied by a fraction, the numerator of which is the number of whole months remaining in the initial Term of this Lease at the Rental Commencement Date for such Refusal Space, and the denominator of which is 84)], by giving notice thereof to Landlord (the "Exercise Notice") within three (3) business days after the date Tenant receives the Refusal Notice. If Tenant does not so exercise its Refusal Right within such three (3) business day period, Landlord shall have the right to lease the Refusal Space identified in the Refusal Notice free and clear of any further rights of Tenant under this Special Stipulation 2, except that, after the expiration of any such lease to another party (or if no such lease is executed within 150 days after the expiration of such three business day period, then upon the 151st day after the expiration of such three business day period), such Refusal Space will again become subject to Tenant's Refusal Right in accordance with the provisions of this Special Stipulation 2; further provided, that if the effective annual base rental under such proposed lease is decreased by more than $0.25 per square foot of Rentable Floor Area, or if the improvement allowance under such proposed lease is increased by more than $1.00 per square foot of Rentable Floor Area, then, prior to entering into such proposed lease, Landlord must give a new Refusal Notice with respect thereto. In the event Tenant exercises its Refusal Right with respect to any Refusal Space, and the applicable Refusal Notice provides for Landlord to initially construct the tenant improvements in such Refusal Space, Landlord and Tenant shall proceed with diligence and continuity to prepare such Refusal Space for Tenant's occupancy in accordance with the provisions of this Lease applicable to the initial construction of the Demised Premises, except that the Construction Allowance per usable square foot of such Refusal Space shall be as set forth in the applicable Refusal Notice. In the event Tenant exercises a Refusal Right, as of the date (the "Rental Commencement Date for the applicable Refusal Space") which, unless otherwise agreed to, is the earlier to occur of (i) the date upon which Tenant occupies such Refusal Space for the conduct of Tenant's business (for purposes hereof, Tenant shall not be deemed to be

occupying such Refusal Space for the conduct of its business merely by moving furniture and equipment into such Refusal Space), or (ii) or (ii) the date seven days after the date upon which Landlord tenders such Refusal Space to Tenant after substantial completion of construction of such Refusal Space substantially in accordance with the provisions of this Special Stipulation 2 [provided, however, that if Landlord is delayed in substantially completing such Refusal Space as a result of delays due to force majeure (as defined in Article 36 of this Lease), then the date set forth in item (ii) above shall be the date upon which, but for such delays, Landlord would have tendered such Refusal Space to Tenant after substantial completion of construction of such Refusal Space substantially in accordance with the provisions of this Special Stipulation 2], or (iii) in the event that the applicable Refusal Notice provides that Tenant is to construct or cause to be constructed the tenant improvements in such Refusal Space, the date seven days (or such longer period as is specified in the applicable Refusal Notice) after the date upon which Landlord tenders such Refusal Space to Tenant for commencement of construction of the tenant improvements, the Base Rental and other charges payable hereunder shall be increased based upon the terms set forth in the applicable Refusal Notice and the number of square feet of Rentable Floor Area added to the Demised Premises, and the Demised Premises shall be deemed to include such Refusal Space for the term applicable thereto as set forth in the applicable Refusal Notice. Such Refusal Space shall be deemed to be substantially completed upon the occurrence of all of the following: (I) issuance by the appropriate governmental authorities of a Certificate of Occupancy for such Refusal Space, and (II) issuance of a certificate of substantial completion by Landlord's architect in favor of both Landlord and Tenant certifying that the only remaining items of incomplete or defective work are items which are typically considered to be

"punch-list" work in connection with comparable construction projects in the metropolitan Richmond, Virginia, area, and (III) delivery to Tenant of copies of such certificates referenced in (I) and (II) above. During the course of construction of the improvements in such Refusal Space to be constructed pursuant to this Special Stipulation 2, Landlord shall update Tenant during weekly construction meetings on the status of construction, the anticipated completion date, and any delays in such construction. In the event Tenant exercises a Refusal Right during any extension of the Lease Term pursuant to this Special Stipulation 2, as of the date Landlord gives possession of the Refusal Space to Tenant, the Base Rental and other charges payable hereunder shall be increased based upon the number of square feet of Rentable Floor Area of Refusal Space added to the Demised Premises, and the Demised Premises shall be deemed to include the Refusal Space. Within ten (10) days after the addition of any Refusal Space to the Demised Premises, Landlord and Tenant shall enter into an amendment evidencing the addition, but the failure or refusal of Tenant to enter into an amendment shall not impair or negate the exercise of the option or relieve Tenant of any of its obligations with respect to the Refusal Space added to the Demised Premises.

3. PARKING

(a) The Building shall have a minimum of 495 parking spaces in the parking area adjacent to the Building. Landlord will provide to Tenant, without charge, unassigned parking in the parking area adjacent to the Building for the Lease Term; provided, however, that the total parking available for Tenant without charge shall be five (5) spaces per one thousand (1000) square feet of Rentable Floor Area contained in the Demised Premises.

(b) Landlord may make, modify and enforce (by ticketing, towing or otherwise) reasonable rules and regulations relating to the parking of vehicles in the parking areas, and Tenant agrees to abide by any such rules and regulations. Tenant's failure to abide by any such rules and regulations after written notice by Landlord to Tenant and expiration of any applicable cure period, if any, shall constitute a default by Tenant under this Lease.

4. BUILDING SIGN

So long as Tenant shall occupy forty percent (40%) or more of the Rentable Floor Area of the Building, Tenant shall have the right to design and designate the location of one (1) monument-type sign naming the Building. Landlord shall bear $5,000 of the cost and Tenant any excess cost of purchasing and installing any monument-type sign. The cost of maintaining, repairing or replacing said monument-type sign shall be included within Operating Expenses. The monument-type sign shall be subject to the prior approval of Landlord as to size, materials and method of lighting and attachment, which approval shall not be unreasonably withheld. Tenant acknowledges that such sign must also comply with, and shall be installed only if permitted by, applicable laws and regulations of governmental authorities, and private restrictive covenants applicable to the Project. Tenant agrees that Tenant will not unreasonably withhold its consent to the placement of up to two (2) additional names of tenants on the monument-type sign. Tenant shall have the right, at Tenant's sole cost and expense, subject to applicable laws and regulations of governmental authorities, and private restrictive covenants applicable to the Project, and subject to the approval by Landlord, which approval shall not be unreasonably withheld, to install signs on the exterior of the Building [in the event and for so long as Tenant occupies fifty percent (50%) or more of the Rentable Floor Area of the Building, Tenant's signs shall be the only signs on the exterior of the Building (other than directional signs and signs required by laws, orders, ordinances, rules and regulations)]; all such signs installed by Tenant shall be maintained by Tenant at Tenant's sole cost and expense. If Tenant occupies more than 50% of the Rentable Floor Area of the Building, Tenant shall have the right to name the Building; provided, however, that if Tenant changes the name of the Building, Tenant will pay all costs associated with changing the name (including but not limited to all costs and expenses of

changing the name on the Building and on any signs), and shall give Landlord not less than 180 days' prior notice of the change. The initial name of the Building shall be "ABB Centre at Waterford".

5. COMMUNICATIONS

(a) Subject to the terms and conditions as described below, Tenant shall have the right, at Tenant's sole cost and expense, to place on the roof of the Building a satellite antenna module (the "Antenna") and related hardware and cabling connected to the Demised Premises. Tenant shall not be charged any rent or other fees by Landlord in connection with the placement of the Antenna on the roof. The right of Tenant to install the Antenna is expressly conditioned upon the Antenna and related hardware and cabling not damaging or interfering with Landlord's roof warranty, communication devices or building systems or any antennas and related hardware and cabling which other tenants of the Building have installed or may install on the roof and Tenant hereby covenants and agrees that the Antenna and related hardware and cabling will not so interfere.

(b) Tenant shall furnish detailed plans and specifications for the Antenna and related hardware and cabling to Landlord for Landlord's consent, which consent shall not be unreasonably withheld or delayed, provided Landlord may condition its consent by requiring that the Antenna be installed in the least conspicuous of all acceptable locations on which the Antenna might be located and that all components and elements thereof (except the terminal devices and structures) be concealed from view from within and without the Building. Upon the giving of such consent, the Antenna and related hardware and cabling shall be installed and maintained, at Tenant's sole cost and expense, by a contractor selected by Tenant and approved by Landlord, such approval not to be unreasonably withheld or delayed. In the installation of the Antenna and related hardware and cabling, Tenant shall comply with all applicable laws, codes, ordinances and building and zoning rules and regulations and keep the Demised Premises and Building free and clear from liens arising from or related to Tenant's installation. Tenant shall consult with Landlord's roofing contractor to ensure that neither the integrity of the roof of the Building, nor Landlord's roof warranty, shall be negatively affected by the placement and installation of the Antenna and the walkway referred to in Special Stipulation 5(d) hereof. Tenant shall be entitled to use such portions of the Building as may be reasonably necessary for the installation, operation and maintenance of the Antenna and related hardware and cabling, and Tenant shall have reasonable

access to such portions of the Building at all times throughout the Lease Term for such purposes; provided however, that except for the roof of the Building, any cables, conduits or other physical connections between the Antenna and the Demised Premises shall be concealed underground or within permanent walls, floors, columns and ceilings of the Building and in the shafts of the Building provided for such installations, not damaging the appearance of the Building or reducing the usable or rentable space of the Building, and provided further, that except for the roof and Demised Premises, any installation or maintenance work performed by Tenant or at Tenant's direction shall be performed without unreasonably interfering with Landlord's or any other tenant's use of the Building, and upon completion of such installation and maintenance (initially and from time to time) Tenant shall restore such portions of the Building to a condition reasonably comparable to that existing prior to such installation or maintenance. In addition, Tenant shall paint and maintain the Antenna in the color designated by Landlord.

(c) Tenant shall be responsible for procuring and paying for all certificates, licenses, permits or approvals (including but not limited to approvals under or pursuant to private restrictive covenants applicable to the Project) which may be required for the installation, operation, use and maintenance of the Antenna and related hardware and cabling, and Landlord shall cooperate with Tenant, at Tenant's sole cost and expense, in procuring such licenses or permits, to the extent required by applicable law and private restrictive covenants applicable to the Project. Upon receiving a written

request by Landlord, Tenant shall provide Landlord with documentation that Tenant has obtained all such certificates, licenses, permits and approvals. Landlord makes no warranties whatsoever as to the permissibility of the Antenna or systems under applicable laws or private restrictive covenants applicable to the Project. The Antenna and related hardware and cabling shall be installed, operated and maintained by Tenant, at Tenant's sole cost and expense, in such a manner as not to constitute a nuisance, or unreasonably interfere with the operations of other tenants of the Building or with the normal use of the area surrounding the Building by occupants thereof.

(d) Tenant shall be responsible for installing and maintaining a walkway system to the Antenna in order to protect the roof of the Building. Tenant shall furnish plans and specifications for such walkway to Landlord for Landlord's consent, which consent shall not be unreasonably withheld or delayed.

(e) Upon termination or expiration of the Lease, Tenant shall, at Tenant's sole cost and expense, remove the Antenna and related hardware and cabling installed by it pursuant to this First Amendment and shall repair and restore the Building to a condition comparable to that existing prior to such installation, normal wear and tear excepted.

(f) Landlord reserves the right to relocate the Antenna and related hardware and cabling at Landlord's sole expense, provided such relocation, in the reasonable opinion of Tenant, shall have no material adverse impact on the same.

(g) Tenant hereby indemnifies Landlord and agrees to hold Landlord harmless from and against any and all claims, liability, judgments, damages, cost and expenses (including reasonable attorney's fees) related to, resulting from, arising out of or caused by the installation, maintenance, operation or removal of the Antenna and related hardware and cabling. In addition, Tenant shall maintain in full force and effect throughout the Lease Term public liability, property damage, fire and extended coverage insurance in an amount sufficient to fully protect the Antenna and related hardware and cabling from fire or other loss or damage, as well as contractual insurance in an amount sufficient to fully protect Landlord from any loss or damage resulting from, arising out of or caused by the installation, maintenance, operation or removal of the Antenna and related hardware and cabling or by the exercise of Tenant's rights under this Special Stipulation 5.

6. LAND ACQUISITION

The parties acknowledge that Landlord has entered into an agreement for the purchase of the Land, and the obligations of the parties hereto are conditioned upon the acquisition of the Land by Landlord on or before July 1, 1999. In the event the Land is not acquired by Landlord on or before July 1, 1999, Tenant may elect by notice given on or before July 15, 1999, to terminate this Lease. Landlord shall furnish to Tenant within thirty (30) days following acquisition of the Land by Landlord a title insurance policy showing good and marketable title to the Land to be vested in Landlord, and not subject to any restrictions which would prevent the Demised Premises from being used for business offices. In the event such title policy does not show fee simple title vested in Landlord or reflects exceptions which would interfere with the use of the Demised Premises for business offices, and Tenant gives Landlord written notice (the "Objection Notice") of such restrictions or failure to show fee simple title within ten (10) days after Landlord furnished Tenant with such title policy, and Landlord is unable to cure such matters within thirty (30) days after the Objection Notice, Tenant shall have the option exercised by written notice (the "Termination Notice") given on or before the date forty (40) days after the Objection Notice of terminating this Lease effective as of the date five (5) days after the date of the Termination Notice.

7. CONTRACTION OPTIONS

(a) Tenant is hereby granted a one time option to terminate this Lease as of the third anniversary of the Rental Commencement Date as to a portion of the Demised Premises (the "Year 3 Contraction Space") containing not less than twelve thousand five hundred square feet of Rentable Floor Area and not more than thirteen thousand square feet of Rentable Floor Area. The Year 3 Contraction Space must be a currently leased portion of the Demised Premises as the same existed on December 31, 1999, and must be contiguous space located on a single floor providing close elevator access. In order to exercise such option to terminate as to the Year 3 Contraction Space, Tenant must give written notice to Landlord of the exercise by Tenant of such option to terminate at least seven (7) months in advance of the third anniversary of the Rental Commencement Date (and the Lease Term as to the Year 3 Contraction Space shall be deemed to end on such third anniversary of the Rental Commencement Date); provided, however, that Tenant may give such written notice to Landlord less than seven months prior to the third anniversary of the Rental Commencement Date so long as Tenant includes with such notice payment to Landlord in good funds of an amount (the "Year 3 Notice Penalty"), in addition to and not in lieu of Base Rental and other sums due under this Lease, equal to (x) the sum of the next due installments of Base Rental, Tenant's Forecast Additional Rental and Additional Allowance multiplied by (y) seven reduced by the number of months (to the next lowest whole month) in advance of the third anniversary Tenant gave Landlord the written notice of Tenant's exercise of Tenant's option to terminate as to the Year 3 Contraction Space (failure to include such amount in good funds shall render the purported notice ineffective), and such notice shall also constitute the agreement by Tenant to pay to Landlord, in immediately available funds, on or before the date thirty (30) days prior to the third anniversary of the Rental Commencement Date, in addition to and not in lieu of any Rent payable under this Lease an amount equal to the Year 3 Contraction Payment (as hereinafter defined). All Rent for the Year 3 Contraction Space shall be accounted for as of the termination date. Tenant shall have the right to exercise this option to terminate provided that on the date of such exercise no default and no event of default then exists. In the event Tenant gives such notice of termination, Tenant shall deliver to Landlord, on or before the date thirty (30) days prior to the third anniversary of the Rental Commencement Date, a termination fee (which shall be in addition to and not in lieu of any Rent payable under this Lease with respect to the Year 3 Contraction Space through the end of the Lease Term as shortened by Tenant's election of such option to terminate and in addition to and not in lieu of any Rent payable under this Lease through the end of the Lease Term with respect to the remainder of the Demised Premises) in an amount equal to the "Year 3 Contract Payment" determined as follows: (A) an amount equal to eight times the sum of the next due installments of Base Rental, Tenant's Forecast Additional Rental and Additional Allowance Rent, plus (B) the unamortized portions (as of the end of the 44th month

following the Rental Commencement Date) 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 at a rate of ten percent (10%) per annum. If Tenant fails to pay the Year 3 Contraction Payment on or before the date thirty days prior to the third anniversary of the Rental Commencement Date, the Lease shall not be terminated as to the Year 3 Contraction Space, and Landlord shall be entitled to retain any Year 3 Notice Penalty paid by Tenant.

(b) In the event the Lease was terminated with respect to the Year 3 Contraction Space as provided in (a) above, Tenant is hereby granted a one time option to terminate this Lease as of the fifth anniversary of the Rental Commencement Date as to a portion of the Demised Premises (the "Year 5 Contraction Space") containing not less than twelve thousand five hundred square feet of Rentable Floor Area and not more than thirteen thousand square feet of Rentable Floor Area. The Year 5 Contraction Space must be a currently leased portion of the Demised Premises as the same existed on December 31, 1999, and must be contiguous space located on a single floor providing close elevator access. In order to exercise such option to terminate as to the Year 5 Contraction Space, Tenant must give written notice to Landlord of the exercise by Tenant of such option to terminate at least seven (7) months in advance of

the fifth anniversary of the Rental Commencement Date (and the Lease Term as to the Year 5 Contraction Space shall be deemed to end on such fifth anniversary of the Rental Commencement Date; provided, however, that Tenant may give such written notice to Landlord less than seven months prior to the fifth anniversary of the Rental Commencement Date so long as Tenant includes with such notice payment to Landlord in good funds of an amount (the "Year 5 Notice Penalty"), in addition to and not in lieu of Base Rental and other sums due under this Lease, equal to (x) the sum of the next due installments of Base Rental, Tenant's Forecast Additional Rental and Additional Allowance multiplied by (y) seven reduced by the number of months (to the next lowest whole month) in advance of the fifth anniversary Tenant gave Landlord the written notice of Tenant's exercise of Tenant's option to terminate as to the Year 5 Contraction Space (failure to include such amount in good funds shall render the purported notice ineffective), and such notice shall also constitute the agreement by Tenant to pay to Landlord, in immediately available funds, on or before the date thirty (30) days prior to the fifth anniversary of the Rental Commencement Date, in addition to and not in lieu of any Rent payable under this Lease an amount equal to the Year 5 Contraction Payment (as hereinafter defined). All Rent for the Year 5 Contraction Space shall be accounted for as of the termination date. Tenant shall have the right to exercise this option to terminate provided that on the date of such exercise no default and no event of default then exists. In the event Tenant gives such notice of termination, Tenant shall deliver to Landlord, on or before the date thirty (30) days prior to the fifth anniversary of the Rental Commencement Date, a termination fee (which shall be in addition to and not in lieu of any Rent payable under this Lease with respect to the Year 5 Contraction Space through the end of the Lease Term as shortened by Tenant's election of such option to terminate and in addition to and not in lieu of any Rent payable under this Lease through the end of the Lease Term with respect to the remainder of the Demised Premises) in an amount equal to the "Year 5 Contraction Payment" determined as follows: (A) an amount equal to six times the sum of the next due installments of Base Rental, Tenant's Forecast Additional Rental and Additional Allowance, plus (B) the unamortized portions (as of the end of the 66th month following the Rental Commencement Date) 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 at a rate of ten percent (10%) per annum. If Tenant fails to pay the Year 5 Contraction Payment on or before the date thirty days prior to the fifth anniversary of the Rental Commencement Date, the Lease shall not be terminated as to the Year 5 Contraction Space, and Landlord shall be entitled to retain any Year 5 Notice Penalty paid by Tenant.

(c) In the event Tenant does not exercise the right to terminate the Lease with respect to the Year 3 Contraction Space as provided in (a) above, Tenant is hereby granted a one time option to terminate this Lease as of the fifth anniversary of the Rental Commencement Date as to a portion of the Demised Premises (the "Year 5 Termination Space") containing not less than twenty four thousand five hundred square feet of Rentable Floor Area and not more than twenty five thousand five hundred square feet of Rentable Floor Area.

The Year 5 Termination Space must be a currently leased portion of the Demised Premises as the same existed on December 31, 1999, may be on multiple floors, but all space on a single floor must be contiguous space containing a minimum of 8,000 square feet of Rentable Floor Area providing close elevator access. In order to exercise such option to terminate as to the Year 5 Termination Space, Tenant must give written notice to Landlord of the exercise by Tenant of such option to terminate at least nine (9) months in advance of the fifth anniversary of the Rental Commencement Date (and the Lease Term as to the Year 5 Termination Space shall be deemed to end on such fifth anniversary of the Rental Commencement Date; provided, however, that Tenant may give such written notice to Landlord less than nine months prior to the fifth anniversary of the Rental Commencement Date so long as Tenant includes with such notice payment to Landlord in good funds of an amount (the "Year 5 Notice Penalty"), in addition to and not in lieu of Base Rental and other sums due under this Lease, equal to (x) the sum of the next due installments of Base Rental, Tenant's Forecast Additional Rental and Additional Allowance multiplied by (y) nine reduced by the

number of months (to the next lowest whole month) in advance of the fifth anniversary Tenant gave Landlord the written notice of Tenant's exercise of Tenant's option to terminate as to the Year 5 Termination Space (failure to include such amount in good funds shall render the purported notice ineffective), and such notice shall also constitute the agreement by Tenant to pay to Landlord, in immediately available funds, on or before the date thirty (30) days prior to the fifth anniversary of the Rental Commencement Date, in addition to and not in lieu of any Rent payable under this Lease an amount equal to the Year 5 Termination Payment (as hereinafter defined). All Rent for the Year 5 Termination Space shall be accounted for as of the termination date. Tenant shall have the right to exercise this option to terminate provided that on the date of such exercise no default and no event of default then exists. In the event Tenant gives such notice of termination, Tenant shall deliver to Landlord, on or before the date thirty (30) days prior to the fifth anniversary of the Rental Commencement Date, a termination fee (which shall be in addition to and not in lieu of any Rent payable under this Lease with respect to the Year 5 Termination Space through the end of the Lease Term as shortened by Tenant's election of such option to terminate and in addition to and not in lieu of any Rent payable under this Lease through the end of the Lease Term with respect to the remainder of the Demised Premises) in an amount equal to the "Year 5 Termination Payment" determined as follows: (A) an amount equal to six times the sum of the next due installments of Base Rental, Tenant's Forecast Additional Rental and Additional Allowance, plus (B) the unamortized portions (as of the end of the 66th month following the Rental Commencement Date) 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 at a rate of ten percent (10%) per annum. If Tenant fails to pay the Year 5 Termination Payment on or before the date thirty days prior to the fifth anniversary of the Rental Commencement Date, the Lease shall not be terminated as to the Year 5 Termination Space, and Landlord shall be entitled to retain any Year 5 Notice Penalty paid by Tenant.

8. EXPANSION

Provided and on the condition that there is no uncured default of Tenant then existing, Tenant shall have, during the period commencing on the date of this Lease and ending on the expiration of the Refusal Period, the option from time to time and at any time on or before the expiration of the Refusal Period to expand the Demised Premises by written notice to Landlord (the "Expansion Notice") on or before the expiration of the Refusal Period. The space added to the Demised Premises ("Expansion Space") shall be all or any portion of the Refusal Space which has not previously been added to the Demised Premises pursuant to this Special Stipulation 8 or pursuant to Special Stipulation 2; provided, however, that the portion of the Refusal Space not leased by Tenant (and not leased to others as permitted by Special Stipulation 2) must constitute a commercially reasonable leaseable unit as determined by Landlord's architect; and further provided, however, that the Expansion Space must not include any space with respect to which Landlord has given Landlord's Notice (as defined in Special Stipulation 2). The Expansion Notice must identify the applicable Expansion Space. Tenant shall pay Base Rental for the Expansion Space, commencing on the Rental Commencement

Date for the applicable Expansion Space, at the same rate per square foot of Rentable Floor Area applicable to the remainder of the Demised Premises, escalated annually at the same time and at the same percentages that such rate is escalated for the remainder of the Demised Premises. With respect to the Expansion Space, Tenant shall be obligated to pay Tenant's Forecast Additional Rental and Tenant's Additional Rental on the same basis as Tenant is obligated to make such payments with respect to the remainder of the Demised Premises. Accordingly, as of the Rental Commencement Date for the applicable Expansion Space, the applicable Expansion Space shall be added to the Demised Premises for all purposes in determining Tenant's Forecast Additional Rental and Tenant's Additional Rental. The Construction Allowance and Additional Allowance shall apply to each such Expansion Space; provided, however, that if the remaining

initial Term of this Lease is less than 84 months at the Rental Commencement Date for such Expansion Space, then such allowances shall be multiplied by a fraction, the numerator of which is the number of whole months remaining in the initial Term of this Lease at the Rental Commencement Date for such Expansion Space, and the denominator of which is 84. The "Rental Commencement Date for the applicable Expansion Space" shall mean, unless otherwise agreed to, the earlier to occur of (i) the date upon which Tenant occupies such Expansion Space for the conduct of Tenant's business (for purposes hereof, Tenant shall not be deemed to be occupying such Expansion Space for the conduct of its business merely by moving furniture and equipment into such Expansion Space), or (ii) the date one hundred twenty (120) days after the date of the applicable Expansion Notice [unless the date of such Expansion Notice is prior to December 31, 1999, in which event the date under this item (ii) shall be the Rental Commencement Date for the Demised Premises].

9. ADDITIONAL ALLOWANCE: FURNITURE, TELEPHONE, COMPUTER CABLING AND RELOCATION

Upon written request of Tenant made on or before the date thirty (30) days after the Rental Commencement Date, Landlord shall make available to Tenant an amount equal to $6.00 multiplied by the Rentable Floor Area of the Demised Premises (the "Additional Allowance") as of December 31, 1999, to be used solely for (a) relocation expenses incurred by Tenant in connection with moving into the Demised Premises (and unreimbursed under, and not the subject of a reimbursement request under, Paragraph 5 of Exhibit "D" to this Lease), (b) the purchase by Tenant of telephone and computer cabling, and modular furniture installed in the Demised Premises, and (c) the costs of Layout Work in excess of the Construction Allowance. In the event that Tenant elects to use all or any portion of the Additional Allowance: (a) on or before the date sixty (60) days from the Rental Commencement Date, Tenant shall submit to Landlord a detailed statement including paid invoices showing the amounts paid by Tenant for (a) relocation expenses incurred by Tenant in connection with moving into the Demised Premises (and unreimbursed under, and not the subject of a reimbursement request under, Paragraph 5 of Exhibit "D" to this Lease), (b) the purchase by Tenant of telephone and computer cabling, and modular furniture installed in the Demised Premises, and (c) the costs of Layout Work in excess of the Construction Allowance, and Landlord shall pay to Tenant the amounts shown by such statement (and not previously paid by Landlord to Tenant), but in no event shall the aggregate of all such payments by Landlord to Tenant exceed the Additional Allowance; and (b) Tenant shall pay to Landlord, in good funds, in monthly installments on the first of each month, an amount equal to the sum of (x) $0.0166 multiplied by the First Level Additional Allowance plus (y) $0.0175 multiplied by the Second Level Additional Allowance, and such installments shall be paid at the same time as installments of Base Rental pursuant to Article 6 of the Lease (but no commission shall be owed or due or payable to Brokers on account thereof). "First Level Additional Allowance" shall mean the amount of the Additional Allowance actually paid by Landlord to Tenant, not in excess of an amount equal to $4.00 multiplied by the Rentable Floor Area of the Demised Premises. "Second Level Additional Allowance" shall mean the amount of the Additional Allowance in excess of the First Level Additional Allowance actually paid by Landlord to Tenant. Landlord shall at all times have a valid first lien upon all of the telephone and computer cabling, and modular furniture with respect to which Tenant has purchased with or received reimbursement from the Additional Allowance to secure payment of Rent and other sums and charges due hereunder from Tenant to Landlord and to secure the

performance by Tenant of each and all of the covenants, warranties, agreements and conditions hereof. Said telephone and computer cabling, and modular furniture shall not be removed from the Demised Premises without the consent of Landlord until all arrearage in Rent and other charges as well as any and all other sums of money due hereunder shall first have been paid and discharged and until this Lease and all of the covenants, conditions, agreements and provisions hereof have been fully performed by Tenant. Tenant shall from time to time

execute any financing statements and other instruments necessary to perfect the security interest granted herein. The lien herein granted may be foreclosed in the manner and form provided by law for the foreclosure of security instruments or chattel mortgages, or in any other manner provided by law. This Lease is intended as and constitutes a security agreement within the meaning of the Uniform Commercial Code of the State of Virginia.

10. BASE RENTAL ADJUSTMENT

Landlord and Tenant acknowledge and agree that the $11.95 per square foot of Rentable Floor Area Base Rental Rate is based on a Project Cost of $11,036,139.00 (the "Estimate"), a copy of which is attached hereto as Exhibit "H" and by reference made a part hereof. To the extent that the actual Project Cost is less than the Estimate, then the Base Rent Rate for the First Lease Year as set forth in Section shall be adjusted as of the Rent Commencement Date to an amount equal the Project Cost multiplied by .1054 and divided by the number of square feet of Rentable Floor Area of the Building. To the extent that the actual Project Cost is greater than the Estimate by virtue of either or both of the following (a) development decisions made, or consent to in writing, by Tenant (such as, but not limited to, making the Building exterior granite, or installing a third elevator), or (b) unknown conditions as of the date of the Estimate (such as but not limited to rock under the surface of the Land or off-site improvements required by Chesterfield County or other governmental entity), then the Base Rent Rate for the First Lease Year as set forth in Section shall be adjusted as of the Rent Commencement Date to an amount equal the Project Cost multiplied by .1054 and divided by the number of square feet of Rentable Floor Area of the Building. "Project Cost" shall mean all the actual costs incurred by Landlord, in good faith, directly related to the acquisition of the Land and the design, engineering and construction of the Building (including but not limited to the Construction Allowance, the Design Allowance, real estate commissions, the sum of $75,000.00 for holdover costs as defined in Special Stipulation 11, and the sum of $437,000.00 for allowances and commissions for the Building other than the initial Demised Premises consisting of 80,000 square feet of Rentable Area; such $437,000.00 figure is based on allowances of $20.00 per square foot of Rentable Area, a 6% brokerage commission, and the assumption that the Rentable Floor Area of the Building is 97,000 square feet, if the Rentable Floor Area of the Building is less than or greater than 97,000 square feet, the $437,000.00 figure and the Estimate shall be adjusted accordingly). Notwithstanding the foregoing, the following costs are specifically excluded from Project Cost: the Additional Allowance, costs attributable to actual delays in Substantial Completion of the Base Building Work caused by Landlord (except to the extent caused by Tenant's failure to perform its obligations as and when required), holdover costs in excess of $75,000.00 and allowances and commissions in excess of $437,000.00 (as adjusted as set forth above) for the Building other than the initial Demised Premises consisting of 80,000 square feet of Rentable Area.

11. HOLDOVER COSTS

If the Demised Premises are not Substantially Complete on or before February 28, 2000, Landlord shall pay Tenant all holdover costs payable by Tenant under Tenant's current lease at 5309 Commonwealth Centre Parkway (the "Existing Lease") in excess of the rent and other sums which would have been due thereunder had the Existing Lease continued in effect after February 28, 2000, on the same terms and conditions (including without limitation rent) in effect immediately prior to February 28, 2000, for the period from March 1, 2000, to the date the Demised Premises are Substantially Complete. In no event shall "holdover costs" include consequential damages or lost business opportunities. Tenant agrees to use reasonable efforts to minimize the

holdover costs. In the event the holdover costs paid by Landlord are less than

$75,000.00, then the amount equal to $75,000.00 reduced by such holdover costs is called the "Holdover Surplus" and at Tenant's option, the Holdover Surplus shall be applied toward (a) the purchase by Tenant of telephone and computer cabling, and modular furniture installed in the Demised Premises (to the extent in excess of the Additional Allowance applied thereto), or (b) the costs of Layout Work in excess of the sum of the Construction Allowance and the Additional Allowance applied thereto.

12. CONSEQUENTIAL DAMAGES

Neither Landlord, its agents, servants, employees, any other holder of any deed to secure debt or mortgage nor the lessor under any superior lease shall be liable to Tenant, or to Tenant's employees, agents, invitees, licensees, contractors or visitors, or to any other person, for any consequential damages of any nature. Neither Tenant, its agents, servants, employees, any other holder of any deed to secure debt or mortgage nor the lessor under any superior lease shall be liable to Landlord, or to Landlord's employees, agents, invitees, licensees, contractors or visitors, or to any other person, for any consequential damages of any nature.

13. ACCESS

Tenant shall be permitted reasonable access to the Demised Premises as soon as the Layout Work shall, in Landlord's reasonable opinion, be sufficiently completed to permit commencement of Tenant's installation of telephone and computer cabling, modular furniture, fixtures, furnishings and equipment without undue interference with the completion of the Layout Work and in any event on or before the date approximately thirty days prior to the date of Substantial Completion, subject to extension on a day-for-day basis for delays caused by Tenant. The foregoing license for Tenant to enter the Demised Premises prior to Substantial Completion is conditioned upon Tenant's contractors and their laborers working in harmony with, and not materially interfering with, the Layout Work. Landlord shall not be liable for any injury, loss or damage occurring to Tenant's installations, as aforesaid, unless such damage is caused by the gross negligence or willful misconduct of Landlord, its agents, employees or contractors.

EXHIBIT "G"

Refusal Space

Exhibit 10.62

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of the 26/th/ day of August, 1999 (the "Effective Date"), by and between WELLS CAPITAL, INC., a Georgia corporation, having an address of 3885 Holcomb Bridge Road, Norcross, Georgia 30092 (hereinafter called "Buyer") and SUN-PLA, A CALIFORNIA LIMITED PARTNERSHIP, having an address at c/o U.S. Realty Advisors, LLC, 1370 Avenue of the Americas, 29th Floor, New York, New York 10019 (hereinafter called "Seller").

RECITALS

WHEREAS, Seller is the owner of that certain real property described on Exhibit A attached hereto, together with all rights, privileges, appurtenances, easements, licenses and other interests appurtenant thereto (such land and interests are referred to herein collectively as the "Real Property"); and

WHEREAS, (i) certain buildings and site improvements have been constructed within the Real Property (which together with all machinery, equipment and other fixtures attached thereto owned by Seller, if any, are hereinafter collectively referred to as the "Improvements"), (ii) certain personal property (the "Personal Property"), if any, is owned by Seller relating to the Real Property and used in the operations of the Real Property, and (iii) certain intangible property (the "Intangible Property"), if any, is owned by Seller and used in connection with the Real Property or Personal Property (the Real Property, together with the Improvements, Personal Property and Intangible Property are sometimes collectively referred to as the "Premises"); and

WHEREAS, the Premises are leased to Videojet Systems International, Inc., a Delaware corporation ("Videojet") pursuant to the terms of that certain Amended and Restated Lease Agreement dated May 31, 1991 between Chicago Industrial 1990 II Limited Partnership, as landlord, and A.B. Dick Company ("ABD"), as tenant, as amended and/or assigned by (i) Second Amendment to Lease by and between ABD and Seller dated June 30, 1994, (ii) letter dated August 9, 1991 from Sun Life Insurance Company of America to ABD and response letter dated August 21, 1991 from ABD to Sun Life Insurance Company of America, (iii) Lease Clarification Agreement between Chicago Industrial 1990 II Limited Partnership and ABD, and (iv) Assignment and Assumption Agreement dated as of October 31, 1997 among Seller, ABD and Videojet (collectively, the "Lease"); and

WHEREAS, Seller desires to sell and Buyer desires to buy the Property, as hereinafter defined, for the price and other considerations and upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, the parties hereto, in consideration of the mutual

covenants herein contained, and respectively expressing the intention to be legally bound hereby, covenant and agree as follows:

1. Sale. Subject to the terms and provisions of this Agreement, Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase and take from Seller, all of Seller's right, title and interest in and to the following (herein, the "Property"), free and clear of all liens and encumbrances, except Permitted Exceptions (as hereinafter defined):

A. The Premises; and

B. Seller's interest in the Lease and any other intangible property owned by Seller and associated with the Real Property, including, without limitation, that certain Guaranty dated October 31, 1997 relating to the Lease (the "Guaranty") executed by GEC Incorporated ("Guarantor").

2. Deposit; Purchase Price.

A. Concurrently with Buyer's execution of this Agreement, Buyer shall deposit $500,000.00 (the "Deposit") with First American Title Insurance Company at 228 East 45/th/ Street, New York, New York 10017-3303 (the "Escrow Agent") by wire transfer of immediately available funds. The Deposit shall be held and disbursed by the Escrow Agent in accordance with the terms of this Agreement.

B. The purchase price for the Property is equal to $33,100,000.00, subject to adjustment as set forth in this paragraph (the "Purchase Price"). Buyer acknowledges that the Note, as hereafter defined, provides for a prepayment premium in the event that the Note is prepaid, and Buyer acknowledges receipt of a copy of the provision in the Note outlining the amount of the prepayment premium. Buyer acknowledges that the Premises are currently encumbered by a loan (the "Existing Loan") from Providian Life and Health Insurance Company ("Providian"), which Existing Loan is evidenced by a Promissory Note dated as of December 17, 1991 (the "Note") in the amount $15,000,000, and secured by a Mortgage Assignment of Rents and Security Agreement dated December 17, 1991 and recorded on December 20, 1991 as Document No. R91-171525 (the "Mortgage"). At the Closing, Seller shall cause the principal, interest and prepayment premium (subject to Buyer"s obligation to pay portions thereof pursuant to this Paragraph 2.B) due under the Existing Loan and any other fees or expenses required to be paid to Providian under the Existing Loan to be paid in full upon receipt of the purchase price hereunder. Notwithstanding the foregoing provisions, if the prepayment premium is more than $2,000,000.00, Buyer shall be obligated to pay, as an addition to the Purchase Price, that portion of the prepayment premium which is in excess of $2,000,000.00. If the prepayment premium is less than $2,000,000.00, the Purchase Price shall be reduced by the amount by which the prepayment premium is less than $2,000,000.00. The Purchase Price shall be paid by Buyer as follows:

(i) Buyer shall pay a portion of the Purchase Price by causing the Escrow Agent to apply all of the Deposit against the Purchase Price if and when Closing occurs; and

(ii) Buyer shall pay the balance of the Purchase Price by wire

transfer of immediately available funds through the Federal Reserve System. Any closing prorations and

adjustments provided for herein (the "Adjustments") shall increase or decrease (as the case may be) the cash portion of the Purchase Price to be paid pursuant to this Paragraph (ii).

3. Delivery of Documents; Loan Documents.

A. Buyer acknowledges receipt of copies of the following documents:

(i) The Lease;

(ii) The Guaranty;

(iii) The Note and the Mortgage;

(iv) a commitment for title insurance for the Property with an effective date of February 12, 1999 issued by First American Title Insurance Company (the "Commitment"), together with copies of the documents referenced in Schedule B thereof;

(v) a survey of the Property dated August 14, 1998 prepared by Jacob & Hefner Associates, P.C. (the "Survey");

(vi) the title insurance policy issued by Lawyers Title Insurance Corporation on December 20, 1991;

(vii) an environmental report dated June 5, 1991 prepared by Environmental Risk Consultants, Inc.;

(viii) a building inspection report dated May 31, 1991 prepared by Eugene and Max Fuhrer, Architects and Engineers;

(ix) a soils report dated June 8, 1990 prepared by Testing Service Corporation; and

(x) Confidentiality Agreement dated October ___, 1997 by and between Sun-Pla, a California limited partnership and GEC Incorporated.

In addition, during the Diligence Period, as hereafter defined, Seller shall promptly, and in any event within five (5) business days after receipt of Buyer"s written request, deliver such other documents relating to the Property which Buyer may reasonably request, provided that the same are in Seller's possession or control.

4. Title Insurance and Survey. Seller hereby agrees to deliver to Buyer, no later than five (5) business days after the Effective Date, an update to the Commitment (the "Updated Commitment") issued by First American Title Insurance Company (the "Title Company") together with clear and legible copies of all documents referred to therein and not previously provided to

Buyer (the "Remaining Title Documents"). The Updated Commitment shall be in the amount of the Purchase Price, and shall commit the Title Company to issue its

1992 ALTA Owner's Policy (with extended coverage, including lien protection, but not including lien protection for the Tenant Exceptions, as hereinafter defined), insuring fee simple to the Premises in Buyer subject only to (i) current non-delinquent general real property taxes, and (ii) the matters set forth in Schedule B of the Commitment, other than the Mortgage (the "Existing Exceptions"), and (iii) the Lease and liens for real estate taxes and other liens and encumbrances which under the terms of the Lease Videojet is obligated to cause to be paid or released (such liens being referred to herein as the "Tenant Exceptions"). If Buyer shall desire to obtain any endorsements in connection with the Updated Commitment, Buyer shall be entitled to request the same from the Title Company, at Buyer"s expense. Seller shall deliver to Buyer, no later than five (5) business days after the Effective Date, an ALTA survey of the Premises prepared by a licensed surveyor in the state of Illinois (the "Updated Survey"). The Updated Survey shall be dated within six (6) months prior to the Effective Date and certified to Title Company, Buyer and any other entity reasonably required by Buyer, prepared in accordance with the 1997 minimum detail and classification ALTA/ASCM land title standards, including all Items of Table A thereof reasonably required by Buyer. In the event that any exceptions to title appear in the Updated Commitment other than the Existing Exceptions, the Lease and the Tenant Exceptions which are objectionable to Buyer (it being specifically understood that Buyer shall not be allowed to object to the Existing Exceptions, the Lease and the Tenant Exceptions), Buyer shall give written notice thereof to Seller no later than five (5) days after receipt of the Updated Commitment and the Updated Survey. If Seller elects, in its sole discretion, to cause the objectionable exceptions to be deleted, Seller shall have until expiration of the Diligence Period to delete such objectionable exceptions or encroachments or to cause the Title Company to insure over the same. If Seller attempts to remove the objectionable exceptions, and is unable to delete such exceptions or encroachments or to cause the Title Company to insure over the same, in a manner reasonable acceptable to Buyer, Seller shall be entitled to postpone the Closing Date for a period not to exceed sixty (60) days in order to cure such objections. If Seller is unable or unwilling to delete such exceptions or encroachments, Buyer may, either (i) waive its prior disapprovals of those matters which Seller is unable or unwilling to eliminate, in which event such disapproved matters shall be deemed approved, or (ii) terminate this Agreement, in which event the Deposit shall be returned to Buyer and thereafter this Agreement and the rights and obligations of the parties hereunder shall terminate except as otherwise expressly provided herein. If Buyer does not give notice of any objection during the initial five (5) day review period set forth above or in the event that Buyer does not terminate this Agreement pursuant to the previous sentence if Seller does not remove the objectionable exceptions, all exceptions set forth in the Commitment and all encroachments (including the Existing Exceptions, the Lease and the Tenant Exceptions) shall be deemed to be Permitted Exceptions (defined below). As used herein, "Permitted Exceptions" shall mean the Existing Exceptions, the Lease and the Tenant Exceptions and any other exceptions on the Commitment and matters on the Survey which Buyer approves in writing or is deemed to have approved in accordance with the terms and provisions of this Paragraph 4. At Closing, Seller shall obtain and deliver to Buyer such assurances as Buyer may reasonably request that the Title Company is irrevocably committed and prepared to issue its ALTA owner's policy in accordance with the foregoing requirements, subject to the Permitted Exceptions (the "Title Policy"). Seller shall pay the base title insurance premiums required to obtain any owner"s title insurance policy issued in connection with the Premises. Buyer shall pay for all costs for any lender"s title insurance and for

any endorsements requested by Buyer or its lender. Seller shall pay the cost of any Updated Survey. Time is of the essence with respect to the time periods set forth in this paragraph.

5. Inspection by Buyer.

A. Subject to the provisions of this paragraph and subject to the terms and provisions of the Lease, from and after the Effective Date, Buyer and its agents and employees shall be entitled to enter upon the Property for the purpose of making inspections thereof and may conduct such tests, studies, investigations and observations and compile such information as Buyer may deem appropriate concerning the physical conditions, legal compliance, surveys, title reviews and examinations Buyer may desire of the Property and Buyer"s intended use thereof ("Feasibility Studies"). All Feasibility Studies shall be performed at Buyer"s sole cost and expense. It is understood and agreed that Buyer shall have no obligation to perform any Feasibility Studies. Notwithstanding the foregoing, Buyer may only inspect the Property in the presence of an agent of Seller, at Seller"s election, which Seller agrees to provide upon at least two (2) business days" prior written notice. Buyer acknowledges that any inspections shall be subject to the rights of Videojet under the Lease, and that such inspections may be conducted only in accordance with the terms of the Lease. Buyer shall not have any direct contact with Videojet or Guarantor or any of their agents without the physical or telephonic presence of Seller or one of Seller's agents, including without limitation U.S. Realty Advisors, LLC, and shall not discuss any proposed modifications of the Lease or Guaranty with any party. Notwithstanding the foregoing, Buyer shall be allowed to contact Videojet"s facilities manager to discuss the condition of the Property and to arrange a visit of the Property. Buyer shall also be allowed to contact Seller"s lender to discuss the prepayment premium calculation. Buyer agrees that a violation by Buyer of the agreement by Buyer not to contact Videojet, Guarantor or their agents without the physical or telephonic presence of Seller or one of Seller's agents, and not to discuss any modifications of the Lease or Guaranty, will cause substantial damage to Seller, and that the amount of such damage is difficult to determine. Buyer and Seller agree that if Buyer shall violate such agreement, Buyer shall be in default hereunder, and in such event Seller may terminate this Agreement as its sole remedy, in which event the Deposit shall be returned to Buyer. Buyer acknowledges that Videojet and/or Guarantor will require the execution of a Confidentiality Agreement in connection with the delivery of certain financial information to Buyer, and Buyer agrees to execute such agreement.

B. Buyer shall pay when due all fees and expenses incurred in the performance of any such inspections, tests or observations and shall indemnify, defend, and save Seller and Videojet harmless from any loss from mechanic's liens, claims for nonpayment of such charges or for damages arising out of the acts or omissions of Buyer or its agents in performing such inspections, tests, or observations. The provisions of the previous sentence shall survive the termination of this Agreement. Buyer's obligation to purchase the Property pursuant to the terms of this Agreement is specifically conditioned upon Buyer's approval of the Property, in Buyer"s discretion. At any time on or prior to September 9, 1999, (the "Diligence Period"), if Buyer determines that the Property is not acceptable, Buyer shall give notice to Seller of Buyer's election to terminate this Agreement. If Buyer does not give notice of termination prior to expiration of the Diligence Period, Buyer shall be deemed to have waived such right to terminate this Agreement (time being of the essence with respect to such notice and time periods). In the event of termination within the Diligence Period for

the reasons outlined in this paragraph, this Agreement shall be of no further force and effect (except as otherwise expressly provided herein) and the Deposit shall be returned to Buyer.

6. Closing. The closing of the transaction contemplated hereby (the "Closing") shall take place (either in person or by the delivery of the required

closing documents) at the office of the Title Company in New York on September 16, 1999, or such earlier or later date as may be agreed to by Buyer and Seller (the "Closing Date"). If Seller is unable to timely obtain the estoppels required under this Agreement, Seller may extend the Closing Date for a period required to obtain such estoppels, not to exceed thirty (30) days, by written notice to Buyer, which notice must be given no later than one (1) day prior to the scheduled Closing Date. However, Buyer may waive the requirement of such estoppels, in which event the Closing Date shall not be so extended. Also, the Closing Date may be extended as otherwise provided in this Agreement.

7. Representations of Seller.

A. Seller, to induce Buyer to enter into this Agreement and to purchase the Property, represents and warrants to Buyer that the following matters are true as of the date hereof:

(i) Seller has full power and authority to execute this Agreement and to consummate the transaction contemplated hereby, and this Agreement has been duly executed and delivered by Seller, and this Agreement constitutes the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms (subject to applicable bankruptcy and other insolvency laws and subject to the general principles of equity);

(ii) The person signing this Agreement on behalf of Seller has been duly authorized to sign and deliver this Agreement on behalf of Seller;

(iii) There is no litigation, proceeding or action pending, or to Seller"s knowledge threatened, against Seller, which would adversely affect Seller"s ability to consummate the transaction contemplated by this Agreement or, to Seller"s knowledge, would adversely affect the Property;

(iv) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute a violation of or be in conflict with or constitute a default, or give rise to a claim or lien against the Property under any term or provision of any agreement, security instrument or lease to which Seller is a party, or require the consent under any such agreement or of any person;

(v) There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceeding in bankruptcy pending, or to Seller"s knowledge threatened, against Seller;

(vi) Seller is not a foreign person, as such term is defined in Section 7701(a) of the Internal Revenue Code of 1986, as amended;

(vii) To Seller"s knowledge, there is no pending or threatened condemnation of all or any part of the Property;

(viii) Any permission, approval, joinder or consent by third parties required in order for Seller to consummate its obligations under this Agreement has been received;

(ix) Seller has delivered to Buyer correct and complete copies of the Lease and the Guaranty;

(x) There are no service, maintenance or other contracts (other than the Permitted Exceptions) applicable to the Premises to which Seller is a party for which Buyer will become liable upon acquisition of the Property;

(xi) There are no agreements with Seller to pay any commissions with respect to the Lease, which agreements would be binding on the Buyer upon acquisition of the Property;

(xii) There is no written agreement between Seller and Videojet, except as contained in the Lease or the other documents delivered to Buyer pursuant to the provisions of this Agreement;

(xiii) To Seller"s knowledge, it has not received written notice from any governmental authority that the current operation and use of the Premises violate (A) any statutes, laws, regulations, rules, ordinances, permits, requirements or orders or decrees of any kind whatsoever now in effect (including zoning, use or building statutes, laws or ordinances and environmental protection laws, rules or regulations) or (B) any building permits or any conditions, easements, rights-of-way, agreements of record, urban renewal plans, parking agreements, covenants, restrictions of record or any other agreement affecting the Premises;

(xiv) To Seller"s knowledge, Seller has not received any written notice or demand from any third party `to the effect that any Hazardous Substance (as defined below) has been released on the Premises in violation of applicable law. As used in this Agreement, "Hazardous Substance" shall mean and include all hazardous or toxic substances, wastes or materials, any pollutants or contaminants (including asbestos, PCBs, petroleum products and by-products and raw materials which include hazardous constituents) or materials which are included under or regulated by any local, state or federal law, rule or regulation pertaining to environmental regulation, contamination, clean-up or disclosure, including the Comprehensive Environmental Response, Compensation and Liability Act or 1986, the Resource Conservation and Recovery Act and the Toxic Substances Control Act, as any of the foregoing have been previously amended;

(xv) To Seller"s knowledge, Seller has not given or received any written notice(s) of default under the Lease or the Guaranty which have not been cured; and

(xvi) To Seller"s knowledge, the statement of Net Cash Flow set forth on Exhibit F hereof is true and correct.

B. Buyer's sole remedies with respect to a violation of a representation contained in Paragraph 7.A above shall be (i) prior to the Closing, to terminate this Agreement and obtain return of the Deposit, or (ii) after the Closing, only to obtain actual damages resulting from Seller's misrepresentation or other default by Seller, and in no event after the Closing shall Buyer be allowed to obtain rescission, consequential damages or any other equitable remedy.

C. The representations and warranties contained in this Paragraph 7 shall survive the Closing for a period of one (1) year after the Closing.

D. As used in this Agreement, the phrase "to Seller's knowledge" or "knowledge of Seller" means the actual knowledge of David M. Ledy, Jack Genende and Jonathan Molin, without inquiry or investigation, other than a review of Seller's records.

E. Buyer acknowledges that, except as specifically set forth above or elsewhere in this Agreement, neither Seller nor anyone acting for or on behalf of Seller has made any warranty or promise to Buyer concerning any matter whatsoever, including, without limitation, the following: the physical aspects and condition of the Property (including the existence or nonexistence of any hazardous materials); the feasibility, desirability, or convertibility of the Property into any particular use, or the projected market for, income from or expenses of the Property; or any other matter relating to the Property. Buyer acknowledges that, in entering into this Agreement, Buyer has not relied on any representation, statement, or warranty of Seller, or anyone acting for or on behalf of Seller, other than as expressly contained in this Agreement. Buyer acknowledges that it is purchasing the Property in an "AS IS" condition and state of repair, except as otherwise specifically provided in this Agreement.

Buyer hereby waives, and Seller hereby disclaims, all warranties of any type or kind whatsoever with respect to the Property (except as contained in this Agreement), express or implied, including, by way of description, but not limitation, those of fitness for a particular purpose, tenantability, habitability, and use. Buyer specifically acknowledges that, as between Buyer and Seller, Buyer is assuming all risk and responsibility for the existence of hazardous materials on the Premises, and Buyer hereby releases Seller from any and all liability relating to any such hazardous materials (except for any liability which may arise as a result of a violation of the representation contained in Paragraph 7.A(xiv)). Without limiting the foregoing, Buyer acknowledges that Seller has no obligations to complete or repair, and, except as specifically set forth herein, Seller makes no representation regarding the status of, any improvements relating to the Premises, either off-site or on-site.

8. Covenants of Seller. Seller covenants and agrees as follows:

A. to perform all of its obligations, if any, under the Lease, the Note or the Mortgage and other documents binding on Seller and relating to the Property (the "Underlying Documents") (except to the extent that a default arises solely from a default by Videojet under the Lease) arising prior to the Closing; subject to any grace or cure periods set forth therein;

B. so long as Buyer is not in default hereunder, not to modify, extend, renew or terminate any of the Underlying Documents without prior written approval of Buyer, which approval shall not be unreasonably withheld or delayed;

C. except as may be required by the Underlying Documents and so long as Buyer is not in default hereunder, not to enter or grant, as the case may be, or record, any agreement, mortgage, deed of trust, lien, encumbrance, restriction, easement or other document which would encumber the Property (or any portion thereof), or amend or otherwise modify any Permitted Exception without the consent of Buyer, which consent shall not be unreasonably withheld or delayed; and

D. to enforce the Lease in Seller"s usual manner.

9. Representations of Buyer. Buyer, to induce Seller to enter into this Agreement and to sell the Property, represents to Seller that the following matters are true as of the date hereof and shall be true as of the Closing Date:

A. Buyer has full power and authority to execute this Agreement and to consummate the transaction contemplated hereby, and this Agreement has been duly executed and delivered by Buyer, and this Agreement constitutes the valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms (subject to applicable bankruptcy and other insolvency laws and subject to the general principles of equity);

B. The person signing this Agreement on behalf of Buyer has been duly authorized to sign and deliver this Agreement on behalf of Buyer;

C. There is no litigation, proceeding or action pending, or to Buyer"s knowledge, threatened against Buyer, which would adversely affect Buyer"s ability to consummate the transaction contemplated by this Agreement;

D. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute a violation of or be in conflict with or constitute a default, or give rise to a claim or lien against the Property under any term or provision of any agreement, security instrument or lease to which Buyer is a party, or require the consent under any such agreement or of any person.

10. Conditions to the Obligations of Buyer. The obligation of Buyer under this Agreement to purchase the Property from Seller is subject to the satisfaction of each of the conditions set forth below (any one or more of which may be waived in whole or in part by Buyer at or prior to the Closing). The failure of any of the following conditions by Seller shall not constitute a default by Seller and Buyer"s sole remedy in the event of any such failure by Seller (provided Buyer does not waive such failure) shall be to terminate this Agreement and obtain a refund of the Deposit:

A. The representations and warranties of Seller set forth in this Agreement shall be true and correct as of the date of this Agreement and as of Closing in all material respects (except that if the representation contained in Paragraph 7.A(vii) becomes untrue prior to Closing, the provisions of Paragraph 14 shall control).

B. Seller shall have delivered all of the documents required in Paragraph 12.A of this Agreement and shall have otherwise complied with all conditions required by this Agreement.

C. Seller shall have obtained a signed estoppel certificate from Videojet in the form of Exhibit B which is attached hereto and made a part hereof, and from Guarantor in the form of Exhibit H which is attached hereto and made a part hereof subject only to changes which do not materially and adversely alter the same (it being understood, however, that if Videojet refuses to include items 6 or 7 in such estoppel or if Videojet states that item 10 is untrue, or if Guarantor refuses to issue its estoppel, Buyer shall be obligated to accept such estoppels as satisfaction of the condition contained in this paragraph).

11. Conditions to the Obligations of Seller. The obligation of Seller under this Agreement to sell the Property to Buyer is subject to the satisfaction of each of the following conditions (any one or more of which may be waived in whole or in part by Seller at or prior to the Closing):

A. The representations of Buyer set forth in this Agreement shall be true and correct as of the date of this Agreement in all material respects.

B. Buyer shall have delivered all of the documents and other items described in Paragraph 13 of this Agreement, shall have paid the Purchase Price and shall have otherwise performed all of its material covenants and obligations and complied with all material conditions required by this Agreement.

12. Provisions with Respect to Closing.

A. At the Closing, Seller shall deliver to Buyer the following:

(i) a special warranty deed for the Property duly executed by Seller substantially in the form of Exhibit C attached hereto, in proper form for recording (the "Deed");

(ii) a general assignment and bill of sale for the Property duly executed by Seller in the form of Exhibit D attached hereto;

(iii) an assignment and assumption of Lease duly executed by Seller in the form of Exhibit E attached hereto, in proper form for recording (the "Assignment and Assumption of Lease");

(iv) a certificate of non-foreign status duly executed by Seller;

(v) a letter executed by Seller to Videojet under the Lease advising Videojet of the name and address of Buyer, where and how to make future rent payments, and the transfer of the security deposit, if any (the "Letter to Tenant");

(vi) a written confirmation executed by Seller that the representations of Seller contained in Paragraph 7.A remain true and correct as of the Closing Date (it being understood that, notwithstanding any contrary provision hereof, Buyer's sole remedy for the inability or failure of Seller to deliver such certificate shall be for Buyer to terminate this Agreement and obtain return of the Deposit, other than Paragraph 7A(vii), for which Paragraph 14 shall control);

(vii) the estoppel certificate described in Paragraph 10.C above;

(viii) evidence of the authority of the person or persons executing documents on behalf of Seller;

(ix) a certificate issued by the Illinois Department of Revenue stating that no assessed, but unpaid, tax, penalties or interest are due in connection with the sale of the Premises to Buyer under Section 9.02(d) of the Illinois Income Tax Act;

(x) affidavit to the Title Company, in the forms attached as Exhibit G; and

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(xi) such other documents as are contemplated under the terms of this Agreement or as required by law.

B. At the Closing, Buyer shall deliver to Seller the following, in form reasonably acceptable to Seller:

(i) the Purchase Price in the manner set forth in Paragraph 2.

(ii) the Assignment and Assumption of Lease duly executed by Buyer;

(iii) the Letter to Tenant;

(iv) evidence of the authority of the person or persons executing documents on behalf of Buyer; and

(v) such other documents as are contemplated under the terms of this Agreement or as required by law.

C. To Seller's knowledge (based on the reports or letters received by Seller upon its purchase of the Property), the Illinois Responsible Property Transfer Act, 765 ILCS 90/1 et seq. ("RPTA") does not require that Seller

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deliver to Buyer Environmental Disclosure Documents for Transfer of Real Property with respect to the Premises (the "Disclosure Documents"). In the event

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that Buyer's due diligence uncovers information that triggers such requirement, Buyer shall so notify Seller and Seller shall complete and deliver the required Disclosure Document to Buyer at the Closing. Buyer hereby waives (i) its right under RPTA to receive the Disclosure Documents 30 days before the Closing, and

(ii) any right under RPTA to void the transaction contemplated by this Agreement based upon matters that may be disclosed in the Disclosure Documents. Buyer

understands and acknowledges that the purpose and intent of such disclosure statements is to ensure that the parties involved in certain real estate transactions are made aware of any existing environmental liabilities associated with the ownership of the subject property, as well as its past use and environmental status.

13. Prorations and Credits.

A. All costs relating to the Property are paid by Videojet pursuant to the terms of the Lease. Therefore, no prorations shall be made between Seller and Buyer with respect to real estate taxes and other costs relating to the Property. Net Rent (as defined in the Lease) paid or payable by Videojet under the Lease shall be adjusted and prorated on an if, as and when collected basis. Net Rent is to be adjusted and prorated between Seller and Buyer as of 11:59 P.M. on the day preceding the day of Closing, based upon equal monthly rent payments.

Buyer and Seller agree to treat all Net Rent received from Videojet which is in arrears as of the Closing as applicable first to Net Rent which was owed by Videojet for the month in which the Closing occurs, and such amount shall be prorated between Seller and Buyer pursuant to the terms of this subsection 13.A. In the event that there remains any unpaid Net Rent for a period before the month in which the Closing occurs, all payments received shall be applied to sums owed to Buyer before any part thereof shall be treated as belonging to Seller. If either party shall receive any payment which belongs to the other party pursuant to the provisions of this subsection 13.A, the receiving party shall hold the same for the benefit of the party entitled to such payment and shall pay the same to such party within fifteen (15) days of such receipt.

B. Each of Seller and Buyer shall pay their own attorneys' fees incurred in connection with this Agreement. All transfer taxes imposed on or in connection with this transaction, one-half of any escrow or closing fees charged by the Title Company, the base premium of the owner's title insurance policy, and the entire cost of the survey shall be paid by Seller. All prepayment fees and other fees, expenses and costs imposed on or in connection with the prepayment of the Existing Loan shall be paid as set forth in Paragraph 2.B. All other costs of closing, including appraisals, any reports ordered by Buyer, all mortgagee's title insurance premiums, title insurance endorsements, one-half of the escrow or closing fees and other costs of closing payable in connection with the transfer of the Premises to Buyer shall be paid by Buyer.

14. Casualty Loss; Eminent Domain.

A. Except as hereafter provided, in the event that any portion of the Premises is destroyed or damaged as a result of fire or any other casualty whatsoever, Seller shall provide prompt written notice thereof to Buyer at such time as Seller receives actual knowledge of such casualty, and if the amount of damage exceeds $100,000, Buyer shall have ten (10) business days from the receipt of such notice of casualty to elect to terminate this Agreement and obtain return of the Deposit by written notice delivered to Seller during such ten-day period. If necessary, the Closing Date shall be extended during such ten-day period in order to allow Buyer to make its decision regarding the casualty. In the event that Buyer fails to timely exercise its right of termination, Buyer shall be deemed to have elected to proceed to purchase the Property without reduction of the Purchase Price.

In such event, any amount payable to the lessor under the Lease shall be paid to Buyer if Buyer purchases the Property.

B. Except as hereafter provided, in the event that any portion of the Premises is subject to a condemnation, Seller shall provide prompt notice thereof to Buyer at such time as Seller receives actual knowledge of such condemnation, and Buyer shall have ten (10) business days from the receipt of such notice of condemnation to elect to terminate this Agreement and obtain return of the Deposit by written notice delivered to Seller during such ten-day period. If necessary, the Closing Date shall be extended during such ten-day period in order to allow Buyer to make its decision regarding the condemnation. In the event that Buyer fails to time exercise its right of termination, Buyer shall be deemed to have elected to proceed to purchase the Property without reduction of the Purchase Price. In such event, any amount payable to the lessor under the Lease shall be paid to Buyer if Buyer purchases the Property.

15. Brokerage. Seller and Buyer each represent and warrant to each other that it has not dealt with any broker or other intermediary in connection with or relating to the sale and purchase which is the subject of this Agreement, except that Buyer has retained The Kemper Corporation and Gold Rock Capital, as its brokers, and Buyer shall be responsible for the payment of any fees with respect to such brokers pursuant to separate agreement between Buyer and such brokers. Each party hereby agrees to indemnify, defend and hold the other party harmless from and against any and all claims, loss or damage relating to or arising out of any breach of the foregoing representations regarding brokers.

16. Further Assurances. Buyer and Seller shall each execute and deliver to the other such documents and instruments and take such further actions as may be reasonably necessary or required to consummate the transactions contemplated by this Agreement.

17. Entire Agreement. This is the entire agreement between the parties and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any kind whatsoever. Any agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Agreement in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

18. Survival. Except as otherwise provided herein, all agreements, warranties and representations contained herein shall survive Closing, and shall not be deemed to have merged into the deed.

19. Notices. All notices, requests and other communications under this Agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, or by overnight courier, or by facsimile delivery (confirmed received by the addressee) or may be personally delivered to the following addresses:

If intended for Seller:

Sun-Pla
1 SunAmerica Plaza
Century City
Los Angeles, California 90067
Attention: Alan Nussenblatt
Fax: (310) 772-6030

With a copy to:

BROWNSTEIN HYATT FARBER & STRICKLAND, P.C.
410 Seventeenth Street, 22/nd/ Floor
Denver, CO 80202
Attn: Ronald B. Merrill, Esq.
Fax: (303) 623-1956

With a copy to:

U.S. REALTY ADVISORS, LLC
1370 Avenue of the Americas, Suite 2900
New York, New York 10019
Attention: David M. Ledy
Fax: (212) 581-4950

If intended for Buyer:

Wells Capital, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
Attention: Michael C. Berndt
Fax: (770) 840-7224

With a copy to:

O'Callaghan & Stumm, LLP
127 Peachtree Street NE, Suite 1330
Atlanta, Georgia 30303
Attention: W. L. O'Callaghan, Esq.
Fax: (404) 522-3080

or such other address of which Seller or Buyer shall have given notice as herein provided. All such notices, requests and other communications shall be deemed to have been sufficiently given for all purposes hereof on the date of receipt. Notices may be signed by the attorneys for the party on whose behalf the notice is sent.

20. Remedies.

(a) Except as otherwise provided in this Agreement where Buyer's sole remedy is limited to the return of the Deposit, if Seller shall be in default of Seller's obligations under this Agreement prior to the Closing, Buyer shall be entitled to either terminate this Agreement and obtain return of the Deposit or to obtain specific performance, but not damages. After the Closing, Buyer shall be entitled to such remedies as are allowed at law or in equity, except that Buyer shall not be entitled to rescission or to consequential damages.

(b) Except with respect to any indemnity provisions contained in this Agreement and except with respect to defaults occurring after the Closing (for which Seller shall be entitled to obtain damages and other appropriate remedies), if Buyer shall be in default pursuant to the provisions hereof prior to Closing, Seller's sole remedy shall be to terminate this Agreement and retain the Deposit as liquidated damages. The parties hereby confirm their agreement that the amount of paid liquidated damages is fair and reasonable under the circumstances and conditions surrounding this Agreement. After the Closing, Seller shall be entitled to such remedies as are allowed at law or in equity, except that Seller shall not be entitled to rescission or to consequential damages.

21. Attorney's Fees. Each of the parties will pay its own attorney's, advisor's and accountant's fees. Notwithstanding the above, a party defaulting under this Agreement will pay the reasonable attorney's fees and court costs incurred by the nondefaulting party to enforce its rights regarding the default, provided that the nondefaulting party is successful in its cause of action.

22. Miscellaneous.

A. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope of intent of this Agreement or any of the provisions hereof.

B. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns.

C. This Agreement shall be governed by and shall be construed and interpreted in accordance with the laws of the State of Illinois.

D. The parties hereto acknowledge that the transfer of the Property must be reported to the Internal Revenue Service as required by Section 6045(e) of the Internal Revenue Code of 1986, as amended (the "Code"), unless Section 6045(e) provides an exemption to such reporting requirement. Accordingly, on or before the Closing Date, Seller, Buyer and the Title Company shall enter into a written "designation agreement" as defined in and in accordance with Regulation Section 1.6045-4 of the Code, which designation agreement shall designate the Title Company as the "real estate reporting person" responsible for reporting the respective transfers to the Internal Revenue Service.

E. In the event that any provision of this Agreement shall be unenforceable in whole or in part, the provision shall be limited to the extent necessary to render it valid, or shall be excised from this Agreement, as circumstances require, and this Agreement shall be construed as if the provision had been incorporated herein as so limited, or as if the provision had not been included herein, as the case may be.

F. This Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Agreement. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties to this Agreement.

G. No provision of this Agreement shall be construed by any court or other judicial authority against Seller or Buyer by reason of any such party being deemed to have drafted or structured such provision.

H. Buyer shall not assign its rights under this Agreement without the prior written consent of Seller, provided that Buyer may assign this Agreement without Seller's consent to any "Affiliate." The term "Affiliate" shall mean any entity (including, without limitation, any corporation, partnership, limited liability corporation or partnership, joint venture, subsidiary, trust, or real estate investment trust) which controls, is controlled by, or is under common control with Buyer. If this Agreement shall be assigned to an Affiliate, then Buyer, prior to Closing and for informational purposes only, shall furnish Seller with a copy of a fully-executed assignment agreement which shall contain an assumption by the assignee of Buyer's obligations hereunder. Notwithstanding any assignment to an Affiliate, Buyer shall remain obligated under the terms of this Agreement. For purposes of this subsection I, the term "control" or "controls," and terms of similar import, shall mean the ownership of an interest in any entity or the holding of any right or power sufficient to direct, dictate, or otherwise substantially influence management, policy, direction, or decisions.

I. The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of Seller and Buyer only and are not for the benefit of any third party, and accordingly, no

third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.

J. Each party hereby waives, irrevocably and unconditionally, trial by jury in any action brought on, under or by virtue of or relating in any way to this Agreement or any of the documents executed in connection herewith, the property, or any claims, defenses, rights of set-off or other actions pertaining hereto or to any of the foregoing.

K. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

M. The delivery of this Agreement is not intended to constitute a complete statement of, or a legally binding or enforceable offer, agreement or commitment on the part of,

Seller or Buyer with respect to the matters set forth herein. The delivery of this Agreement is not intended to legally bind the parties to consummate the transactions contemplated hereby nor to create any liability or obligation on behalf of the parties. The consummation of this Agreement is subject in all respects to the full and valid execution and delivery of the Agreement, satisfactory to each of the parties in its sole discretion.

23. Escrow.

A. The Deposit shall be held in escrow by the Escrow Agent deposited in an interest-bearing account, with interest to be paid to Buyer, and disbursed in accordance with the terms of this Agreement. The parties acknowledge that the Deposit deposited with the Escrow Agent, may be ultimately disbursed by the Escrow Agent: (i) to Buyer, in the event Buyer terminates this Agreement pursuant to any right of termination contained herein, or in the event of a default hereunder by Seller; (ii) to Seller, in the event of a default by Buyer under this Agreement or if specifically required hereunder; or (iii) as a credit toward the Purchase Price for the Property, in the event the transaction contemplated herein is consummated. In the event the Buyer or Seller makes a demand for disbursement of the Deposit and interest under the conditions described in (i) or (ii) above, the party making such demand shall give written notice thereof to the Escrow Agent and the other party in the manner specified herein. Escrow Agent shall disburse the Deposit and interest thereon to the party making such demand unless contrary instructions are received from the other party within ten (10) business days of its receipt of the original notice. In the event such contrary instructions are received, Escrow Agent may, at its option, continue to hold the Deposit and interest thereon until such time as the Buyer and Seller resolve their dispute and issue joint written instructions relative to the disbursement of the Deposit, or deposit said Deposit and interest thereon with a court of competent jurisdiction and thereupon be relieved from all further obligations with respect to such Deposit. Further, Buyer and Seller agree that if the Escrow Agent exercises its option to interplead the Deposit into court, any and all costs to the Escrow Agent in so doing shall be assessed against the non-prevailing party in such litigation. In the event the Buyer and Seller desire the Deposit be disbursed pursuant to (iii) above, Buyer and Seller shall issue joint written instructions to Escrow Agent specifying the manner in which the funds are to be transferred, and any other information reasonably requested by Escrow Agent.

B. The parties acknowledge and agree that the functions of Escrow Agent under this Agreement are as a stakeholder only. Escrow Agent shall have no liability to either party for its actions or inaction hereunder (regardless of whether such action or inaction constitutes negligence) unless such action was taken in, or such inaction resulted from, bad faith. In no event, however, shall Escrow Agent have any liability hereunder for any amount in excess of the Deposit. In no event shall the Escrow Agent be responsible for obtaining any given rate of interest with respect to the Deposit. Escrow Agent shall not be

bound by any modification of this Agreement or of any agreement incorporated by reference herein, unless there shall have been delivered to Escrow Agent a written modification signed by both Seller and Buyer. No such modification shall, without the consent of Escrow Agent, modify any of the provisions of this Agreement relating to the rights, obligations or duties of Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SELLER:

SUN-PLA, A CALIFORNIA LIMITED PARTNERSHIP

By: Sun-Pla, Inc., a California corporation,
General Partner

By:
Title:

BUYER:

WELLS CAPITAL, INC., a Georgia corporation

By: /s/ Leo F. Wells, III

Title: President

EXHIBITS

Exhibit A - Legal Description of the Property

Exhibit B - Form of Tenant Estoppel

Exhibit C - Form of Limited Warranty Deed

Exhibit D - Form of Bill of Sale

Exhibit E - Form of Assignment and Assumption of Lease

Exhibit F - Statement of Net Cash Flow

Exhibit G - Title Company Affidavits

Exhibit H - Form of Guarantor Estoppel

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT 10.63

AGREEMENT OF PURCHASE AND SALE

BETWEEN THE WELLS FUND XI - FUND XII - REIT JOINT VENTURE

AND

HOGAN TRIAD FT. MYERS I, LTD.

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE is made as of this 20th day of August, 1999 between HOGAN TRIAD FT. MYERS I, LTD., a Florida limited partnership, having an address of c/o Mr. James E. Bobbitt, MAI, The Hogan Group, 101 E. Kennedy Boulevard, Suite 4000, Tampa, Florida 33602, (Telecopy Number (813) 222-0505) ("Seller") and WELLS CAPITAL, INC., a Georgia corporation, having an address at 3885 Holcomb Bridge Road, Atlanta, Georgia 30092, or its permitted assigns hereunder (Telecopy Number (770) 840-7224) ("Purchaser").

R E C I T A L S:

A. Seller is the owner of the Premises (as hereinafter defined) located at 12600 Gateway Boulevard, Lee County, Ft. Myers, Florida.

B. Purchaser is desirous of purchasing from Seller the Premises and Seller is desirous of selling same to Purchaser upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency are hereby acknowledged by Purchaser and Seller, the parties hereto, each intending to be legally bound, do hereby covenant and agree as follows:

1. Recitals. All of the recitals set forth above are true and accurate and are incorporated herein by reference.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, as used herein and in the Exhibits annexed hereto, the following terms shall have the following meanings, unless otherwise defined herein:

Agreement. This Agreement of Purchase and Sale and any written amendments or modifications hereof duly executed by all of the parties hereto.

Business Day. Any day of the year in which commercial banks are not required or authorized to close in Atlanta, Georgia.

Effective Date. The date on which Seller and Purchaser have executed this Agreement, as evidenced by the day and year first above written.

Inspection Materials. Existing Leases, soils, engineering, structural

and other reports relating to the current condition of the Premises, environmental audits and the results of any other studies, tests, investigations and inspections as well as any surveys, operating reports, title insurance policies, "Contracts" (as hereinafter defined) and other materials in the possession of Seller respecting the Premises, including, without limitation, those materials listed on Exhibit B attached hereto and made a part hereof, such materials having been delivered by Seller to Purchaser on or prior to the Effective Date.

Lease. That certain Lease Agreement by and between Seller, as landlord, and Tenant, as tenant, having an effective date of July 30, 1997.

Personal Property. As such term is defined in Section 3 hereof.

Premises. As such term is defined in Section 3 hereof.

Purchaser's Representatives. Collectively, Purchaser's employees, agents, directors, members, officers, affiliates, partners, brokers or other representatives, including, without limitation, contractors, engineers, appraisers, attorneys, accountants, consultants, financial advisors, investors and lenders.

Seller. As such term has been defined at the outset hereof

Seller's Representatives. Collectively, Seller's employees, agent, directors, members, officers, affiliates, partners, brokers or other representatives, including, without limitation, contractors, engineers, appraisers, attorneys, accountants, consultants, financial advisors, investors and lenders.

Surviving Obligations. Collectively: (i) any indemnities and any other obligations under this Agreement on the part of Purchaser or Seller which are specifically stated to survive the termination of this Agreement, and (ii) those costs, expenses, and payments specifically stated herein to be the responsibility of Purchaser or Seller, respectively, it being the intention of the parties that the parties shall nonetheless be and remain liable for their respective obligations under (i) and (ii) notwithstanding the termination of this Agreement for any reason.

Tenant. Gartner Group, Inc.

3. Sale and Purchase of Property. Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, at the price and upon the terms, provisions and conditions set forth in this Agreement, that certain tract or parcel of land located in Lee County, Ft. Myers, Florida, as more particularly described in Exhibit "A" attached hereto and made a part hereof (the "Land"), together with (i) all buildings and other improvements situated on the Land (collectively, the "Improvements"), (ii) all oil, gas and mineral rights of Seller, if any, in and to the Land, (iii) all right, title and interest of Seller in and to all easements, rights of way, reservations, privileges,

appurtenances, and other estates pertaining to the Land or the Improvements, (iv) all right, title and interest of Seller, if any, in and to the fixtures, machinery, equipment. supplies and other articles of personal property attached or appurtenant to the Land or the Improvements, (collectively, the "Personal Property"), (v) all right, title and interest of Seller, if any, in and to all intangible assets relating to the Improvements, including, without limitation, any warranties or guaranties relating to the Improvements and the trade name(s) of the Improvements, (vi) all right, title and interest of Seller, if any, in and to all strips and gores, all alleys adjoining the Land to the center line thereof, and all right, title and interest of Seller, if any, in and to any award made or to be made in lieu thereof and in and to any unpaid award for any taking by condemnation or any damages to the Land or the Improvements by reason of a change of grade of any street, road or avenue, and (vii) all right, title and interest of Seller in and to the Lease (the Land, the Improvements and all of the foregoing items listed in clauses (i)-(vii) above being hereinafter sometimes collectively referred to as the "Premises"). Anything contained in this Paragraph 3 to the contrary notwithstanding and provided that Purchaser enters into a separate Development Agreement with The Hogan Group on or before the end of the Inspection Period, wherein The Hogan Group shall construct the building pursuant to terms and conditions satisfactory to Purchaser and The Hogan Group. Seller is also selling or conveying to Purchaser, and Purchaser is also purchasing or receiving from Seller, Seller's right, title and interest in and to (A) that certain Short Form Option Agreement dated July 31, 1997 and recorded in O.R. Book 2851, Page 3789 of the Public Records of Lee County, Florida ("Option on Option Property 1"); (B) that certain Short Form Option Agreement dated July 31, 1997 and recorded in O.R. Book 2851, Page 3795 of the Public Records of Lee County, Florida ("Option on Option Property 2"); and (C) the real property identified in the Option on Option Property 1, and the Option on Option Property 2.

4. Purchase Price and Method of Payment of Purchase Price.

(a) Subject to adjustment in accordance with the terms and conditions of Section 6 hereof, the purchase price for the Premises is EIGHT MILLION THREE HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($8,320,000.00) ("Purchase Price").

The Purchase Price shall be paid as follows:

(i) Deposit: On or before the close of business on August 25, 1999, Purchaser shall deliver to Chicago Title Insurance Company ("Escrow Agent"), in immediately available funds, the sum of FIVE HUNDRED THOUSAND AND NO/ 100 DOLLARS ($500,000.00) (the "Deposit.")

(ii) At the option of Purchaser, at "Closing" (as hereinafter defined) the Deposit shall be either (a) refunded by Escrow Agent to Purchaser, or (b) credited to the Purchase Price. If credited to the Purchase Price, the balance of the Purchase Price, after giving credit to Purchaser for the Deposit and any interest earned thereon, and after calculating the adjustments and prorations to be made in accordance with Section 6 hereof, shall be paid by Purchaser at Closing by wire transfer of immediately available funds.

The Deposit shall be held by Escrow Agent and deposited in an interest-

bearing money market account under Purchaser's Federal Tax I.D. No. 58-2368836 for the benefit of the party entitled to the Deposit. Any interest earned on the Deposit shall be for the benefit of Purchaser.

5. Inspection.

(a) During the term of this Agreement, Purchaser and Purchaser's Representatives shall, subject to the rights of parties in possession, have full access during reasonable business hours to examine and inspect the Premises. Purchaser and/or Purchaser's Representatives may make surveys, perform soil tests, environmental audits, engineering tests, and other investigations and tests as Purchaser in its reasonable discretion deems advisable (collectively, the "Inspection") and Seller grants to Purchaser and Purchaser's Representatives a non-exclusive license for such Inspection, subject to the terms and conditions set forth herein. Seller and its agents, employees or designated representatives shall have the right to accompany Purchaser and Purchaser's Representatives during any inspections, testing or other activity performed at the Premises in accordance with the terms and conditions of this Section 5. Purchaser and/or Purchaser's Representatives shall have the right to interview, communicate with or otherwise contact the Tenant prior to Closing; provided, however, Seller and/or Seller's Representatives shall have the opportunity to accompany Purchaser or Purchaser's Representatives in each such instance. Seller's unavailability to accompany Purchaser or Purchaser's Representatives in such tenant contact shall not hinder or delay Purchaser's due diligence activities hereunder. Anything contained to the contrary in this Paragraph 5(a) notwithstanding, Purchaser shall not perform any destructive or intrusive testing of the Premises without first obtaining the prior consent of Seller, which consent shall not be unreasonably withheld, conditioned, or delayed.

(b) The Inspection and all other due diligence activities shall be conducted by Purchaser at Purchaser's sole cost and expense.

(c) Purchaser agrees to maintain or cause to be maintained, at Purchaser's expense, (i) a policy of comprehensive general public liability insurance, with a broad form contractual liability endorsement covering all indemnification obligations of Purchaser under Section 5(d) hereof, with a combined single limit of not less than $1,000,000 per occurrence for bodily injury and property damage, insuring Purchaser and Purchaser's Representatives who perform actual work on the Premises on Purchaser's behalf against any injuries or damages to persons or property that may result from or are related to Purchaser's and/or Purchaser's Representatives entry upon the Premises.

(d) Purchaser shall indemnify Seller and hold Seller harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements actually incurred) for property damage or loss or injury to persons or property, suffered or incurred by Seller

and arising out of or in connection with Purchaser's and/or Purchaser's Representatives' entry upon the Premises in the exercise of its rights under this Section 5, except Purchaser shall not indemnify Seller to the extent any such loss, damage, liability, cost or expense was caused by (i) the negligence or willful misconduct of Seller, (ii) a pre-existing condition at the Premises, or (iii) the discovery of, or the non-negligent accidental or inadvertent release of, any "Hazardous Materials" (as hereinafter defined) resulting from Purchaser's inspection (unless the Hazardous Materials are brought onto the Premises by Purchaser or Purchaser's Representatives).

(e) If prior to 5:00 p.m., E.D.T., on September 22, 1999 (the

"Termination Date"; the period commencing on the Effective Date and
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expiring at 5:00 p.m., E.D.T., on the Termination Date being herein
referred to as the "Inspection Period"), Purchaser determines to terminate
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under the terms of this Agreement, Purchaser shall notify Seller and Escrow Agent in writing in accordance with the provisions of Section 33 herein on or before the Termination Date of its decision to terminate under the terms of this Agreement (the "Notice of Termination"). If Seller and Escrow Agent
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have not received the Notice of Termination from Purchaser prior to the Termination Date, Purchaser shall be deemed to have agreed to continue this Agreement under the terms of this Section 5. Upon receipt of the Notice of Termination, Escrow Agent shall refund the Deposit and any interest earned thereon to Purchaser, less One Hundred and No/100 Dollars ($100.00), which shall be paid to Seller as consideration for entering into this Agreement and granting to Purchaser the Inspection Period, at which time this Agreement shall be deemed to be terminated and all parties hereto shall be relieved of further liability hereunder to the other parties, except for the Surviving Obligations. If Seller and Escrow Agent receive the Notice of Continuation prior to the Termination Date, the Deposit shall be non-refundable to Purchaser except as provided in Sections 7(e), 9, 12 and 13 hereof.

(f) In addition, at or prior to 5:00 p.m., E.D.T., on the Termination Date, Purchaser shall notify Seller as to which of the Contracts, if any, set forth on Exhibit F hereof, Purchaser elects to assume.

(g) The provisions of Section 5(d) and the Surviving Obligations shall survive the Closing or the sooner termination of this Agreement.

(h) Seller acknowledges that Purchaser may be required by the Securities and Exchange Commission to file audited financial statements for one to three years with regard to the Property. At no cost or liability to Seller, Seller shall (i) cooperate with Purchaser, its counsel, accountants, agents and representatives, provide them with access to Seller's books and records with respect to the ownership, management, maintenance, and operation of the Property for the applicable period, and permit them to copy the same, (ii) execute a form of "rep" letter in form and substance reasonably satisfactory to Seller, and (iii) furnish Purchaser with such additional information concerning the same as Purchaser shall reasonably request. Purchaser will pay the costs associated with such audit.

6. Adjustments to Purchase Price, Prorations and Apportionments.

(a) Except as otherwise set forth below, the following shall be prorated and apportioned between Seller and Purchaser as of midnight of the day preceding the Closing Date:

(i) real estate taxes for the year of Closing, but if the Closing occurs before the then current year's tax is fixed, then taxes will be prorated based upon the prior year's tax; any tax prorations based on the prior year's taxes, at the request of either Seller or Purchaser, shall be subsequently readjusted upon the receipt of the actual tax bills for the year in which Closing takes place for the Premises;

(ii) base rents, prepaid rents and "Additional Rents" (as hereinafter defined) and other amounts payable by the Tenant, if, as and when received;

(iii) charges and payments under transferable Contracts or

permitted renewals or replacements thereof Purchaser has elected to assume;

(iv) utilities, including, without limitation, water, sewer, telephone, electricity and gas, on the basis of current meter readings;

(v) personal property taxes, if any, with respect to the Personal Property being transferred and assigned to Purchaser hereunder, on the basis of the fiscal year for which assessed; and

(vi) Seller's share, if any, of all revenues from the operation of the Premises other than base rents and Additional Rents (including, without limitation, parking charges, telephone booth and vending machine revenues), if, as and when received.

(b) If on the Closing Date the Tenant is in arrears in the payment of percentage rent or rent or Additional Rent (hereinafter defined) or has not paid the rent payable by it for the month in which the Closing occurs (whether or not it is in arrears for such month on the Closing Date), any rents received by Purchaser or Seller from such Tenant after the Closing shall be applied to amounts due and payable by such Tenant during the following periods in the following order of priority: (A) first, to each post Closing month for which such Tenant is in arrears as of the date of receipt of such rent, and if rents or any portion thereof received by Seller or Purchaser after the Closing are due and payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys' fees and costs and expenses actually expended in connection with the collection thereof, shall be promptly paid to the other party, (B) second, to the month in which the Closing occurred, prorated accordingly between Seller and Purchaser, and (C) third, to each pre-Closing month for which such Tenant is in arrears as of the Closing Date. If the Tenant is required to pay escalation charges for real estate taxes, parking charges, operating expenses and maintenance escalation rents or charges, cost of living increases or other charges of a similar nature

(collectively, "Additional Rents"), Seller shall pay to Purchaser at closing the amount of Additional Rents collected by the Landlord beginning on January 1, 1999 through the date of Closing (together with any delinquent Additional Rents) which have not previously been applied by the Landlord to satisfy the actual charges for which the Additional Rents are designed to compensate. Upon any year-end reconciliation of Additional Rents actually paid by the Tenant for the year during which the Closing occurs and Additional Rents actually owed, Seller and Purchaser hereby agree to make any post-Closing adjustment which may be required on account of such year-end reconciliation. Notwithstanding the foregoing or anything to the contrary contained herein, Seller shall have no right to demand payment of and to collect rent and Additional Rent arrearages owed to Seller by the Tenant following the Closing Date. The provisions of this Section 6 shall survive the Closing.

(c)

(i) Seller shall pay, or will have paid, all special assessments and liens for public improvements or similar liens which are, as of the Closing Date, certified liens and Purchaser shall assume payment of all special assessments and liens or " public improvements or similar liens which are, as of the Closing Date, pending lien; unless such special assessments are payable in installments in which case Seller shall be responsible for all installments accruing prior to the Closing Date and Purchaser shall be responsible for all of the installments accruing on or after the Closing Date.

(ii) On or before the Closing, Seller shall pay in full all leasing commissions due to leasing or other agents for the current remaining term of each Existing Lease, including renewal terms and expansions of the Existing Leases which are exercised after the Effective Date and prior to the Closing Date.

(d) At Closing, Seller shall pay to Purchaser the aggregate amount of all security deposits paid by the Tenant under the Lease and Purchaser shall thereafter assume all of Seller's obligations with respect to the security deposits so credited, including the obligation to refund such security deposits to the Tenant in accordance with the terms of the Lease.

(e) Deposits with telephone and other utility companies, and any other persons or entities who supply goods or services in connection with the Premises if same are assigned to Purchaser at Closing, will be credited in their entirety to Seller.

7. Closing.

(a) Closing Date and Place. The closing hereunder (the "Closing") shall be held at the offices of Hill, Ward & Henderson, P.A., Tampa, Florida not later than 2:00 p.m., E.D.T., on the date occurring five (5) business days after the end of the Inspection Period ("Closing Date").

(b) Seller's Documents. At or prior to the Closing, Seller shall execute, acknowledge and/or deliver, as applicable, the following items to Purchaser (collectively, the "Seller's Documents"):

(i) a special or limited warranty deed (the "Deed") in the form of Exhibit C attached hereto and made a part hereof in recordable form which shall be effective to vest in Purchaser insurable and marketable fee simple title to the Premises, subject only to the "Permitted Encumbrances" (as hereinafter defined);

(ii) the Assignment and Assumption of Lease and Security Deposit in the form of Exhibit D attached hereto and made a part hereof (the "Lease Assignment"), assigning all of Seller's right, title and interest in and to the Lease and the security deposits thereunder;

(iii) Assignment and Assumption of Contracts and Licenses in the form of Exhibit E attached hereto and made a part hereof (the "Contracts Assignment"), assigning to the extent assignable or transferable, all of Seller's right, title and interest, if any, in and to (x) all of the licenses, permits, certificates, approvals, authorizations and variances issued for or with respect to the Premises by any governmental or quasi-governmental authority (collectively, the "Licenses"), and (y) all purchase orders, equipment leases, advertising agreements, franchise agreements, license agreements and service contracts relating to the operation of the Premises and set forth on Exhibit F attached hereto and made a part hereof which Purchaser shall request prior to the end of the Inspection Period that Seller assign to Purchaser at Closing (collectively the "Contracts");

(iv) a Bill of Sale in the form of Exhibit G attached hereto and made a part hereof ("Bill of Sale") conveying, transferring and selling to Purchaser all right, title and interest of Seller in and to the Personal Property;

(v) notice to the Tenant in the form of Exhibit H attached hereto and made a part hereof advising the Tenant of the sale of the Premises to Purchaser and directing that rents and other payments thereafter be sent to Purchaser or as Purchaser may direct;

(vi) executed counterpart of the Lease and any amendments, guarantees and other documents relating thereto, together with a certificate of Seller certifying that the delivered Lease is a true, correct and complete copy of the Lease;

(vii) a rent roll (the "Rent Roll") regarding the tenancy of the Tenant, certified by Seller to be true, correct and complete in all material respects as of the Closing Date;

(viii) to the extent not already located at the Premises, keys to all entrance doors to, and equipment and utility rooms located in, the Premises;

(ix) executed counterparts of all Contracts and all warranties in connection therewith which are in effect on the Closing Date and which are being assigned by Seller to Purchaser under the terms of the Assignment;

(x) to the extent in Seller's possession and not already located at the Premises, originals and/or copies of all Licenses;

(xi) a "FIRPTA" affidavit attesting to facts pertaining to Seller's name, address, tax identification number and non-foreign status as required by Section 1445 of the Internal Revenue Code and regulations;

(xii) an affidavit in the form of Exhibit I attached hereto and made a part hereof (the "Affidavit") stating that there have been no improvements to the Premises for the ninety (90) day period immediately preceding the Closing Date (other than work done by or on behalf of the Purchaser) or, if there have been any such improvements (other than work done by or on behalf of the Purchaser), that all lienors in connection with said improvements have been or will be paid in full when due; that there are no persons or entities in possession of all or any portion of the Premises except Seller and the Tenant pursuant to the Lease; and that there are no unrecorded easements or agreements known to Seller affecting title to or relating to the Premises, except as otherwise set forth in the affidavit;

(xiii) a certificate, in form and substance satisfactory to counsel for Purchaser, to the effect that the representations and warranties of Seller in this Agreement are true and correct on and as of the Closing Date;

(xiv) a closing statement (the "Closing Statement") reflecting all credits, prorations, apportionments and adjustments contemplated

hereunder;

(xv) tenant estoppel letter in the form of Exhibit J attached hereto and made a part hereof (the "Tenant Estoppel") from the Tenant in accordance with the terms of Section 7(e) herein;

(xvi) any documents reasonably required to be obtained by Chicago Title Insurance Company (the "Title Company"), in its capacity as the issuer of the "Title Commitment" (as hereinafter defined), in connection with the Closing, including, without limitation, Schedule B, Section I requirements of the Title Commitment, that are within the purview of Seller's responsibilities hereunder, or otherwise to comply with any state or federal law;

(xvii) evidence in form and substance reasonably satisfactory to Purchaser that Seller has the power and authority to execute and enter into this Agreement and

to consummate the purchase and sale of the Premises, and that any and all actions required to authorize and approve the execution of and entry into this Agreement by Seller, the performance by Seller of all of Seller's duties and obligations under this Agreement, and the execution and delivery by Seller of all documents and other items to be executed and delivered to Purchaser at Closing have been accomplished; and

(xviii) all other documents Seller is required to deliver pursuant to the provisions of this Agreement or to consummate the transactions contemplated hereunder.

(c) Purchaser's Documents. At or prior to Closing, Purchaser shall execute, acknowledge and/or deliver, as applicable, the following items to Seller (collectively, the "Purchaser's Documents"):

(i) the Purchase Price in accordance with Section 4 hereof,

(ii) the Closing Statement;

(iii) the Lease Assignment;

(iv) the Contracts Assignment; and

(v) all other documents Purchaser is required to deliver pursuant to the provisions of this Agreement or to consummate the transactions contemplated hereunder.

(d) Closing Expenses. At Closing, Seller shall pay all documentary stamp, transfer and recordation taxes required to be paid as to the Deed, all costs regarding the satisfaction and discharge of any liens or encumbrances required to be discharged to deliver marketable title to Purchaser, the brokerage commissions due Broker in accordance with Section 26 herein, the premium for issuance of the "Title Policy" (as hereinafter defined) and Seller's attorneys' fees. Purchaser shall pay the cost of the "Survey" (as hereinafter defined, all costs of the Inspection and other due diligence activities of Purchaser, and Purchaser's attorneys' fees. Seller and Purchaser shall share equally any escrow fees related to this Agreement and the cost to record the Deed.

(e) Conditions Precedent to Closing. Purchaser's obligation to close

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hereunder is subject to the satisfaction of the following conditions:

(i) the representations and warranties of Seller contained herein shall be true and correct in all material respects as of the Closing Date;

(ii) Seller shall have performed all of the obligations and covenants undertaken by Seller in this Agreement to be performed by Seller at or prior to Closing;

(iii) Seller shall have delivered to Purchaser the Seller's Documents;

(iv) no change shall have occurred, without Purchaser's written consent, in the state of title matters disclosed in the Title Commitment and the Survey, and no material and adverse change shall have occurred in any of the other matters pursuant to Section 5 hereof-,

(v) the Improvements (including, but not limited to, the mechanical systems, plumbing, electrical, wiring, appliances, fixture, heating, air conditioning and ventilating equipment, elevators, boilers, equipment, roofs, structural members and furnaces) shall be at Closing in substantially the same condition as at the expiration of the Inspection Period, except for normal wear and tear and such damage from casualty or condemnation that is accepted under Section 13 hereof,

(vi) there shall not be pending at Closing with any governmental body or agency an application, ordinance or similar matter that would effect a material adverse change in the zoning of the Premises; and

(vii) Seller shall have provided Purchaser with the Tenant Estoppel from the Tenant, such Tenant Estoppel to be dated no earlier than fifteen (15) days prior to Closing and delivered to Purchaser no later than five (5) business days prior to Closing; provided that if Seller shall be unsuccessful in obtaining the Tenant Estoppel as set forth above, or if the Tenant Estoppel contains or discloses information which is materially different (and less favorable to the landlord) from the applicable information set forth in the form of the Tenant Estoppel attached hereto and made a part hereof as Exhibit J, then, Purchaser's sole option shall be to either (a) waive the delivery of the Tenant Estoppel and proceed with the Closing, without any abatement or other adjustment in the Purchase Price, or (b) terminate this Agreement in which event the Deposit and all interest accrued thereon shall be returned by Escrow Agent to Purchaser and each of the parties hereto shall be relieved of all further obligations hereunder, except for the Surviving Obligations-.

(viii) The Premises, including all tenant improvements required under the lease with Tenant, shall not have any material defects and shall be unconditionally certified for occupancy by all governmental authorities, and

8. Operation of the Premises Prior to the Closing Date. Between the
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Effective Date and the Closing Date, Seller shall have the right to continue to operate and maintain the Premises in the usual and ordinary course of business consistent with past practices. In connection therewith:

(a) Seller shall not modify, extend or renew the Lease or enter into any new lease without Purchaser's prior consent in each instance, and Seller shall not consent to or permit any assignment of the Lease by Tenant or any subletting by Tenant.

(b) Seller may not cancel, terminate, Modify, renew or permit the expiration or termination of any existing Contract or enter into any new Contract unless Seller obtains Purchaser's prior consent in each instance.

(c) Seller shall keep in full force and effect all of the existing insurance policies respecting the Premises or policies providing similar coverage to the existing insurance policies.

(d) Seller will cause the Premises to be maintained and operated in accordance with all governmental requirements and will keep the improvements and the equipment forming a part of the Premises in operating condition, causing all necessary repairs to be promptly made. Seller will not cause or permit any addition, alteration or removal of any improvements, fixtures or equipment forming a part of the Premises.

(e) Seller will perform and discharge each and every obligation or undertaking of Seller under the Lease and the Contracts.

9. Condition of Title.

(a) Seller will obtain, at Seller's expense, and provide to Purchaser a copy of a title insurance commitment issued by Chicago Title Insurance Company (the "Title Commitment") agreeing to issue to Purchaser, upon recording of the Deed, a standard ALTA owner's title insurance policy (ALTA Form B-1992) with coverage over any mechanic's, materialman's and subcontractor's liens and with the following endorsements: survey and contiguity (the "Title Policy") in an amount equal to the Purchase Price, subject only to taxes for the year of Closing and subsequent years, and the "Permitted Encumbrances" (as hereinafter defined). The cost of the Title Policy shall be borne in accordance with the terms of Section 7(d) hereof

(b) If the Title Commitment or any update thereto shall disclose the existence of any liens, encumbrances or other defects or exceptions (collectively, the "New Title Matters"), then Purchaser shall give Seller written notice (i) as to matters disclosed in the Title Commitment, by the end of the Inspection Period, and (ii) as to matters disclosed in any such update to the Title Commitment, within five (5) days after Purchaser's receipt of such update (each, a "Purchaser's Title Notice"), specifying any New Title Matters which Purchaser finds objectionable ("Objections"), if any, Purchaser hereby waives any right Purchaser may have to raise as an objection to title or as a ground for Purchaser's refusal to close this transaction, any New Title Matters which Purchaser does not list as an Objection in a timely delivered Purchaser's Title Notice, such New Title Matters thereafter being deemed to be "Permitted Encumbrances." Seller shall notify Purchaser within three (3) calendar days of receipt of Purchaser's Title Notice as to whether Seller intends to remedy any

or all of Purchaser's Objections, in which event Seller shall have up to the Closing Date to cure such Objections. If Seller has not notified Purchaser within such three (3) calendar day period of its intent or if Seller elects not to cure all of the Objections, Purchaser shall have the right: (1) to terminate this Agreement by giving written notice thereof to Seller and receive the return of the Deposit, neither party hereto

thereafter having any further rights or obligations hereunder, except for the Surviving Obligations; or (ii) to waive the Objections and consummate the purchase of the Premises, without any abatement or reduction of the Purchase. Price, subject to the Objections; or (iii) if any Objection is based upon a deed to secure debt, deed of trust, mortgage, judgment, lien or other liquidated monetary claim, to satisfy the Objection after deducting from the Purchase Price the cost of satisfying the Objection; or (iv) if any Objection is of the type described in clause (iii) above, and cannot be satisfied out of the proceeds due Seller at Closing pursuant to clause (iii) above, or is an Objection that arises after the Effective Date by reason of the action of Seller, to exercise such rights and remedies as may be provided for in Section 12 hereof in the event of a breach or default by Seller.

(c) Seller has provided to Purchaser a current survey of the Premises (the "Survey") as part of the Inspection Materials. The cost of any update
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or revisions to the Survey shall be borne by Purchaser. Purchaser shall notify Seller, in the Purchaser's Title Notice, as to matters disclosed on the Survey which Purchaser finds objectionable, and such objections shall be deemed Objections and dealt with as such in accordance with the provisions of Section 9(b) hereof.

10. Representations, Warranties and Covenants.

Seller represents, warrants to, and covenants with Purchaser as follows (and for purposes of this Paragraph 10, "Seller's knowledge" shall be limited to the actual knowledge of Bill Knight or Jim Bobbitt or Michael Hogan):

(a) Seller is a duly formed and validly existing limited partnership organized under the laws of the State of Florida, and is qualified to conduct business therein on the Effective Date and on the Closing Date;

(b) Seller has the full legal right, power and authority to execute and deliver this Agreement and all of Seller's Documents, to consummate the transactions contemplated hereby, and to perform its obligations hereunder and under all of Seller's Documents;

(c) This Agreement and Seller's Documents do not and will not contravene any provision of the limited partnership agreement of Seller, any judgment, order, decree, writ or injunction issued against Seller, or any provision of any laws applicable to Seller. The consummation of the transactions contemplated hereby will not result in a breach or constitute a default or event of default by Seller under any agreement to which Seller or any of its assets are subject or bound and will not result in a violation of any laws applicable to Seller;

(d) To Seller's knowledge, (1) Seller has not received any written notices of (a) any claims against the Premises, (b) any violation of any laws, ordinances or other governmental regulations applicable to the Premises, or (c) any pending or threatened condemnation proceedings respecting any portion of the Premises; (2) to the extent that any improvements have been made to the Premises or any work performed with respect to the Premises, all lienors in connection with said improvements or work have been or will be paid in full when due; (3) Seller has provided or made available to Purchaser all Inspection Materials within the possession of Seller-, and (4) Seller has not falsified any of the Inspection Materials provided to or made available to Purchaser;,

(e) There are no leases, tenancies or other rights of occupancy or use for any portion of the Premises other than the Lease;

(f) The copy of the Lease delivered by Seller to Purchaser as part of the Inspection Materials is complete and an accurate copy thereof, and

there are no amendments or modifications thereto not disclosed in writing by Seller to Purchaser; to the best knowledge of Seller, the Lease is in full force and effect, and there are no written or oral promises, understandings or commitments between Seller and the Tenant under the Lease other than as set forth in the copy of the Lease delivered by Seller to Purchaser as part of the Inspection Materials;

(g) The list of Contracts attached hereto and made a part hereof as Exhibit F is a true and correct list of all Contracts;

(h) The list of Personal Property attached hereto and made a part hereof as Exhibit L is a true and correct list of all Personal Property
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attached or appurtenant to the Land and Improvements;

(i) To the best of Seller's knowledge: the Premises, and all portions thereof, are in good working order and condition, and there are no structural, mechanical or other physical defects in the Premises, or any portion thereof-, the Premises are not constructed, occupied, used or operated in violation of any zoning, building, health, environmental or other laws, codes, ordinances, regulations, orders or requirements of any city, county, state or other governmental authority having jurisdiction thereof, or any private restrictive covenants affecting the Premises; and all certificates, licenses, permits, authorizations, consents and approvals required by any such governmental authority for the continued use, occupancy and operation of the Premises have been obtained, or paid for, and are free of restrictions;

(j) To the best knowledge of Seller, all utilities (including, without limitation, water, storm and sanitary sewer, electricity, gas and telephone) are available on the Premises through private easements or properly dedicated public easements in capacities sufficient to serve and operate the Premises;

(k) Seller shall promptly notify Purchaser in writing if the Premises or any portion thereof hereafter becomes subject to any condemnation action or if Seller learns that a condemnation action is threatened or contemplated;

(l) To the best knowledge of Seller, Seller has received no written notice of any pending improvement liens or assessments affecting the Premises from any governmental authority having jurisdiction over the Premises;

(m) Seller has not received any notice of termination or default under the Lease, and to the best of Seller's knowledge, there is no existing or uncured default, or any claim of default by either Seller or the Tenant under the Lease; Tenant under the Lease has not asserted to Seller and, to the best of Seller's knowledge, does not have any defenses, setoffs or counterclaims with respect to its tenancy or its obligations to pay base rent, Additional Rent and other charges pursuant to the Lease;

(n) As of the Effective Date, the Tenant under the Lease (a) is not entitled to receive any rent concession in connection with its tenancy, (b) is not entitled to any special work (not yet performed) or consideration (not yet given) in connection with its tenancy, and (c) does not have any deed, option or other evidence of any right or interest in or to the Premises except for the Tenant's tenancy evidenced by the Lease;

(o) To the best knowledge of Seller, Seller has not generated, disposed of, released or found any "Hazardous Materials" (as hereinafter defined) on the Premises, and Seller has no knowledge of the existence of any areas for the generation, storage or disposal of any Hazardous Materials on the Premises; Seller has received no written notice that any municipality or any governmental or quasi-governmental authority has

determined that there are any violations of environmental statutes, ordinances or regulations affecting the Premises, and Seller has no knowledge of any such violations; in the event Seller receives notice of any such Hazardous Materials on the Premises or any such violation affecting the Premises prior to the Closing, Seller agrees to promptly notify Purchaser thereof;, and

(p) To the best of Seller's knowledge, there are no storage tanks located on the Premises, either above or below ground; and Seller has no knowledge that the Premises have been previously used as a landfill or as a dump for garbage or refuse by Seller or any other party. The term "Hazardous Materials" shall mean (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq., as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.,as amended from time to time, and regulations promulgated thereunder (including petroleum-based products as described therein); (c) other petroleum and petroleum-based products; (d) asbestos in any quantity or form which would be subjected to regulation under any applicable environmental statutes, ordinances or regulations affecting the Premises; (e) polychlorinated biphenyls; (f) any substance, the presence of which on the Premises is prohibited by any environmental statute,

ordinance or regulation affecting the Premises; and (g) any other substance which, by any environmental statute, ordinance or regulation affecting the Premises, requires special handling in its collection, storage, treatment or disposal.

(q) 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.

(r) Seller will use commercially reasonable efforts to have the authors of environmental reports and appraisals to issue reliance letters in favor of Purchaser.

Although the foregoing warranties and representations of Seller are made for the sole benefit of Purchaser, they may be waived by Purchaser, in whole or in part, by written waiver delivered to Seller. The representations and warranties of Seller set forth in this Agreement shall be true, accurate and correct in all respects upon the execution of this Agreement, shall be deemed to be repeated on and as of the Closing Date (except as they relate only to an earlier date) and shall survive the Closing for a period of one (1) year from the Closing Date.

11. Remedies Upon Default of Purchaser.

If Purchaser fails to perform any of its obligations under this Agreement, or is in default hereunder, and such default continues for five (5) days after notice of such failure from Seller is given to Purchaser, Seller may terminate this Agreement by notice to Purchaser. If Seller elects to terminate this Agreement after default, then this Agreement shall be terminated and Escrow Agent shall pay to Seller the Deposit as full and agreed upon liquidated damages, consideration for the execution of this Agreement and in full settlement of all claims whereupon the parties hereto shall be relieved of all obligations hereunder, except for the Surviving Obligations, it being agreed that the actual damages suffered by Seller shall be impossible to ascertain and the payment of the Deposit and all interest earned thereon (plus the Surviving Obligations) shall be the sole liability of Purchaser by reason of any default

hereunder. Except as set forth in the immediately preceding sentence, Seller hereby expressly waives, relinquishes and releases any other right or remedy available to it at law, in equity or otherwise by reason of Purchaser's default hereunder or Purchaser's failure or refusal to perform its obligations hereunder.

12 Remedies on Default of Seller.

If Seller fails to close the transaction contemplated by this Agreement for any reason other than Purchaser's default, and such failure continues for five (5) days after notice of such failure from Purchaser is given to Seller, the Deposit, and any interest earned thereon, shall be paid to Purchaser by Escrow Agent immediately upon request by Purchaser, and Purchaser may elect to either (i) terminate this Agreement, whereupon each of the parties shall be relieved of all further liability to the other hereunder, except for the Surviving Obligations, (11) sue Seller for specific performance of this Agreement, or (iii) sue Seller to collect actual monetary damages in an amount not to exceed $100,000.00.

13 Risk of Loss; Eminent Domain.

(a) If, prior to the Closing, all or any material portion of the Premises are damaged by fire, vandalism, acts of God or other casualty or cause, Seller shall promptly give Purchaser written notice of any such damage, together with Seller's estimate of the cost and period of repair and restoration. In any such event, Purchaser shall have the option of (i) taking the Premises at the Closing as-is together with the insurance proceeds or the right to receive the same and a credit against the Purchase Price for any deductible, or (ii) terminating this Agreement by delivering notice of its decision to Seller on or before the Closing. If pursuant to this Section 13(a), Purchaser elects to take the Premises as-is, together with the insurance proceeds or the right to receive the same, Seller agrees to permit Purchaser to participate in any loss adjustment negotiations, legal actions and agreements with the insurance company, and to assign to Purchaser at the Closing its rights to such insurance proceeds and will not settle any insurance claims or legal actions relating thereto without Purchaser's prior written consent.

(b) If, prior to Closing, all or any material portion of the Premises is taken by eminent domain (or is the subject of a pending or contemplated taking which has not been consummated), Seller shall notify Purchaser of such fact and Purchaser shall have the option to terminate this Agreement upon written notice to Seller given on or before the Closing. If this Agreement is so terminated, the provisions of Section 13(c) shall apply. If Purchaser does not elect to so terminate this Agreement, Purchaser shall proceed to Closing as provided in this Agreement without abatement of or adjustment to the Purchase Price and, at Closing, Seller shall assign and turn over all compensation and damages awarded or the right to receive same with respect to such taking, condemnation or eminent domain.

(c) If this Agreement is terminated pursuant to this Section 13, the Deposit and all interest earned thereon shall be delivered by Escrow Agent to Purchaser, and the parties hereto shall be released from all further obligations and liabilities hereunder, except for the Surviving Obligations.

(d) For purposes of this Paragraph 13, a "material portion of the Premises" shall mean five percent (5%) or more of the rentable square feet of the Premises, or a portion which allows the Tenant under the Lease to terminate the Lease.

14 Attorneys' Fees.

In the event either party hereto shall default in the performance of any of the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all costs, charges and expenses of enforcement, including reasonable attorneys' and paralegal fees actually incurred, which reasonable fees shall include attorneys' and paralegal fees actually incurred in any trial or appellate proceedings.

15 Binding Effect.

This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

16 Governing Law.

This Agreement shall be governed by and construed under and in accordance with the laws of the State of Florida.

17 Time of Essence.

Time shall be deemed of the essence with respect to consummating the transactions contemplated under this Agreement on the Closing Date and with respect to all other obligations of Purchaser and Seller hereunder.

18 Counterparts.

This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which shall constitute one and the same Agreement.

19 Waiver.

Except as otherwise provided herein, the failure of Seller or Purchaser to insist upon or enforce any of their respective rights hereunder shall not constitute a waiver thereof.

20 Construction.

Each party hereto acknowledges that all parties hereto have participated equally in the drafting of this Agreement and that accordingly, no court construing this Agreement shall construe it more stringently against one party than the other.

21 Insertion of Corrections or Modifications.

Typewritten or handwritten provisions inserted in this Agreement or in the exhibits hereto (and initialed by the parties) shall control all printed provisions in conflict therewith.

22 Captions.

The captions used herein have been included for convenience of reference only and shall not be deemed to vary the content of this Agreement or limit the provisions or scope of any section or paragraph hereof.

23 Pronouns.

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or entity may require.

24 Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but in the event that any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

25 Broker.

Purchaser and Seller represent and warrant to each other that Mr. James Bobbitt and The Hogan Group and First Fidelity Investments Corporation (hereinafter collectively referred to as "Broker") are the sole brokers with whom either has dealt in connection with the Premises and the transactions described herein. Seller shall be liable for all brokerage commissions or other compensation due to Broker arising out of the transaction contemplated in this Agreement, which compensation shall be paid pursuant to a separate agreement between Seller and Broker. Each party hereto agrees to indemnify, defend and hold the other harmless from and against any and all claims, causes of action, losses, costs, expenses, damages or liabilities, including reasonable attorneys' fees and disbursements actually incurred, which the other may sustain, incur or be exposed to, by reason of any claim or claims by any broker, finder or other person, except Broker, for fees, commissions or other compensation arising out of the transactions contemplated in this Agreement if such claim or claims are based in whole or in part on dealings, discussions or agreements with the indemnifying party; provided, however, that Purchaser shall not indemnify Seller against any claims of Broker. The obligations and representations contained in this Section 25 shall survive the termination of this Agreement and the Closing.

26 Assignment.

This Agreement may be assigned by Purchaser without the prior written consent of Seller and any such assignment shall relieve Purchaser of liability for the performance of Purchaser's duties and obligations under this Agreement to the extent of such assignment.

27 Merger.

All prior statements, understandings, letters of intent, representations and agreements between the parties, oral or written, are superseded by and merged in this Agreement, which alone fully and completely expresses the agreement between Seller and Purchaser in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Agreement.

28 Exhibits.

All of the Exhibits annexed hereto are incorporated herein by reference and form a part of this Agreement.

29 Use of the Word "Herein".

Use of the words "herein," "hereof," "hereunder" and any other words of similar import refer to this Agreement as a whole and not to any particular article, section or other paragraph of this Agreement unless specifically noted otherwise in this Agreement.

30 Date of Performance.

If the date of the performance of any term, provision or condition of this Agreement shall happen to fall on a Saturday, Sunday or other non-Business Day, the date for the performance of such term, provision or condition shall be extended to the next succeeding Business Day immediately thereafter occurring.

31 Third Parties.

This Agreement shall not be deemed to confer in favor of any third parties any rights whatsoever as third-party beneficiaries, the parties hereto intending by the provisions hereof to confer no such benefits or status.

32 Property Information and Confidentiality.

(a) Purchaser and Seller, for the benefit of each other, hereby agree that between the Effective Date and the Closing Date they will not release or cause or permit to be released any press notices, publicity (oral or written) or advertising promotion relating to, or otherwise announce or disclose or cause or permit to be announced or disclosed, in any manner whatsoever, the terms, conditions or substance of this Agreement or the transactions contemplated herein, without first obtaining the written consent of the other party hereto. It is understood that the foregoing shall not preclude either party from discussing the substance or any relevant details of the transactions contemplated in this Agreement with any of its attorneys, accountants, professional consultants or potential lenders, as the case may be, or prevent either party hereto from complying with any laws applicable to such party, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements.

(b) Purchaser and Seller shall indemnify and hold the other and Seller's Affiliates and Purchaser's Representatives harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements actually incurred) suffered or incurred by the indemnified party and arising out of or in connection with a breach by Purchaser or Purchaser's Representatives or Seller or Seller's Affiliates, as the case may be, of the provisions of this Section 32. The indemnification obligations contained in this Section 32(b) shall survive the Closing or the earlier termination of this Agreement.

(c) Seller agrees to use its reasonable good faith efforts to have Broker sign the form of Confidentiality Agreement (the "Confidentiality Agreement") attached to and made a part hereof as Exhibit L.

33 Notices.

All notices, elections, consents, approvals, demands, objections, requests or other communications which Seller or Purchaser may be required or desire to give pursuant to, under or

by virtue of this Agreement (collectively, "Notices") must be in writing in the English language and sent by (a) first class U.S. certified mail, return receipt requested, with postage prepaid, or (b) telecopier (with receipt confirmed), or (c) express mail or courtier (next day delivery), addressed to the respective party at the address for each first set forth above. Seller or Purchaser may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other in the manner provided in this Section 33. A notice or other communication shall be deemed to have been properly sent and given when delivered in compliance with the provisions of this Section. If sent by certified mail, a Notice shall be deemed received on the third (3') Business Day following the date it is deposited in the U.S. Mail. If sent by express mail, courier or personal delivery, a Notice shall be deemed received on the date it is received by the other party. If sent by telecopy, a Notice shall be deemed received when transmission is received by the addressee with electronic or telephonic confirmation, provided that such transmission is complete prior to 5:30 p.m., E.D.T., on a Business Day, and if after such time or on a non-Business Day, said Notice shall be effective as of the next Business Day.

34 No Modification.

No term or provision of this Agreement may be changed or waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

35 Rights of Escrow Agent.

If there is any dispute as to whether the Escrow Agent is obligated to deliver any monies and/or documents which it now or hereafter holds, including, without limitation, the Deposits (collectively, the "Escrowed Property" or as to whom any Escrowed Property are to be delivered, the Escrow Agent shall not be obligated to make any delivery, but, in such event, may hold same until receipt by the Escrow Agent of an authorization, in writing, signed by all of the parties having an interest in such dispute directing the disposition of same; or, in the absence of such authorization, the Escrow Agent may hold any Escrowed Property until the final determination of the rights of the parties in an appropriate proceeding. Within three (3) Business Days after receipt by the Escrow Agent of a copy of a final judgment or order of a court of competent jurisdiction, certified by the clerk of such court or other appropriate official, the Escrowed Property shall be delivered as set forth in such judgment or order. A judgment or order under this Agreement shall not be deemed to be final until the time within which to take an appeal therefrom has expired and no appeal has been taken, or until the entry of a judgment or order from which no appeal may be taken. If such written authorization is not given or proceeding for such determination is not begun and diligently continued, the Escrow Agent shall have the right to bring an appropriate action or proceeding for leave to deposit the Escrowed Property in court, pending such determination. In the event that the Escrow Agent places any Escrowed Property in the registry of the governing court in and for the County of Lee, Ft. Myers, Florida, and files an action of, interpleader, naming the parties hereto, the Escrow Agent shall be released and relieved from any and all further obligation and liability hereunder or in connection herewith. If, without gross negligence on the part of Escrow Agent, the Escrow Agent shall become a party to any controversy or litigation with respect to the Escrowed Property or any

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"Escrowed Property"

other matter respecting this Agreement, Seller and Purchaser shall jointly and severally hold Escrow Agent harmless from any damages or losses incurred by

Escrow Agent by reason of or in connection with such controversy or litigation. The provisions of this Section 35 shall survive the Closing or termination of this Agreement.

IN WITNESS WHEREOF, Seller and Purchaser have caused these presents to be executed and delivered under seal on the date first above written.

SELLER:

HOGAN TRIAD FT. MYERS I, LTD.,
a Florida limited partnership

By: Triad Properties Holdings-Florida, L.L.C, a Florida limited liability company, its general partner

By: /s/ William R. Stroud

Name: William R. Stroud

Title:

PURCHASER:

WELLS CAPITAL, INC.,
a Georgia corporation

By: /s/ Leo F. Wells, III

Name: Leo F. Wells, III

Title: President

ACCEPTANCE BY ESCROW AGENT

The undersigned hereby accepts the duties of Escrow Agent under that certain Agreement for Purchase and Sale between HOGAN TRIAD FT. MYERS I, LTD., as Seller, and WELLS REAL ESTATE FUNDS as Purchaser, dated Aug 20, 1999, relating to the property located in Lee County, Ft. Myers, Florida, as more particularly described in said Agreement, subject to and in accordance with all the terms and conditions thereof, and hereby agrees to notify Seller upon its receipt of Earnest Money from Purchaser in accordance with the terms of Section 4(a) of said Agreement.

Dated: Aug 24, 1999

CHICAGO TITLE INSURANCE COMPANY

By: /s/ James E. Short

Its Duly Authorized Representative

LIST OF EXHIBITS

Exhibit A Land Description
Exhibit B Inspection Materials
Exhibit C Special or Limited Warranty Deed
Exhibit D Assignment and Assumption of Leases and Security Deposits
Exhibit E Assignment and Assumption of Contracts and Licenses
Exhibit F Contracts
Exhibit G Bill of Sale
Exhibit H Notice Letter to Tenants
Exhibit I Owner's Affidavit
Exhibit J Tenant Estoppel Letter
Exhibit K Personal Property
Exhibit L Confidentiality Agreement

EXHIBIT B

Inspection Materials

Those items, which follow, have been or will be delivered to Purchaser by TMW Real Estate Group:

1. Accepted Letter of Intent,
2. A current title commitment and copies of all title exception documents contained therein,
3. Current Survey (three copies),
4. Schedule of Leases, amendments, assignments, subleases,
5. Complete executed copy of the Leases together with all exhibits, amendments and addendum,
6. Copies of each tenant's insurance certificates,
7. Schedule of outstanding leasing commissions,
8. Schedule of other income and rates charged for each service,
9. Copy of current year and next year operating budget,
10. Current and last year's operating statements,
11. Current and last twelve (12) month's tenant lease delinquency and receivable aging reports,
12. Current and last three (3) year's tax bills,
13. Copies of all service contracts,
14. Current Level 1 Environmental Report,
15. Two (2) complete sets of plans and specifications (civil, architectural, structural, mechanical and electrical),
16. Copies of geotechnical report and construction testing reports,
17. Schedule of capital inventory including chillers, boilers, roof, etc. (size, age and type),
18. Copies of all equipment, roof and other warranties still in effect,
19. Current ADA Survey,
20. Copies of all Certificates of Occupancy,
21. Inventory of all personal property,
22. Copy of all third party appraisals completed within past three (3) years,

EXHIBIT D

STATE OF FLORIDA
COUNTY OF LEE

ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS (the "Assignment") is made and entered into as of the __ day of _____, 1999, by and between HOGAN TRIAD FT. MYERS I, LTD., a limited partnership (the "Assignor"), and WELLS CAPITAL, INC., a Georgia corporation (the "Assignee").

W I T N E S S E T H:

WHEREAS, contemporaneously with the execution hereof, Assignor has conveyed to Assignee that certain tract or parcel of land lying in Lee County, Ft. Myers, Florida, more particularly described in Exhibit "A" attached hereto and by reference incorporated herein (the "Property"); and

WHEREAS, in order to induce Assignee to accept the Property, Assignee desires that Assignor transfer and assign to Assignee all of Assignor's right, title and interest in and to any and all leases encumbering the Property, including, without limitation, those certain lease agreements set forth in Exhibit "B" attached hereto and by reference incorporated herein (the "Leases"), any and all guaranties relating to the Leases and any and all security deposits held in connection with the Leases.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00) in hand paid to Assignor by Assignee, the Property and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by Assignor and Assignee, Assignor and Assignee hereby transfer, assign, covenant and agree as follows:

1. Assignor hereby unconditionally and absolutely assigns, transfers, sets over and conveys to Assignee, free and clear of all liens, claims and encumbrances, except as set forth in Exhibit "C" attached hereto and by reference incorporated herein, all of Assignor's right, title and interest 'in the Leases, and any and all other agreements affecting the Property and providing for the payment of money for the use of the Property or any part thereof, and any and all receivables of any kind and description with respect to the Property accruing on or subsequent to the date of this Assignment, including, without limitation, all rentals, security deposits, and reimbursements for operating costs and expenses which are hereafter due and payable under the Leases.

2. Assignor hereby represents and warrants to Assignee that (i) Assignor is the owner and holder of the Leases, (ii) Assignor has not transferred or assigned its interest in the Leases to any third party, and (iii) there has been no modification or amendment of the Leases which are not set forth on Exhibit "B" hereof.

3. Assignee, by its acceptance hereof, assumes Assignor's rights, duties and obligations under the Leases arising from and after the date hereof.

4. Assignor does hereby agree to defend, indemnify and hold Assignee harmless from and against any and all causes, claims, damages, losses, liabilities, costs, expenses and fees (including, but not limited to, reasonable attorneys' fees) incurred or suffered by Assignee as a result of Assignor's failure to perform, at any time prior to the date hereof during which Assignor owned the Premises, any and all of Assignor's obligations as landlord under the Leases (except for those obligations of Landlord set forth in Section 10.1(a) of the Lease for which Landlord has been reimbursed). Assignee does hereby agree to defend, indemnify and hold Assignor harmless from and against any and all causes, claims, damages, losses, liabilities, costs, expenses and fees (including, but not limited to, reasonable attorneys' fees) incurred or suffered by Assignor as a result of Assignee's failure to perform, at any time including and after the date hereof, any and all of Assignee's obligations as landlord under the Leases.

5. This Assignment shall be construed and enforced in accordance with the laws of the State of Florida.

6. This Assignment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall constitute one Assignment.

7. This Assignment shall inure to the benefit of and be binding upon Assignor and Assignee, their respective legal representatives, successors, successors- in-title, transfers and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be properly executed and delivered as of the day and year first above written.

ASSIGNOR

HOGAN TRIAD FT. MYERS I, LTD., a Florida limited partnership

By:_____
Name:_____
Title:_____

ASSIGNEE

WELLS CAPITAL, INC., a Georgia corporation

By:_____
Name:_____

Title:_____

[CORPORATE SEAL]

EXHIBIT E

STATE OF FLORIDA
COUNTY OF LEE

ASSIGNMENT AND ASSUMPTION OF LICENSES AND CONTRACTS

THIS ASSIGNMENT (the "Assignment") is made and entered into as of the _____ day of _____ 1999, by and between HOGAN TRIAD FT. MYERS I, LTD, a limited partnership, (hereinafter referred to as "Assignor"), and WELLS CAPITAL, INC., a Georgia corporation (hereinafter referred to as "Assignee").

WITNESSETH:

WHEREAS, contemporaneously with the execution and delivery hereof, Assignor has sold and conveyed to Assignee all that tract or parcel of land more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with all improvements thereon and all rights, easements and appurtenances thereto (hereinafter collectively referred to as the "Property'); and

WHEREAS, in connection with such conveyance of the Property, Assignor and Assignee have agreed that to the extent assignable or transferable, Assignor shall transfer and assign to Assignee all right, title and interest of Assignor in and to: (i) all licenses, permits, certificates, approvals, authorizations and variances issued for or with respect to the Property by any governmental or quasi-governmental authority (hereinafter collectively referred to as the "Licenses"); (ii) all purchase orders, equipment leases, advertising agreements, franchise agreements, license agreements and service contracts relating to the operation of the Property set forth on Exhibit B attached hereto and incorporated herein by reference (hereinafter referred to as the "Contracts");

(iii) any tradenames relating to the Property; (iv) all guaranties and warranties, express or implied, heretofore given with respect to the Property, any improvements located thereon, or any fixtures, equipment, personal property or supplies used in connection with the operation of the Property, or given with respect to the performance, quality of workmanship or quality of materials rendered or supplied in connection with the construction, installation or sale thereof, including specifically, without limitation, all such guaranties and warranties given or made with respect to the improvements located on the Property; (v) all as-built plans, specifications, working drawings and surveys of or relating to the Property; (vi) all utility accounts made or opened by Assignor in connection with utility services to the Property, to the extent the same are assignable, and excluding any utility escrow deposits made by Assignor; (vii) all telephone numbers and exchanges pertaining to the Property to the extent the same are assignable; and (viii) all termite inspection reports, bonds, warranties or guaranties, express or implied, heretofore given or made with respect to any or all of

the improvements located on the Property, certifying that said improvements are free from dry rot or from infestation or damage by termites.

WHEREAS, Assignor and Assignee have further agreed that Assignee shall expressly assume all of the obligations of Assignor accruing under the Licenses and Contracts from and after the date of this Assignment;

NOW THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, Assignor and Assignee hereby agree as follows:

1. Transfer and Assignment. Assignor hereby sells, transfers and assigns to Assignee, its successors and assigns, all right, title and interest of Assignor in, to and under the Licenses and Contracts.

2. Representations and Warranties. Assignor hereby represents and warrants to Assignee that (i) Assignor is the owner and holder of the Licenses and Contracts, and (ii) Assignor has not transferred or assigned its interest in the Licenses and Contracts to any third party.

3. Assumption of Obligations. Assignee hereby assumes and agrees to observe and perform all of the obligations and duties of Assignor under each of the Licenses and Contracts accruing from and after, or relating to periods from and after, but not before, the date of this Assignment.

4. Governing Law. This Assignment shall be construed and enforced in accordance with and governed by the laws of the State of Florida.

5. Binding Effect. This Assignment shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors and assigns.

6. Counterparts. This Assignment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, and all of which counterparts when taken together shall constitute one Assignment.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed and sealed the day and year first above written.

ASSIGNOR

HOGAN TRIAD FT. MYERS I, LTD.,
a Florida limited partnership

By:_____
Name:_____
Title:_____

ASSIGNEE

WELLS CAPITAL, INC., a Georgia corporation

By:_____
Name:_____
Title:_____

[CORPORATE SEAL]

EXHIBIT G

BILL OF SALE

STATE OF FLORIDA
COUNTY OF LEE

For and in consideration of Ten Dollars ($10.00) in hand paid by WELLS CAPITAL, INC., a Georgia corporation ("Purchaser") to HOGAN TRIAD FT. MYERS I, LTD., a Florida limited partnership ("Seller"), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby grant, bargain, sell, assign and release unto Purchaser any and all fixtures, furniture machinery, equipment, supplies and other articles of personal property, owned by Seller and attached to, located on, or appurtenant to certain property located in Lee County, Ft. Myers, Florida and being more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof ("Property") and used in conjunction with said Property or any improvements lying thereon ("Personal Property").

Seller hereby represents and warrants that it owns good, marketable and merchantable title in and to the Personal Property; that the Personal Property is subject to no mortgage, lien, conditional sales agreement, encumbrance or charge; and that there are no outstanding bills or creditors whatsoever in regard to the Personal Property.

TO HAVE AND TO HOLD the Personal Property unto said Purchaser, its legal representatives, successors, successors- in-title, and assigns, to Purchaser's only proper use, benefit and behoof, forever; and Seller does covenant and agree to and with Purchaser that Seller will warrant and forever defend title to the Personal Property against all lawful claims whatsoever.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed under seal as of the __ day of _____,1999.

EXHIBIT H

TO BE TYPED ON SELLER'S LETTERHEAD

c/o Wells Capital, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Certified Mail, Return Receipt Requested

[Tenant Name and Address]

Re: Transfer of Ownership of _____ (the "Property")

Dear Tenant:

Please be advised that as of the date hereof ownership of the Property has been transferred to WELLS CAPITAL, INC. Hereafter, all rental payments and other amounts, notices and requests regarding tenancy should be forwarded to:

[INSERT SELLER SIGNATURE BLOCK]

EXHIBIT I

OWNER'S AFFIDAVIT

STATE OF FLORIDA

COUNTY OF LEE

Personally appeared before me the undersigned deponent, who first being duly sworn according to law by the undersigned attesting officer, deposes and says on oath as follows:

THAT the deponent is _____, the _____ of Hogan Triad Ft. Myers I, Ltd., a Florida limited partnership (the "Company"), the sole owner of that certain parcel of land (the "Property") more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, and as such is familiar with the matters set forth herein and is authorized to make this affidavit on behalf of the Company; and

THAT the Company has the right to convey fee simple title to the Property, that there are no unpaid or unsatisfied security deeds, mortgages, claims of lien, special assessments for sewer, water main or street improvements, delinquent water or sanitary bills, or other special assessments of any nature or taxes which would constitute a lien against the property and that the Property, except for those matters listed on Exhibit "B", which is attached hereto and is incorporated herein by this reference, is free and clear of any encumbrances or any security deeds, mortgages, restrictions, easements, claims of easements, encroachments, ways or rights of use, whether existing of record or otherwise, that could in any way affect the title to the Property, or constitute a lien thereon, except for those matters listed on Exhibit "B", which is attached hereto and incorporated herein by this reference.

THAT there is no outstanding indebtedness for equipment, appliances or other fixtures attached to the Property.

THAT the lines and comers of the Property are clearly marked, and that there are no disputes concerning the location of the lines and comers; and

THAT there are no pending suits, proceedings, judgments, bankruptcies, liens or executions against the deponent, either in the county where the Property is located or in any other county in the State of Georgia or elsewhere which could affect title to the Property; and

THAT no improvements or repairs have been made on the Property by or at the instance of the Company during the ninety-five (95) days immediately preceding this date, and that there are no outstanding bills incurred by the Company for labor or materials used in making improvements or repairs on the Property, or for services of architects, surveyors, or engineers incurred in connection therewith; and

THAT the Company has been in open notorious, adverse and peaceful possession of the Property and that the undersigned deponent knows of no adverse claim to this title to the Property; and

THAT there are no persons or other parties in possession of the Property nor do any persons or parties have any right or claim to possession of the Property extending beyond the date of this Affidavit except for the rights of those tenants, as tenants only, under the leases set forth on Exhibit C attached hereto and incorporated herein by this reference.

THAT no broker's services have been engaged with regard to the management, sale, purchase, lease, option or other conveyance of any interest in the subject commercial real estate which have not been paid and no notice of any lien for any such services has been received;

THAT the Company is making this affidavit with the knowledge that it will be relied upon by WELLS CAPITAL, INC. in purchasing the Property and by _____ Title Insurance Company in insuring title to the Property.

(SEAL)

Sworn to and subscribed before me this __ day of 1999:

Notary Public

EXHIBIT J

Tenant Estoppel Certificate

[Insert Date] --

WELLS CAPITAL, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Attention: Mr. Michael C. Berndt

Re: The Gartner Building, Ft. Myers, Florida

Gentlemen:

The undersigned is the tenant under that certain lease dated _____ [list all amendments and modifications] (the "Lease") between the undersigned ("Tenant"), as tenant, and Hogan Triad Ft. Myers I, Ltd. ("Landlord"), as landlord, which Lease is for approximately _____ square feet of space on the floor(s) of the Property (the "Leased Premises").

The undersigned hereby certifies to WELLS CAPITAL, INC., its successors and assigns (individually and collectively, "WELLS"), with the understanding that WELLS will rely on the contents hereof, as follows (please complete the blanks

with specific and descriptive information; the failure of Tenant to complete a blank area means that there was nothing to insert in the blank area):

1. that Tenant is in full, actual, and complete possession of the Leased Premises; that all improvements and other "Landlord's Work" required under the Lease, if any, has been satisfactorily completed (including any repair or maintenance work requested by the undersigned in the last ninety (90) days, and the Landlord is not required to contribute or pay any money with respect to any improvements to the Leased Premises'.

2. that the Lease term commenced on February 1, 1998 and the Base Rent currently is equal to $53,566.50 per month, increasing to $65,886.83 per month on February 1, 2000 and increasing on each February 1 thereafter in accordance with the terms of the Lease, and Tenant is obligated to pay additional rent, operating expenses, taxes, insurance, utilities and repairs as provided in the Lease;

3. that the security deposit given to Landlord pursuant to the terms and conditions of the Lease is $_____

4. that no default by the Tenant presently exists under the Lease, and no event has occurred and no conditions exist which, with the passing of time or giving of notice or both, would constitute a default under the Lease by the Landlord (provided, however, with respect to Landlord, this information is given to the best knowledge and belief of Tenant) or Tenant thereunder and that, accordingly, the., Lease is in good standing and there are no offsets, counterclaims, or defenses with respect to any rent or other payments due under the Lease;

5. that the Lease term commenced; that the Lease commencement date was February 1, 1998, and, subject to any renewal or extension rights identified in paragraph 9 below, the Lease will terminate on January 31, 2008.

6. that, except as noted at the outset hereof, there are no amendments, addenda, modifications, or other agreements (whether oral or written) affecting the Lease;

7. that Tenant has not paid rent for more than the current month during which this letter is given;

8. that there are no assignments or subleases or other transfers entered into by Tenant with respect to the Leased Premises;

9. that Tenant has not been granted any right to renew or extend the term of the Lease or to expand the Leased Premises or any right of early termination or cancellation rights excepts as follows: Tenant has two options to renew the Lease for five (5) years as provided in Section 1.2

10. that, to the knowledge of Tenant, there are no rent, lease or similar concessions payable with respect to the Lease except as follows:

11. that Tenant has not engaged in the production, disposal, generation or storage of any hazardous waste or toxic materials on, in or about the Leased Premises in quantities in excess of, or in violation of, any law, rule or regulation governing the same, and Tenant has no knowledge of any production, disposal, generation or storage of any hazardous waste or toxic material on, in or about the Leased Premises;

12. that a true, correct, and complete copy of the Lease is attached hereto as Exhibit "A";
---

13. that Tenant waives the right of first refusal set forth in Section 2.14 of the Lease, and acknowledges and agrees that it shall be of no further force and effect.

14. that, the undersigned is duly authorized and fully qualified to execute

this instrument on behalf of the Tenant.

Very truly yours,

By: Name:

EXHIBIT K

Personal Property

EXHIBIT L

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT is made and Entered into this ____ day of _____, 1999 by _____ (hereinafter referred to as "Broker") for the benefit of _____ a ("Seller");

WITNESSETH:

WHEREAS, Seller and Broker have entered into that certain dated _____(the "Listing Agreement"), pursuant to which Seller has retained the services of Broker for the purpose of listing for sale certain improved real property owned by Seller and located at _____ (the "Property"); and

WHEREAS, on or about the date hereof, Seller, has entered into that certain Agreement of Purchase and Sale (the "Purchase Agreement") with CAPITAL, INC., as purchaser ("Purchaser"), pursuant to which Seller, has agreed to sell the Property to Purchaser upon the terms and conditions contained therein; and

WHEREAS, in order to facilitate the sale of the Property to Purchaser, upon the consummation of which event Broker will be entitled to a commission from Seller, Seller requires that Broker execute this Confidentiality Agreement.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (S 10.00), the commissions to be paid by Seller to Broker upon the consummation of the purchase of the Property by Purchaser, the above-stated recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Broker hereby agrees as follows:

I. Definitions. The following terms shall have the following meanings:

a. "Broker's Representatives" shall, with respect to each Broker, mean all agents, employees, contractors, officers, directors, members, shareholders, and attorneys of Broker.

b. "Confidential Information" shall mean the Inspection Materials, the subject-matter, terms and conditions of the Purchase Agreement, and all matters concerning or other-wise relating to the matters set forth in the Purchase Agreement.

c. "Inspection Materials" shall have the meaning ascribed to such term in the Purchase Agreement.

d. "Purchaser's Representatives" shall have the meaning ascribed to such

term in the Purchase Agreement.

e. "Seller's Representatives" shall have the meaning ascribed to such term in the Purchase Agreement.

2. Confidentiality Agreement. Broker hereby agrees not to disclose, disseminate, publish or otherwise communicate (or permit the disclosure, dissemination, publication, or communication of) the Confidential Information to any third party other than Broker, Seller, Purchaser, Broker's Representatives, Seller's Affiliates or Purchaser's Representatives. Broker hereby agrees to cause all Broker's Representatives to comply with this Paragraph 2 as well. Anything contained in this Paragraph 2 to the contrary notwithstanding, in the event Broker is approached by third parties interested in purchasing the Property, Broker and Broker's Representatives shall be permitted to state to such third parties only that the Property currently is under contract. In no event shall Broker or Broker's Representatives disclose the identity of Purchaser or any of the terms or conditions contained in the Purchase Agreement or any of the Confidential Information, other than as expressly permitted pursuant to this Paragraph 2.

3. Duration of Confidentiality Agreement. This Agreement shall terminate on the earlier to occur of the following: (1) the termination of the Purchase Agreement according to its terms or (ii) the closing of the transactions contemplated by the Purchase Agreement.

4. Indemnification. Broker shall defend, indemnify, and hold Seller and Seller's Affiliates harmless from and against any and all claims, damages, losses, liabilities, causes of actions, expenses, or costs (including, without limitation, reasonable attorneys' fees and costs actually incurred) sustained or incurred by Seller or Seller's Affiliates on account of or as a result of a breach by Broker of the terms of this Agreement.

5. Miscellaneous. This Agreement represents the entire agreement of the Broker and Seller with respect to the subject matter contained herein and supersedes any prior or contemporaneous agreements among such parties concerning the subject matter contained herein. This Agreement shall be governed, construed, enforced, and interpreted in accordance with the laws of the State of

IN WITNESS WHEREOF, Broker has caused this Agreement to be executed and delivered as of the day and year first above written.

BROKER:

LEASE AGREEMENT

BETWEEN

HOGAN TRIAD FT. MYERS I, LTD.

as Landlord

AND

GARTNER GROUP, INC.

as Tenant

Effective Date:
July 30, 1997

TABLE OF CONTENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease Agreement"), made as of the "Effective Date" (as defined in Section 22.28), by and between HOGAN TRIAD FT. MYERS I, LTD., a Florida limited partnership ("Landlord"), and GARTNER GROUP, INC., a Delaware corporation ("Tenant").

WITNESSETH:

Landlord, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of Tenant, its successors and assigns, to be paid, kept, observed and performed, has leased, rented, let and demised, and by these presents does lease, rent, let and demise unto Tenant, and Tenant does hereby take and hire, upon and subject to the conditions and limitations hereinafter expressed, all that parcel of land situated in the County of Lee and State of Florida, described in Exhibit "A" attached hereto and made a part hereof, together with any appurtenant easements described in said Exhibit "A" (the "Land"), together with all improvements located on and to be constructed thereon. Landlord's Improvements (as defined in Article 2) and all other improvements, machinery, equipment, fixtures and other property, real, personal or mixed (except Tenant's trade fixtures) installed or located thereon, together with all additions, alterations and replacements thereof are hereinafter referred to as the "Improvements." The Land, the Building (as hereinafter defined) and the improvements are hereinafter referred to as the "Demised Premises." The Demised Premises are subject to the easements, restrictions, reservations and other "permitted encumbrances" set forth in said Exhibit "D" (provided, however, that the terms of Section 11.2 shall govern and prevail over any conflicting or inconsistent references to "permitted encumbrances" contained in this Lease Agreement), true and complete copies of which Landlord has furnished to Tenant at or prior to the execution and delivery hereof. The structures located upon and being a part of the Demised Premises which are constructed for human occupancy or for storage of goods, merchandise, equipment, or other personal property are collectively called the "Building." The Demised Premises and Building are located in a certain development project called "Gateway Center" (the "Project"). The Demised Premises are demised herein together with the non-exclusive use of all facilities which serve the Demised Premises and with any and all and singular appurtenances, rights, privileges and easements in or any way pertaining thereto including, but not limited to, the right to use such parking facilities, elevators, stairways, corridors, entrance ways, restrooms, common parking areas and driveways, and other and similar or related facilities as may exist in and about the Building and on the Land. Without limiting Tenant's permitted uses of the Demised Premises as set forth in this Lease Agreement, Landlord and Tenant acknowledge that Tenant s intended primary use of the Demised Premises will be for office use ("Tenant's Intended Use"). Landlord represents and warrants to Tenant (a) that Landlord is the sole owner in fee simple of the Land and (b) that the Landlord has the full right and authority to lease the Demised Premises (hereinafter defined to Tenant) and to otherwise enter into this Lease on the terms and conditions set forth herein and (c) Landlord is not in default in any of its obligations to any existing mortgagee or ground lessor and Landlord is current in all its payments to said mortgagee(s) or ground lessor, and (d) the Demised Premises is located in a municipal zoning classification that permits Tenant to use the Demised Premises for general office use and related incidental uses.

1. TERM OF LEASE.

1.1. Initial Term of Lease.

(a) Commencement Date. This Lease Agreement shall be for an initial term of ten (10) years (the "Initial Term") commencing on the "Commencement Date" (as hereinafter defined). The term "Commencement Date" shall mean the earlier of the date of (i) Substantial Completion, as hereinafter defined in Section 1.1(c) below, and delivery of an SNDA, as hereinafter defined, pursuant to the terms and conditions set forth in this Lease or (ii) the occupancy of the Demised Premises and commencement of business operations by Tenant.

(b) Final Installation Work. Tenant intends to cause one or more independent entities to enter into contracts to perform the following installation work, which items of work are included in the "Construction Schedule" (as defined in Section 2.2(a)). The following work is collectively referred to as the "Final Installation Work"; the contractors who are engaged to perform the Final Installation Work are collectively referred to as "Final Installation Contractors"; and, the contracts pursuant to which the Final Installation Work will be performed are collectively referred to as the "Final Installation Contracts"; provided, however that the definitions of Final Installation Work, Final Installation Contractors, and Final Installation Contracts expressly exclude the work, improvements and equipment to be performed, constructed, provided and/or installed (as applicable) by Landlord pursuant to other provisions of this Lease Agreement.

(i) Installation of furniture and equipment, including "Work Stations" (as hereinafter defined), power poles and chairs;

(ii) Accessing (pulling) computer cable (wiring), preparation for, and final connection (hook-up) of computer equipment; and

(iii) Accessing (pulling) telecommunications cable (wiring), preparation for, and final connection (hook-up) of telecommunications equipment.

The parties acknowledge that the Final Installation Work must be completed with respect to a portion of the Demised Premises in order to accomplish Substantial Completion. Because the Final Installation Work will need to be coordinated with other work under the Construction Schedule (which other work will be supervised by Landlord's general contractor), Landlord and Tenant mutually desire to cause certain portions of the Final Installation Work (and certain portions of the scope of work within the related Final Installation Contracts) to be performed by Landlord's general contractor in the interests of coordination efficiency and critical path management. Tenant intends to independently procure and provide the primary equipment and materials to be installed pursuant to the Final Installation Contracts as described below in the definition of "Tenant's Final Installation Work" (i.e., the Final Installation Work that is intended to be transferred to Landlord's general contractor is intended to be solely "installation" supervision and not procurement management). Tenant shall be responsible for payment of the cost of performing the Final Installation Work in accordance with the payment terms contained in the Final Installation Contracts (accordingly, Rent shall not be increased by any portion of the cost of performing the Final Installation Work). Landlord and Tenant agree to cooperate with each other, in the exercise of commercially reasonable diligence, in attempting to cause the applicable portions of the Final Installation Contracts to be transferred to Landlord's general contractor and Landlord agrees to use its reasonable efforts to cause Landlord's general contractor to accept coordination responsibility for such items of Final Installation Work. The following provisions shall apply to those Final Installation Contracts (or certain items of work therein) that are ultimately transferred to Landlord's general contractor: (1) Landlord's general contractor shall accept and assume responsibility for such Final Installation Contracts; and (2) the work performed under such Final Installation Contracts shall be deemed included in the work performed

by Landlord for all purposes of this Lease Agreement, including, without limitation, Section 2.7 (Construction Guaranty), but excluding Tenant's obligation to pay for the cost of performing the Final Installation Contracts pursuant to the terms set forth herein.

As used in this Lease Agreement, the defined phrase "Tenant's Final Installation Work" shall mean: (i) those items within the scope of work described in the Final Installation Contracts that Tenant voluntarily elects to

retain and will not be transferred to Landlord's general contractor; and (ii) those items within the scope of work described in the Final Installation Contracts that, notwithstanding Landlord's reasonable efforts, Landlord's general contractor has not agreed to accept.

(c) Substantial Completion. The term "Substantial Completion" shall mean the last to occur of:

(i) Certificate of Occupancy -- the day that Tenant receives notice that a Certificate of Occupancy has been issued by Lee County, Florida with respect to the base Building and Tenant improvements in accordance with the "Final Plans and Specifications" (as hereinafter defined) (which notice must include a true and complete copy of such Certificate of Occupancy);

(ii) Certificate of Architect -- the day that Tenant receives an original, fully executed and sealed Certificate of Substantial Completion on AIA Form G704 (1994) and issued by Smallwood, Reynolds, Stewart & Stewart Architects, Inc. certifying to Tenant that the Landlord's Improvements, to the best of its knowledge and belief after review and inspection, have been completed in accordance with the applicable construction documents, with the only exception of so-called "punch list" items.

(d) Lease Year. For the purposes of this Lease Agreement, the term "Lease Year" shall be defined as follows. The first Lease Year shall begin on the Commencement Date. The first Lease Year will end twelve (12) months after the Commencement Date. Each subsequent Lease Year shall commence on the day immediately following the last day of the preceding Lease Year and shall continue for a period of twelve (12) full calendar months. Promptly after the Commencement Date the parties shall execute and deliver a written statement which verifies the actual Commencement Date.

1.2. Lease Renewal Options.

(a) Tenant shall have the right to renew this Lease Agreement for two (2) additional terms of five (5) years (each hereinafter referred to as a "Renewal Term"), provided that (i) Tenant gives Landlord written notice of its renewal of this Lease Agreement no later than one (1) year prior to the expiration of the Initial Term or Renewal Term, as the case may be, and (ii) Tenant is not then in material default under the terms of this Lease Agreement, beyond any applicable notice and cure periods, and this Lease Agreement is in full force and effect. References to the "Term" shall mean the term of this Lease Agreement, and shall include the Initial Term and, if applicable, the Renewal Term(s). The Base Rent to be paid during the first year of each Renewal Term shall be the lesser of (x) the then existing Base Rent, as escalated by two and one-half percent (2.5%), or (y) ninety-five percent (95%) of the market rent then being paid by other tenants occupying a similar amount of space at a comparable building and project in Lee County, Florida (the "Renewal Base Rent"). In the event Tenant provides Landlord with notice of its exercise of its option to renew, Tenant and Landlord shall negotiate in good faith to determine the market rent to be paid during the applicable renewal term, based upon the foregoing criteria. If the parties are unable to agree upon the market rent described in the preceding clause (y) within thirty (30) days after the

giving of Tenant's notice of intent to renew, then the parties shall submit the dispute to binding arbitration as provided in Section 22.27 below. The Base Rent shall escalate by two and one-half percent (2.5%) per annum, cumulative and compounded, during any renewal or extension period to the same extent as during the Initial Term and the Tenant shall remain obligated to also pay Additional Rent and Operating Expenses during any renewal or extension period to the same extent as obligated during the Initial Term.

2. CONSTRUCTION OF IMPROVEMENTS.

2.1. Landlord's Improvements. The Building shall consist of a two story building of approximately 62,400 "Rentable Square Feet" (as such term is defined in Section 3.1 below). The Building will be constructed by Landlord at its sole cost and expense and delivered to Tenant in "turnkey" condition. The Building and other Improvements to be constructed by Landlord shall be designed and constructed in accordance with the "Final Plans and Specifications" (as hereinafter defined) (collectively, the "Landlord's Improvements"). Landlord agrees to furnish at Landlord's sole cost and expense all of the material, labor, and equipment for the construction of the Landlord's Improvements. Landlord's Improvements shall be constructed in a good and workmanlike manner in accordance with the Final Plans and Specifications and Landlord agrees to complete the construction thereof in accordance with the applicable building code in effect at the time of issuance of the building permits and all other applicable Laws as they are presently interpreted and enforced by the governmental bodies having jurisdiction thereof

2.2. Current Plans; Review Period; Final Plans And Specifications.

(a) Current Plans. The Demised Premises shall include and incorporate all those certain design and program elements described in the following documents (collectively, the "Current Plans"):

(i) The floor plan of the Building prepared by Smallwood, Reynolds, Stewart & Stewart Architects, Inc. ("Smallwood") dated May 22, 1997;

(ii) The Schematic Plans and Specifications prepared by the Perry Company dated May 22, 1997 (the "Schematic Plans and Specifications");

(iii) The Construction Schedule prepared by the Perry Company dated June 24, 1997 (the "Construction Schedule").

(b) Review Period. The term "Review Period" shall mean a five (5) business day period after receipt by Tenant and Corporate Design Group, LLP (at the addresses set forth in Section 2.2 (e) below) (collectively, "Tenant's Review Team"), or Landlord as the case may be, during which such party shall review the submitted documents and provide comments or approve such documents pursuant to the terms set forth in this Section 2.2.

(c) Approved Final Plans and Specifications. Landlord, at its sole cost and expense, shall cause proposed Final Plans and Specifications for the Demised Premises to be prepared in accordance with the Current Plans and the building code and all other applicable laws referenced in Section 2.1 above. Upon completion of all proposed Final Plans and Specifications, Landlord shall submit the same (and all subsequent amendments thereto) to Tenant's Review Team for its approval. Tenant's Review Team shall have a Review Period to approve, reject or comment on, in writing, a submission of the proposed Final Plans and Specifications furnished by Landlord. Tenant's Review Team shall respond in writing within the

Review Period and if such response does not unconditionally approve Landlord's submission, Tenant's Review Team will include in its response a reasonable explanation of those comments that are not self-explanatory ("Tenant's Response"). Upon Landlord's receipt of Tenant's Response, Landlord and Tenant shall meet to agree on changes in the proposed Final Plans and Specifications

that are not inconsistent with the Current Plans within a Review Period commencing upon Landlord's receipt of Tenant's Response. If the proposed Final Plans and Specifications are not approved within this Review Period, the proposed Final Plans and Specifications of Landlord and the proposed Final Plans and Specifications of Tenant shall be immediately submitted to the "Independent Architect" in accordance with Section 2.2(f). Once the proposed Final Plans and Specifications have been approved by Tenant in accordance with this Section, the proposed Final Plans and Specifications shall be approved in writing by Landlord and Tenant and be deemed the "Approved Final Plans and Specifications" and shall be deemed incorporated into this Lease.

(e) Tenant's Review Team. In the event the time of (i) Tenant's review exceeds any Review Period, or (ii) a critical item, as shown on the Construction Schedule, is disapproved by Tenant and subsequently the Independent Architect finds for Landlord with respect to such critical item, then the "Completion Date" and "Outside Delivery Date" (as hereinafter defined) shall be extended for the same amount of days by which the actual review and approval time exceeded such Review Period (the total number of such extension days is referred to as the "Tenant Review Delay"). Any Final Plans and Specifications or documentation requiring approval of Tenant shall be delivered to the attention of Tenant, Attention: Mr. Brent Genovese, with a copy to Mr. Paul Parker, at the following addresses, by courier, Airborne Express, Federal Express or Certified Mail:

Brent Genovese	Paul Parker
56 Top Gallant Road	56 Top Gallant Road
P.O. Box 10212	P.O. Box 10212
Stamford, CT 06904-2212	Stamford. CT 06904-2212
Telephone: (203) 316-6525	Telephone: (203) 316-6475
Facsimile: (203) 316-6841	

The Review Period shall commence immediately upon receipt of the proposed Final Plans and Specifications or other documentation by Tenant's Review Team or any individual within their respective offices accepting delivery of same.

(f) Independent Architect. Disputes arising in connection with the approvals required under this Section 2.2 shall be referred to Hellmuth, Obata & Kassabaum (the "Independent Architect") for binding arbitration. These arbitration proceedings shall be conducted in Tampa, Florida and the parties acknowledge the Contractor shall be included as a party to the binding arbitration. With respect to any binding arbitration conducted under this Section, Independent Architect shall enter a final written decision within five (5) days of the receipt of the proposed Final Plans and Specifications and written comments of each party. Neither party can dismiss the Independent Architect appointed hereunder without the written consent of the other party. Should the Independent Architect be dismissed by mutual agreement of the parties or should the Independent Architect resign this appointment, a new independent third party architect will be selected by mutual agreement of the parties. The Independent Architect's reasonable fees and costs shall be shared equally between Landlord and Tenant.

2.3. Excused Delay. Landlord shall diligently proceed with the construction of the Landlord's Improvements and complete the same and deliver possession thereof to Tenant on or before February 1,

1998 (the "Completion Date"); provided, however if delay is caused or contributed to by act (including change orders) or neglect of Tenant, or those acting for or under Tenant, labor disputes, casualties, acts of God or the public enemy, governmental embargo restrictions, shortages of fuel, labor or

building materials, action or non-action of public utilities, or federal governments affecting the work, or action or non-action of Seller, as hereinafter defined, (and not caused by Landlord), or other entities exercising control over the Property via restrictive covenants or other causes beyond Landlord's reasonable control then the time of completion of said construction shall be extended for the additional time caused by such delay. The delays resulting from the events described in this Section 2.3 are each hereinafter referred to as an "Excused Delay" and the events are each hereinafter referred to as "Force Majeure Events."

2.4. Possession of Demised Premises. If the Landlord's Improvements are not Substantially Completed on or prior to the Completion Date but are partially ready for occupancy, Tenant may, but need not, occupy the portion of same that is ready for occupancy, and in the event of such occupancy Tenant shall pay to Landlord the pro rata portion of the full Base Rent and the pro rata portion of the full amount of other obligations to be paid by Tenant hereunder equitably based upon the area of the Building occupied by Tenant. Base Rent and the payment of other obligations to be paid by Tenant shall commence upon the Commencement Date; provided, however that in the event the Landlord's Improvements are partially completed and partially ready for occupancy, and are occupied by Tenant, a pro rata portion of the Base Rent and the pro rata portion of all other obligations to be paid by Tenant shall be payable commencing with such date of partial occupancy, and shall be equitably adjusted from time to time based upon the area of the portion of Landlord's Improvements actually occupied by Tenant. Prior to such partial occupancy, Tenant and/or Tenant's contractors shall have been able to install its machinery, equipment, fixtures and other personal property within the portion of the Demised Premises to be occupied by Tenant. In performing such pre-occupancy work, Tenant shall not thereby interfere with the completion of construction or occasion any labor dispute as a result of such installations and Tenant hereby agrees to assume all risk of loss or damage to such machinery, equipment, fixtures and other personal property, and to indemnify, defend and hold harmless Landlord from any loss or damage to such machinery, equipment, fixtures and personal property, and all liability, loss or damage arising from any injury to the property of Landlord, or its contractors, subcontractors or materialmen, and any death or personal injury to any person or persons to the extent caused by Tenant or its contractors in connection with such installations, except for liability, loss or damage to the extent caused by Landlord's negligence or willful misconduct (or of Landlord's agents, contractors or employees).

2.5. Landlord's Failure to Timely Deliver. Landlord shall deliver the completed Landlord's Improvements no later than the Completion Date; provided, however that the Completion Date may be extended, due to an Excused Delay without Landlord being thereby responsible to pay liquidated damages to Tenant. Subject to Excused Delay, in the event Substantial Completion takes place on or after the Completion Date, Landlord shall pay to Tenant as liquidated damages (and not as a penalty) an amount equal to two times the per diem Base Rent for each day beyond the Completion Date that the Landlord's Improvements have not achieved Substantial Completion. Such payment shall be in the form of cash or as an offset against Rent due by Tenant, at the option of Landlord.

2.6. Outside Delivery Date. In the event Landlord fails or is unable to achieve Substantial Completion of the Landlord's Improvements on or prior to April 15, 1998, provided, however, that such date may be extended "day for day" by an Excused Delay (the "Outside Delivery Date"); then Tenant may, in its sole and absolute discretion, cancel and terminate this Lease Agreement by providing written notice thereof to Landlord within thirty (30) days following the Outside Delivery Date (but prior to Substantial Completion), whereupon this Lease Agreement shall terminate effective as of the date set forth in Tenant's

notice, or Tenant's right to terminate under this Section 2.6 is waived (but Tenant's other rights under this Lease or at law or in equity are not waived in such event and are hereby expressly reserved). Landlord shall use commercially reasonable efforts and proceed with commercially reasonable diligence to complete the construction of the Building and Demised Premises by February 1, 1998.

2.7. Construction Guaranty. Landlord guarantees the Landlord's Improvements (excluding those items installed or materials purchased by Tenant in connection with Final Installation Work and Tenant Final Installation Work) against defective workmanship and/or materials for a period of one (1) year from the date of "Substantial Completion" (as defined in Section 1.1 above) of Landlord's Improvements and Landlord agrees, at its sole cost and expense, to repair or replace any defective item occasioned by poor workmanship and/or materials during said one-year period. Any such cost will not be considered part of Operating Expenses, as hereinafter defined, during this one (1) year period. Thereafter, all such costs, to the extent not covered by applicable warranties, shall be considered Operating Expenses.

2.8. Tenant's Acceptance of Demised Premises. Within a period of ninety (90) days after the Commencement Date, Tenant shall notify Landlord, in writing, of all portions of the Landlord's Improvements which are incomplete and Landlord shall forthwith complete such items; however, such obligation shall not include or apply to any aspects of the Landlord's Improvements which consist of latent defects or other aspects which would not be apparent upon a visual inspection of the Landlord's Improvements.

2.9. Tenant Improvements. Included in the Landlord's Improvements shall be certain interior improvements for Tenant ("Tenant Improvements"), which Landlord will provide, to the extent of $14.42 per square foot based on a 62,400 square foot building (the "Tenant Improvement Allowance"). If the cost of the Tenant Improvements exceeds the Tenant Improvement Allowance, Tenant shall pay any difference between the Tenant Improvement Allowance and the actual costs of the Tenant Improvements as approved in the Current Plans within ten (10) days of receipt of an invoice, together with verifying documentation, from Landlord. In the event the actual cost of the Tenant Improvements of the Demised Premises is less than $14.42 per square foot (the "Tenant Improvement Savings"), Landlord, at its option, shall either (i) pay the amount of the Tenant Improvement Savings to Tenant in the form of cash, (ii) pay the amount of the Tenant Improvement Savings to Tenant by setoff against the next Rent Payment or payments due, or (iii) reduce the Base Rent by an amount calculated according to the following formula: Tenant Improvements Savings x 9% / Rentable Square Feet of the Building = reduction in Base Rent.

2.10. Government Concessions. Landlord and Tenant agree to use their best commercially reasonable efforts to seek concessions from all agencies having jurisdiction over the construction or operation of the Building in the form of reduced impact fees, taxes or other government related costs. In the event actual cost savings are generated as a result of such efforts, Landlord, at its option, shall either (i) pay the amount of the actual cost savings to Tenant in the form of cash, (ii) pay the amount of the actual cost savings to Tenant by setoff against the next Rent Payment or payments due, or (iii) reduce the Base Rent by an amount calculated according to the following formula: Dollar amount of concessions x 9% / Rentable Square Feet of Building = reduction in Base Rent.

2.11. Option Property 1. At any time before February 15, 2002, Tenant shall have the right to notify Landlord in writing of its desire to expand into a separate, free-standing facility containing between 30,000 rentable square feet and 32,000 rentable square feet (the "Small Option Building") to be

constructed by Landlord on the property described in Exhibit B attached hereto (the "Exhibit B Property"), with occupancy provided to Tenant within nine (9) months from the date Landlord and Tenant enter into a

mutually agreeable lease for the Small Option Building (the "Small Option Building Lease"). Landlord and Tenant shall enter into the Small Option Building Lease within thirty (30) days of such written notification and the full execution of the Small Option Building Lease by and between Landlord and Tenant shall be a condition precedent to Landlord exercising its option under its Option Agreement with Seller, as hereinafter defined, to purchase the Exhibit B Property. In addition to other mutually agreeable terms, the Small Option Building Lease shall provide that (i) the term of the Small Option Building Lease shall be for a minimum of ten (10) years, (ii) the Initial Term shall be extended through the expiration of the Small Option Building Lease, and (iii) the Rent for the Small Option Building shall be mutually determined by Landlord and Tenant within thirty (30) days of receipt of Tenant's notification to Landlord of its desire to expand into the Small Option Building. Tenant's exercise of its rights under this Section 2.11 terminates all of Tenant's rights under Section 2.12. Landlord and Tenant agree that Landlord's failure to perform its obligations under this Section 2.11 shall not constitute a breach of its obligations under this Lease, that this Section 2.11 is a separate and independent obligation of Landlord and that Tenant shall have the right to bring a separate and independent action for damages against Landlord under this Section 2.11 subject to the terms and conditions of Sections 22.20, 22.21 and 22.26, which are incorporated into this Section 2.11 by this reference.

2.12. Option Property 2. At any time before February 15, 2002, Tenant shall have the right to notify Landlord in writing of its desire to expand into a separate, freestanding facility containing between 60,000 rentable square feet and 75,000 rentable square feet (the "Large Option Building"), to be constructed by Landlord on the Exhibit B Property and the property described in Exhibit C attached hereto (the "Exhibit C Property") with occupancy provided to Tenant within nine (9) months from the date Landlord and Tenant enter into a mutually agreeable lease for the Large Option Building (the "Large Option Building Lease"). Landlord and Tenant shall enter into the Large Option Building Lease within thirty (30) days of such written notification and the full execution of the Large Option Building Lease by and between Landlord and Tenant shall be a condition precedent to Landlord exercising its option under its Option Agreement with Seller, as hereinafter defined, to purchase the Exhibit B Property and the Exhibit C Property. In addition to other mutually agreeable terms, the Large Option Building Lease shall provide that (i) the term of the Large Option Building Lease shall be for a minimum of 10 years, (ii) the Initial Term shall be extended through the expiration of the Large Option Building Lease, and (iii) the Rent for the Large Option Building shall be mutually determined by Landlord and Tenant within thirty (30) days of receipt of Tenant's notification of its desire to expand into the Large Option Building. Tenant's exercise of its rights under this Section 2.12 terminates all of Tenant's rights under Section 2.11. Landlord and Tenant agree that Landlord's failure to perform its obligations under this Section 2.12 shall not constitute a breach of its obligations under this Lease, that this Section 2.12 is a separate and independent obligation of Landlord and that Tenant shall have the right to bring a separate and independent action for damages against Landlord under this Section 2.12 subject to the terms and conditions of Sections 22.20, 22.21, and 22.26, which are incorporated into this Section 2.12 by this reference.

2.13. Proposed Plat. Landlord and Tenant acknowledge that the Land needs to be platted prior to the Commencement Date and Landlord and Tenant hereby approve that certain preliminary plat prepared by Thomas J. Garris, P.L.S. #3741, Reference Number 9345PCS for filing and recording with the applicable authorities in Lee County, Florida.

2.14. Right of First Offer. For the period commencing on the Commencement

Date and ending on the date that Hogan Triad Ft. Myers I, Ltd ("Triad") sells the Demised Premises, Tenant shall have the continuing right of first offer with respect to Demised Premises as set forth in this Section. In the event Triad desires to sell, exchange or otherwise dispose of the Demised

Premises (or a portion thereof), then Triad shall transmit a true and complete copy of the offer that Triad is willing to accept ("Offer") to Tenant, along with its other information regarding the Offer which is in the possession of or available to Triad on a reasonable basis in order to allow Tenant to evaluate the Offer. Tenant may elect to accept the Offer by providing notice of such election to Triad within 15 days after Tenant's receipt of the Offer related information as aforesaid. If Tenant fails to provide notice of such election on or before the expiration of such 15 day period, then Tenant will be deemed to have rejected the Offer and Triad may sell the Demised Premises to any purchaser for a price equal to or greater than 90% of the Offer. If Tenant timely elects to accept such offer, then the parties hereto shall proceed to consummate the transactions set forth in the Offer pursuant to the terms and provisions thereof; provided, however, that closing shall occur no later than the outside closing date set forth in the Offer, but in no event shall Tenant be required to consummate closing prior to the date that is 90 days after receipt of the Offer and related information. If Tenant elects (or is deemed to have elected) to reject the Offer, Triad shall be entitled to market the Demised Premises for Sale (or exchange) to any other potential purchasers; provided, however, in the event that Triad receives an Offer that Triad is prepared to accept which offer is more than 10% lower than the Purchase Price contained in the Offer that Tenant did not accept, Triad shall present such modified Offer to Tenant whereupon Tenant shall have the same rights to accept or reject the modified Offer as described above with respect to the Offer.

3. RENT.

3.1. Rent. In consideration of the leasing of the Demised Premises and the construction of the Landlord's Improvements referred to in Article 2 hereof, Tenant covenants to pay Landlord, without previous demand therefor and without any right of setoff or deduction whatsoever (except as otherwise expressly provided hereinafter), at the address of Landlord set forth hereinbelow, or at such other place as Landlord may from time to time designate in writing, a rental for the initial Term of this Lease as follows:

(a) Rent Components. Tenant shall pay rent in an amount equal to $12.87 per "Rentable Square Foot" (as such term is hereinafter defined) based on a 62,400 square foot Building, subject to adjustment pursuant to this Lease Agreement ("Rent"), the components of which are (i) $12.06 per rentable Square Foot for base rent, which amount is based on Current Plans and is subject to adjustment pursuant to this Lease Agreement ("Base Rent"), and (ii) $.81, which represents the estimated total of the Operating Expenses as defined in Section 6.2 (collectively the "Estimated First Year Operating Expenses"). If the actual Rentable Square Feet as determined by Section 3.1(g) is greater than or less than 62,400 square feet, the rent per square foot will be adjusted so that the gross rent is equal to the product of $12.87 per square foot times 62,400 square feet. Rent shall be payable in equal monthly installments, in advance, together with any Federal, State, local or other jurisdictional sales or use taxes.

(b) Rent Schedule. Tenant shall pay Rent in accordance with the following schedule:

(i) Year 1: During the first Lease Year, Tenant's Base Rent shall be based on 41,600 Rentable Square Feet. Operating Expenses shall be based on the total square feet within the

Building ("the Total Building Space").

(ii) Year 2: During the second Lease Year, Tenant's Base Rent, increased as set forth in Section 3.1(c) herein, shall be based on 52,000 Rentable Square Feet. Operating expenses, as adjusted pursuant to Section 3.1(d) herein, shall be based on the Total Building Space.

(iii) Year 3 and Subsequent Years: During the third Lease Year and all subsequent years, Tenant's Base Rent and Operating Expenses, as adjusted by Sections 3.1(c) and 3.1(d) herein, shall be based on the Total Building Space.

(c) Base Rent Increase. Beginning on the first day of the second Lease Year, and continuing annually thereafter, Base Rent per square foot (or the Renewal Base Rent, if applicable) shall be increased by an amount equal to two and one-half percent (2.5%) per year, cumulative and compounded.

(d) Base Year Operating Expenses. Landlord and Tenant acknowledge that the Estimated First Year Operating Expenses reflect only an estimate of Operating Expenses based on Landlord's experience in developing, owning and managing similar buildings. Therefore, at the end of the First Lease Year, Landlord shall calculate actual Operating Expenses for the First Lease Year and those expenses, subject to the adjustments set forth below, collectively shall be deemed the "Base Year Operating Expenses".

(e) Operating Expense Adjustments. The parties each acknowledge that the Rent specified in sub Section (a) of this Section 3 does not provide for increases in Operating Expenses (as hereinafter defined) which may hereafter affect the Building; accordingly, during the Term of this Lease, and any extension(s) thereof, beginning with the first day of the Second Lease Year, Tenant shall pay to Landlord in the form of Additional Rent (plus any applicable tax), estimated increased Operating Expenses (including real estate taxes) over the Base Year Operating Expenses (the "Estimated Increase").

To implement and effect the foregoing obligation of Tenant to pay the Estimated Increase, Tenant shall pay Landlord on or before the first day of each calendar month one-twelfth (1/12) of the amount of the Estimated Increase for the then current Lease Year. There shall be an annual reconciliation between what Tenant paid and what Tenant should have paid within ninety (90) days following the end of each Lease Year. Any amount paid by Tenant which exceeds the correct amount due shall be credited to the next succeeding payment of Rent due under this Section 3.1. If Tenant has paid less than the correct amount due, Tenant shall pay the balance within ten (10) days of receipt of written notice from Landlord. Tenant's obligation to pay the adjustments described in this Section 3.1(e) shall survive the expiration or earlier termination of this Lease. Tenant shall have thirty (30) days immediately following the submission to it by Landlord of each applicable adjustment calculation to objection to such particular calculation. Should Tenant fail duly and timely to object to such particular calculation, which object, to be effective, must be in writing and must state the specifics of such particular objection, then the parties understand and agree, Landlord's calculation shall be conclusively deemed to be correct.

Landlord, simultaneously with its submission to Tenant of each applicable year-end adjustment calculation, shall submit to Tenant a reasonably detailed statement of Operating Expenses to include, where reasonably appropriate, backup data. Tenant shall have the right, by itself, or through its employees or agents, at reasonable times and at a reasonable place in Tampa, Florida, designated by Landlord, to audit Landlord's books and records in

support of the then applicable year-end adjustment

calculation. Tenant agrees that it will not divulge or disclose to third parties (other than Tenant's attorneys, accountants, auditors or similar professionals, where in each instance such "outside" parties have a bona fide "need to know") any data, information, etc., disclosed by Landlord to Tenant (or its auditors) under the terms and provisions of this Section 3.1(e). If there is a timely written objection by Tenant (see final two sentences of the immediately preceding Section), and if Landlord and Tenant are unable to resolve such objection within thirty (30) days following the delivery by Tenant to Landlord of such written objection, then Tenant shall immediately thereafter pay Landlord what Landlord claims is due. The dispute may then be submitted by Tenant to binding arbitration by the American Arbitration Association in Tampa, Florida, in accordance with its then prevailing rules. Judgment upon the arbitration award may be entered in any court in Tampa, Florida, having jurisdiction. The arbitrators shall have no power to change the provisions of this Lease. The arbitration panel shall consist of three arbitrators, one of whom shall be a commercial real estate attorney actively engaged in the practice of law for at least the last 5 years, another of whom shall be a certified public accountant actively engaged in the practice of accounting in the commercial real estate area for at least the last 5 years, and the third of whom shall be a licensed real estate broker actively engaged in the commercial leasing brokerage area for at least the last 5 years. Both parties shall continue to perform their respective Lease obligations during the pendency of any arbitration proceedings. If it is determined by such arbitration that Tenant overpaid the amount due, the overpaid amount, together with interest thereon at the rate of two percent (2%) above the "prime rate" or "base rate" from time to time announced by NationsBank, N.A. [or its successors] (such rate of interest is sometimes referred to herein as the "Maximum Rate of Interest and shall be charged from the date when the same is due hereunder until the same shall be paid, but in no event shall such rate be in excess of the maximum rate permitted by law), shall be paid by Landlord to Tenant within ten (10) days, or, at Tenant's election, applied to the Rent next due under this Lease. For the purposes of that portion of this Lease dealing with attorney's fees, Tenant shall not be deemed to be "the prevailing party" unless it is determined by such arbitration that Tenant overpaid by more than five percent (5%) the Estimated Increases. Likewise for the purposes of that portion of this Lease dealing with attorney's fees, Landlord shall not be deemed to be "the prevailing party" unless it is determined by such arbitration that Tenant has underpaid by more than five percent (5%) the Estimated Increases. Subject to the foregoing, the arbitrators shall have the power to award reasonable attorney's fees and reasonable expenses and costs.

(f) First Year Operating Expenses. In the event actual Operating Expenses for the first Lease Year are less than the Estimated First Year Operating Expenses, Tenant shall receive a credit against the next succeeding payment of Operating Expenses equal to the amount by which the Estimated First Year Operating Expenses exceeded actual First Year Operating Expenses. In the event Estimated First Year Operating Expenses are less than actual First Year Operating Expenses, Tenant shall pay the balance due within ten (10) days of receipt of written notice from Landlord.

(g) For the purposes of this Lease Agreement, the term "Rentable Square Feet" shall mean the total square footage of the Building measured from the exterior surface of each outer wall to the exterior surface of the opposite outer wall. On or before the date which is thirty (30) days prior to the anticipated Commencement Date, Landlord shall submit to Tenant a statement in writing, certified as being true and correct by Landlord's architect, of the exact number of Rentable Square Feet contained in the Demised Premises. Such calculation and certification shall be subject to verification by Tenant and/or Tenant's architect at Tenant's cost and expense. In the event of a dispute as to the Rentable Square Feet, Landlord and Tenant agree to submit the dispute to the Independent Architect under and pursuant to the terms of Section 2.2(f).

3.2. Additional Rent. In addition to the payment of Rent, Tenant shall be responsible for

paying or satisfying the amount by which the actual Operating Expenses, as defined in Section 6.2, exceed the Estimated First Year Operating Expenses or the Base Year Operating Expenses, as the case may be.

3.3. Delinquent Rental Payments. All payments of Base Rent and Additional Rent shall be payable without previous demand therefor and without any right of setoff or deduction whatsoever, and in case of nonpayment of any item of Additional Rent by Tenant when the same is due, Landlord shall have, in addition to all its other rights and remedies, all of the rights and remedies available to Landlord under the provisions of this Lease Agreement or by law in the case of nonpayment of Rent or Additional Rent. The performance and observance by Tenant of all the terms, covenants, conditions and agreements to be performed or observed by Tenant hereunder shall be performed and observed by Tenant at Tenant's sole cost and expense. Any installment of Rent or Additional Rent or any other charges payable by Tenant under the provisions hereof which shall not be paid when due or within ten (10) days thereafter shall bear interest at the Maximum Rate of Interest.

4. USE OF DEMISED PREMISES.

4.1. Permitted Use. The Demised Premises including all buildings or other improvements hereafter erected upon the same shall be used for such activities as may be lawfully carried on in and about the Demised Premises, provided that such use does not violate the terms of any restrictive covenants.

Tenant shall not use or occupy the same, or knowingly permit them to be used or occupied, contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto, or in any manner which would violate any certificate of occupancy affecting the same, or which would make void or voidable any insurance then in force with respect thereto or which would make it impossible to obtain fire or other insurance thereon required to be furnished hereunder, or which would cause structural injury to the improvements or cause the value or usefulness of the Demised Premises, or any portion thereof, substantially to diminish (reasonable wear and tear excepted), or which would constitute a public or private nuisance or waste, and Tenant agrees that it will promptly, upon discovery of any such use, take all necessary steps to compel the discontinuance of such use.

4.2. Preservation of Demised Premises. Tenant shall not use, suffer, or permit the Demised Premises, or any portion thereof, to be used by Tenant, any third party or the public in such manner as might reasonably tend to impair Landlord's title to the Demised Premises, or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or third persons, or of implied dedication of the Demised Premises, or any portion thereof. Nothing in this Lease Agreement contained and no action nor inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or make any agreement that may create, or give rise to or be the foundation for any such right, title, interest, lien, charge or other encumbrance upon the estate of Landlord in the Demised Premises.

5. HAZARDOUS SUBSTANCES.

5.1. Tenant's Covenants Regarding Hazardous Substances.

(a) In connection with Tenant's use and occupancy of the Demised Premises, Tenant shall at all times and in all respects comply with all applicable federal, state and local laws, ordinances and regulations ("Hazardous Materials Laws") relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous toxic,

contaminated or polluting materials, substances or wastes, including without limitation any "hazardous substances," "hazardous wastes," "Hazardous Materials" or "toxic substances" under any such laws, ordinances or regulations (collectively, "Hazardous Materials").

(b) Tenant shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the Demised Premises, including, without limitation, discharge of (appropriately treated) materials or waste into or through any sanitary sewer system serving the Demised Premises (excluding therefrom, however, normal sanitary sewer discharge, it being understood and agreed by the parties hereto that Landlord shall be responsible for costs and expenses associated with normal sanitary sewer permits and authorizations with respect to the Demised Premises). Except as discharged into the sanitary sewer in strict accordance and conformity with all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials placed or installed on the Demised Premises by Tenant, its agents, employees or contractors, to be removed from the Demised Premises and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such Hazardous Materials. Tenant shall in all respects, handle, treat, deal with and manage any and all such Hazardous Materials in, on, under or about the Demised Premises in complete conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding the management of such Hazardous Materials. All reporting obligations imposed by Hazardous Materials Laws regarding such Hazardous Materials are solely the responsibility of Tenant unless otherwise required by law. Upon expiration or earlier termination of this Lease, Tenant shall cause all Hazardous Materials which were installed or placed in the Demised Premises by Tenant, its agents, employees or contractors, to be removed from the Demised Premises and transported for use, storage or disposal in accordance with and in complete compliance with all applicable Hazardous Materials Laws. Tenant shall not take any remedial action in response to the presence of any such Hazardous Materials in, on, about or under the Demised Premises or in any Improvement situated on the Land, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any such Hazardous Materials in any way connected with the Demised Premises or the Improvements on the Land without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto. In addition, at Landlord's request, Tenant shall remove all tanks or fixtures which were installed or placed in or on the Demised Premises by Tenant, its agents, employees or contractors, and which contain or contained or are contaminated with Hazardous Materials.

(c) Promptly after Tenant acquires actual knowledge of same, Tenant shall notify Landlord in writing of (i) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws with respect to the Demised Premises; (ii) any claim made or threatened by any person against Landlord, or the Demised Premises, relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials placed or installed on the Demised Premises by Tenant, its agents, employees or contractors; and (iii) any reports made to any environmental agency arising out of or in connection with any such Hazardous Materials in, on or about the Demised Premises or with respect to any such Hazardous Materials removed from the Demised Premises, including, any complaints, notices, warnings, reports or asserted violations in connection therewith. Tenant shall also provide to Landlord, as promptly as possible, and in any event within five (5) business

days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Demised Premises or Tenant's use thereof. Upon written request therefor by Landlord (to enable Landlord to defend itself from any claim or charge related to any Hazardous Materials Law), Tenant shall promptly deliver to Landlord notices of hazardous waste manifests reflecting the legal and proper disposal

of all such Hazardous Materials removed from the Demised Premises. All such manifests shall list the Tenant or its agent as a responsible party and in no way shall attribute responsibility for any such Hazardous Materials to Landlord.

(d) Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold Landlord and each of Landlord's officers, directors, partners, employees, agents, attorneys, successors and assigns free and harmless from and against any and all claims, liabilities, damages, costs, penalties, forfeitures, losses or expenses (including attorneys' fees) for death or injury to any person or damage to any property whatsoever arising or resulting in whole or in part, directly or indirectly, from the presence or discharge of Hazardous Materials, in, on, under, upon or from the Demised Premises or the Improvements placed or installed thereon by Tenant, its agents, employees or contractors or from the transportation or disposal of such Hazardous Materials to or from the Demised Premises to the extent caused by Tenant whether knowingly or unknowingly. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repairs, clean-up or detoxification or decontamination of the Demised Premises or the Improvements, and the presence and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration of or early termination of the term of this Lease Agreement. For purposes of the indemnity provided herein, any acts or omissions of Tenant, or its employees, agents, customers, sub-lessees, assignees, contractors or sub-contractors of Tenant (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant.

(e) Landlord may, at its expense, commission an environmental audit of the Demised Premises at any time after prior written notice to Tenant.

5.2. Landlord's Covenants Regarding Hazardous Substances.

(a) Landlord warrants and represents (i) that, to the best of its present knowledge, the Demised Premises will be at the Commencement Date free from any Hazardous Materials and shall comply with all applicable Hazardous Materials Laws; (ii) that the Demised Premises are and will be at the Commencement Date free of any asbestos or asbestos containing substance; (iii) that Landlord has never received any notice of any violation of or non-compliance with any Hazardous Material Laws as regards the Demised Premises; (iv) that, except for use or discharge in strict accordance and conformity with all applicable laws, Landlord has never caused or permitted any Hazardous Material, asbestos or asbestos-containing substance to be placed, held, located or disposed of on, under or at the Premises or any part thereof. Landlord shall indemnify and hold Tenant harmless from and against any and all loss, damage, cost or expense (including but not limited to clean-up costs and losses relating to interruption or cessation of operations) arising out of or relating to any breach of any of the foregoing warranties and representations.

(b) In connection with Landlord's ownership, development, operation, management and maintenance and replacement of the Project (including the Demised Premises) (such activity by or at the bequest of Landlord and/or its affiliate being hereinafter collectively called the "Landlord's Activities"), Landlord shall at all times and in all respects comply with all Hazardous Materials Laws.

(c) Landlord shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other

governmental and regulatory approvals in connection with Landlord's Activities, including, without limitation, discharge of (appropriately treated) materials or waste into or through any sanitary sewer system serving the Project. Except as discharged into the sanitary

sewer in strict accordance and conformity with all applicable Hazardous Materials Laws, Landlord shall cause any and all Hazardous Materials to be removed from the Project and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such Hazardous Materials. Landlord shall in all respects, handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Project in complete conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding the management of such Hazardous Materials. All reporting obligations imposed by Hazardous Materials Laws with respect to the Landlord's Activities are solely the responsibility of Landlord. Landlord shall not take any remedial action in response to the presence of any Hazardous Materials in, on, about or under the Demised Premises or in any Improvement situated on the Land, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Demised Premises or the Improvements on the Land without first notifying Tenant of Landlord's intention to do so and affording Tenant ample opportunity to appear, intervene or otherwise appropriately assert and protect Tenant's interest with respect thereto.

(d) Promptly after Landlord acquires actual knowledge of same, Landlord shall notify Tenant in writing of (i) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws with respect to the Project; (ii) any claim made or threatened by any person against Tenant, or the Demised Premises, relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in, on or about the Project or with respect to any Hazardous Materials removed from the Project, including, any complaints, notices, warnings, reports or asserted violations in connection therewith. Landlord shall also provide to Tenant, as promptly as possible, and in any event within five (5) business days after Landlord first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Project or Landlord's Activities.

(e) Landlord shall indemnify, defend (with counsel reasonably acceptable to Tenant), protect and hold Tenant and each of Tenant's officers, directors, partners, employees, agents, attorneys, successors and assigns free and harmless from and against any and all claims, liabilities, damages, costs, penalties, forfeitures, losses or expenses (including attorneys' fees) for death or injury to any person or damage to any property whatsoever arising or resulting in whole or in part, directly or indirectly, from the presence or discharge of Hazardous Materials, in, on, under, upon or from the Project or the Improvements located thereon or from the transportation or disposal of Hazardous Materials to or from the Project to the extent caused by Landlord, its agents, employees or contractors, whether knowingly or unknowingly. Landlord's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repairs, clean-up or detoxification or decontamination of the Project or the Improvements, and the presence and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration of or early termination of the term of this Lease Agreement. For purposes of the indemnity provided herein, any acts or omissions of Landlord, or its employees, agents, customers, sub-lessees, assignees, contractors or sub-contractors of Landlord (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Landlord.

6. OPERATING EXPENSES.

6.1. Payment of Operating Expenses. In addition to Rent during the First Lease Year (which

includes the Estimated First Year Operating Expenses), Tenant shall pay to Landlord as "Additional Rent" the amount by which actual "Operating Expenses" (as such term is hereinafter defined) for each Lease Year exceed the Estimated First Year Operating Expenses during the first Lease Year of the Initial Term and the "Base Year Operating Expenses" each Lease Year thereafter.

6.2. Definition of Operating Expenses. Subject to the exclusions set forth in Section 6.3 below, for the purposes of this Lease Agreement, the term "Operating Expenses" shall mean the total cost or expense, incurred by Landlord operating, repairing or maintaining the Demised Premises and sales, use and other similar taxes which are paid by Tenant to Landlord together with the monthly installments of Rent. Operating Expenses shall include, without limitation, the following:

(a) Wages, salaries, payroll costs, and benefits paid to or on behalf of Landlord's employees directly engaged in the operation, maintenance, repair and security (pro rated to reflect only that portion of the employee(s) time serving the Demised Premises and excluding any time, expenses, etc. to the extent relating to any other building or property owned, operated or managed by Landlord or any affiliate of Landlord).

(b) Administrative costs of management, including a reasonable and customary management fee, provided the management fee does not exceed three (3) percent of the Rent.

(c) Cost of insurance required by Article 8.

(d) Any cost or expense incurred by Landlord in connection with maintaining its option agreement for the Exhibit C Property under Section 2.12.

6.3. Certain Exclusions from Operating Expenses.

(a) Notwithstanding the terms and provisions of Section 6.2 or of any other terms or provision of this Lease Agreement, the following shall be excluded from Operating Expenses: (1) leasing commissions, (2) subject to Tenant's obligation to make "Tenant's Compliance Contribution" pursuant to Section 11.1, costs incurred by Landlord for alterations or additions that are considered capital improvements and/or replacements under generally accepted accounting principles; (3) any depreciation or amortization on the Project; (4) subject to Tenant's obligation to make "Tenant's Compliance Contribution" pursuant to Section 11.1, costs of a capital nature, including, without limitation, capital improvements, capital repairs, capital equipment and capital tools as determined in accordance with generally accepted accounting principles; (5) costs, fines or penalties incurred due to a violation by Landlord of any of the terms and conditions of this lease or any other lease relating to the Project, or of any Laws; (6) interest on debt or amortization payments, or increases in interest on debt, or any mortgages and rental under any ground or underlying lease, or any other debt for borrowed money; (7) repairs and any other work occasioned by fire, windstorm or other casualty which are paid from insurance or condemnation proceeds; (8) fines, penalties or late charges incurred because of Landlord's failure to promptly pay an obligation; and (9) any cost or expense which is already passed onto Tenant (or reimbursed to Landlord) pursuant to some other term or provision of this Lease Agreement, or any expense billed to and paid directly by Tenant on its own account or on behalf of Landlord and (10) the cost of constructing the Improvements and preparing the Demised Premises for occupancy by Tenant.

(b) Capital Improvements. Tenant shall not be obligated to pay for

any costs of a capital nature, subject to the following two qualifications: (1) Tenant shall be obligated to pay "Tenant's

Compliance Contribution" pursuant to Section 11.1; and (2) if during the Initial Term (or any Renewal Term) Landlord and Tenant mutually agree that a capital improvement would result in a reduction in Operating Expenses, Landlord and Tenant may (at the time that they mutually approve such capital improvement) agree upon a portion of the amortization of such capital improvement to be included in the definition of "Operating Expenses", provided, however, it is the intent of the parties that in no event will the portion of the amortization included in Operating Expenses exceed the cost savings associated with the capital improvement and if Landlord incurs a cost of a capital nature without obtaining Tenant's prior written consent and agreement, Tenant shall not be responsible for paying any portion of such capital cost.

(c) Tenant's Direct Obligations. Except for Landlord's obligations under Section 10.1(a) and Operating Expenses as set forth in Section 6.2, Tenant shall directly maintain, pay and perform any and all other obligations and charges in connection with Tenant's use and occupancy of the Demised Premises, including, without limitation, business license or similar permit fees (but not Certificate of Occupancy or construction related permits, licenses or other authorizations, all of which shall be paid by Landlord). In the event Tenant fails to perform, pay or discharge any such obligations or charges when due without penalty or interest, Landlord may, but shall not be obligated to pay the same. In the event Landlord makes any such payment, Tenant shall immediately reimburse Landlord therefore together with interest at the Maximum Rate of Interest on such amount within 15 days of demand by Landlord. Further, Tenant agrees to indemnify, defend and hold Landlord harmless from and against Tenant's failure to comply with this Section 6.3(c). The direct obligations and charges related to Tenant's use and occupancy of the Demised Premises under this Section 6.3(c) shall include but not be limited to the following:

(i) Cost of all utilities as set forth in Article 9 including but not limited to electricity, water and sewer.

(ii) All supplies and materials used in operation and maintenance of the Demised Premises.

(iii) Cost of any maintenance or service agreements such as alarm or security service (excluding the cost of any separate alarm or security service paid for by Tenant), landscape maintenance, window cleaning, and air conditioning service.

(iv) Cost of repairs, replacements and general maintenance, excluding capital improvements, except as otherwise provided in Section 6.3(b) and Section 11.1 hereinafter.

(v) All assessments by Gateway Services District and any other applicable assessments or charged levied by entities having jurisdiction thereof, pursuant to restrictive covenants or law, against the Demised Premises.

(vi) All impositions as set forth in Article 7.

(vii) Cost to provide janitorial service.

(viii) Cost to keep and maintain the Building, the Demised Premises, common facilities, common areas, parking area, sidewalks and appurtenances in a first class condition.

(ix) Cost to adequately light the Building and the Demised Premises, and provide and replace lamps and related equipment when necessary.

(x) Cost to provide hot and cold water and sanitary and toilet facilities and supplies for use by Tenant, its employees and invitees.

(xi) Cost to furnish and provide the Demised Premises with electric current for lighting, normal office use, heating, air conditioning and office machines, such as duplicating and word processing equipment and computer terminals.

(xii) Cost to provide sufficient elevator service for access to the Demised Premises. (At least one (1) elevator shall operate during non-business hours, affording access to the Premises.)

(xiii) Cost to provide adequate security services for the Demised Premises, the Building and common areas in and around the Building, including fire and burglar alarm devices and guard protection, to perform annual inspection and/ or testing of the smoke detectors and fire extinguishers in the Demised Premises and elsewhere in the Building and to provide for the periodic maintain and annual inspection of the Building fire alarm system.

7. PAYMENT OF TAXES, ASSESSMENTS, ETC.

7.1. Payment of Impositions. Tenant covenants and agrees to pay during the Term directly to the applicable authority before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all real estate taxes, special assessments, water rates and charges, sewer rates and charges, including charges for public utilities, street lighting, excise levies, licenses, permits, inspection fees, other governmental charges, and all other charges or burdens of whatsoever kind and nature (including costs, fees, and expenses of complying with any restrictive covenants or similar agreements to which the Demised Premises are subject) incurred in the use, occupancy, ownership, operation, leasing or possession of the Demised Premises, without particularizing by any known name or by whatever name hereafter called, and whether any of the foregoing be general or special, ordinary or extraordinary, foreseen or unforeseen (all of which are sometimes herein referred to as "Impositions"), which at any time during the Term may have been or may be assessed, levied, confirmed, imposed upon, or become a lien on the Demised Premises, or any portion thereof, or any appurtenance thereto, rents or income therefrom, and such easements or rights as may now or hereafter be appurtenant or appertain to the use of the Demised Premises. Tenant shall be able to take advantage of all applicable discounts for early payment of Impositions. Neither the Impositions nor any other charge passed onto Tenant shall ever include any (i) profit, income, revenue or similar tax upon the income of Landlord or any franchise, excise, corporate, estate, partnership, inheritance, succession, capital levy, transfer, documentary or similar tax of Landlord, or (ii) any charge, fee or amount due and payable in connection with the design, development or construction of the Demised Premises. Tenant shall pay all special (or similar) assessments for public improvements or benefits which, during the Term shall be laid, assessed, levied or imposed upon or become payable or become a lien 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) 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. Landlord shall pay all installments of special assessments (including interest accrued on the unpaid balance) which are payable prior to the commencement and after the expiration or sooner termination of the 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 during the Term. Landlord shall pay all real estate taxes which are payable prior to the commencement of the Term. Any provision herein to the contrary notwithstanding, Landlord shall pay that portion of the real estate taxes and installments of special assessments attributable to the Demised Premises prior to and after the Term which the number of days in said years not within the Term bears to 365, and Tenant shall pay the balance of said real estate taxes and installments of special assessments during said years.

7.2. Tenant's Right to Contest Impositions. Tenant shall have the right at its own expense to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after payment of such Imposition, unless such payment, or a payment thereof under protest, would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, notwithstanding the provisions of Section 7.1 hereof, Tenant may postpone or defer payment of such Imposition if (i) neither the Demised Premises nor any portion thereof would, by reason of such postponement or deferment, be in danger of being forfeited or lost, and (ii) Tenant shall have deposited with Landlord cash or a certificate of deposit or irrevocable letter of credit payable to Landlord issued by a national bank or federal savings and loan association or other security reasonably acceptable to Landlord in the amount of the Imposition so contested and unpaid, together with all interest and penalties which may accrue in Landlord's reasonable judgment in connection therewith, and all charges that may or might be assessed against or become a charge on the Demised Premises, or any portion thereof, during the pendency of such proceedings. If, during the continuance of such proceedings, Landlord shall, from time to time, reasonably deem the amount deposited, as aforesaid, insufficient, Tenant shall, upon demand of Landlord, make additional deposits of such additional sums of money or such additional certificates of deposit or irrevocable letters of credit as Landlord may reasonably request. Upon failure of Tenant to make such additional deposits, the amount theretofore deposited may be applied by Landlord to the payment, removal and discharge of such Imposition, and the interest, fines and penalties in connection therewith, and any costs, fees (including attorney's fees) and other liability (including costs incurred by Landlord) accruing in any such proceedings. Upon the termination or final determination of any such proceedings, Tenant shall pay the amount of such Imposition or part thereof, if any, as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, including reasonable attorney's fees, interest, penalties, fines and other liability in connection therewith, and upon such payment Landlord shall return all amounts, certificates or other security deposited with it with respect to the contest of such Imposition, as aforesaid, or, at the written direction of Tenant, Landlord shall make such payment out of the funds on deposit with Landlord and the balance, if any, shall be returned to Tenant. Tenant shall be entitled to the refund of any Imposition, penalty, fine and interest thereon received by Landlord which have been paid by Tenant or which have been paid by Landlord but for which Landlord has been previously reimbursed in full by Tenant. Landlord shall not be required to join in any proceedings referred to in this Section 7.2 unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event Landlord shall join in such proceedings or permit the same

to be brought in Landlord's name upon compliance with such conditions as Landlord may reasonably require. Landlord shall not ultimately be subject to any liability for the payment of any fees, including attorney's fees, costs and expenses in connection with such proceedings. Tenant agrees to pay all such fees (including reasonable attorney's fees), costs and expenses or, within ten (10) days of Landlord's demand, to make reimbursement to Landlord for such payment. During the time when any such certificate of deposit or other security is on deposit with Landlord, and prior to the time when the same is returned to Tenant or applied against the payment, removal or discharge of Impositions, as above provided, Tenant shall be entitled to receive all interest paid thereon. Cash deposits shall bear interest.

7.3. Levies and Other Taxes. If, at any time during the term of this Lease Agreement, 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, a capital levy, gross receipts tax or other tax on the rents received therefrom, or a franchise tax, or an assessment, levy or charge measured by or based in whole or in part upon such rents, Tenant covenants to pay and discharge the same, it being the intention of the parties hereto that the rent to be paid hereunder shall be paid to Landlord absolutely net without deduction or charge of any nature whatsoever foreseeable or unforeseeable, ordinary or extraordinary, or of any nature, kind or description, except as in this Lease Agreement otherwise expressly provided. Nothing in this Lease Agreement shall require Tenant to pay any profit, income, revenue or similar tax upon the income of Landlord or any franchise, excise, corporate, estate, partnership, inheritance, succession, capital, levy, transfer, documentary or similar tax of Landlord.

7.4. Evidence of Payment. Tenant covenants to furnish Landlord, within thirty (30) days after the date upon which any Imposition or other tax, assessment, levy or charge is payable by Tenant without imposition of any fine, penalty, interest or cost, official receipts of the appropriate taxing authority, or other appropriate proof satisfactory to Landlord, evidencing the payment of the same. The certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition or other tax, assessment, levy or charge may be relied upon by Landlord as sufficient evidence that such Imposition or other tax, assessment, levy or charge is due and unpaid at the time of the making or issuance of such certificate, advice or bill.

7.5. Landlord's Right to Contest Impositions. In addition to the right of Tenant under Section 7.2 to contest the amount or validity of Impositions, Landlord shall also have the right, but not the obligation, to contest the amount or validity, in whole or in part, of any Impositions not contested by Tenant, by appropriate proceedings conducted in the name of Landlord or in the name of Landlord and Tenant. If Landlord elects to contest the amount or validity, in whole or in part, of any Impositions, such contests by Landlord shall be at Landlord's expense, provided, however that if the amounts payable by Tenant for Impositions are reduced (or if a proposed increase in such amounts is avoided or reduced) by reason of Landlord's contest of Impositions, Tenant shall reimburse Landlord for Tenant's pro-rata share of Landlord's actual and reasonable costs incurred by Landlord in contesting Impositions, but such reimbursements shall not be in excess of the amount saved by Tenant by reason of Landlord's actions in contesting such Impositions.

7.6 Separate Assessment. Landlord represents and warrants to Tenant that the Demised Premises are currently separately assessed from the remainder of the Project (or other portions thereof), or are capable of being separately assessed and will be so assessed in the next assessment cycle.

8. INSURANCE.

8.1. Landlord's Casualty Insurance Obligations. In connection with Rent and Additional Rent to be paid by Tenant to Landlord, Landlord agrees to obtain and continuously maintain in full force and effect during the Term, commencing with the date that Rent (full or partial) commences, policies of insurance covering the Improvements constructed, installed or located on the Demised Premises naming the Tenant, as an additional insured, 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, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (iii) loss for flood if the Demised Premises are in a designated flood or flood insurance area; (iv) loss from so-called explosion, collapse and underground hazards; (v) loss of rental insurance for at least a twelve (12) month period; and (vi) 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 in construction, design, general location, use, occupancy and location to the Improvements. At all times, such insurance coverage shall be in an amount equal to one hundred percent (100%) of the then "full replacement cost" of the Improvements. "Full Replacement Cost" shall be interpreted to mean the cost of replacing the Improvements without deduction for depreciation or wear and tear, and it shall include a reasonable sum for architectural, engineering, legal, administrative and supervisory fees connected with the restoration or replacement of the Improvements in the event of damage thereto or destruction thereof. If a sprinkler system shall be located in the Improvements, sprinkler leakage insurance shall be procured and continuously maintained by Landlord. For the period prior to the date when full or partial Rent commences hereunder Landlord, at its sole cost and expense, shall also maintain in full force and effect, on a completed value basis, insurance coverage on the Building and Improvements on Builder's Risk or other comparable coverage. Landlord and Tenant shall require any contractor, subcontractor, sub-subcontractor, laborer or materialman that works on the Demised Premises for Landlord or Tenant to provide a satisfactory certificate of insurance to the other prior to commencement of any such work.

8.2. Tenant's Liability and Other Insurance Coverage. During the Term, Tenant, at its sole cost and expense, shall obtain and continuously maintain in full force and effect the following insurance coverage:

(a) 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 Two Million Dollars ($2,000,000.00) combined single limit coverage, per occurrence and 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 of Florida. Such insurance shall specifically insure (by contractual liability endorsement) Tenant's obligations under Section 21.1 of this Lease Agreement.

(b) Such other insurance and in such amounts as may from time to time be reasonably required by Landlord, against other insurable hazards which at the time are commonly insured against in the case of premises and/or buildings or improvements similar in construction, design, general location, use, occupancy and location to those on or appurtenant to the Demised Premises and at commercially reasonable rates.

The insurance set forth in this Section 8.2 shall be maintained by Tenant at not less than the limits set forth herein until reasonably required to be changed firm time to time by Landlord, in writing, whereupon Tenant covenants to obtain and maintain thereafter such protection in the amount or amounts

so required by Landlord.

8.3. Landlord's Liability Insurance Coverage. During the Term, Landlord, at its sole cost and expense, shall obtain and continuously maintain in full force and effect commercial general liability insurance against any loss, liability or damage on, about or relating to the Project, or any portion thereof, with limits of not less than Five Million Dollars ($5,000,000.00) combined single limit coverage, per occurrence and aggregate, on an occurrence basis. Any such insurance obtained and maintained by Landlord shall name Tenant as an additional insured therein (unless Tenant elects to self insure under Section 8.10, in which event Tenant shall be removed as an additional insured), and shall be obtained and maintained from and with a reputable and financially sound insurance company authorized to issue such insurance in the State of Florida. Such insurance shall specifically insure (by contractual liability endorsement) Landlord's obligations under Section 21.2 of this Lease Agreement.

8.4. Extended Coverage Insurance Provisions. All policies of insurance required by Section 8.1 shall provide that the proceeds thereof shall be payable to Landlord and if Landlord so requests shall also be payable to any contract purchaser of the Demised Premises and the holder of any mortgages now or hereafter becoming a lien on the fee of the Demised Premises, or any portion thereof, as the interest of such purchaser or holder appears pursuant to a standard named insured or mortgagee clause. Tenant shall not, on Tenant's own initiative or pursuant to request or requirement of any third party, take out separate insurance concurrent in form or contributing in the event of loss with that required in Section 8.1 hereof, unless Landlord is named therein as an additional insured with loss payable as in said Section 8.1 provided. Tenant shall immediately notify Landlord whenever any such separate insurance is taken out and shall deliver to Landlord original certificates evidencing the same.

8.5. General Insurance Requirements. Each policy required under Sections 8.1 and 8.2 shall have attached thereto (i) an endorsement that such policy shall not be canceled or materially changed without at least thirty (30) days prior written notice to the party named therein as an additional insured, and (ii) an endorsement to the effect that the insurance as to the interest of the party named as additional insured shall not be invalidated by any act or neglect of the insuring party. All policies of insurance shall be written on companies reasonably satisfactory to the party named as an additional insured therein and licensed in the State of Florida. Certificates evidencing insurance shall be in a form reasonably acceptable to the recipient party, shall be delivered to such party upon commencement of the Term and prior to expiration of such policy, new certificates evidencing such insurance, shall be delivered to such party not less than twenty (20) days prior to the expiration of the then current policy term.

8.6. Waiver of Subrogation. Landlord and Tenant shall include in the policy or policies of insurance required by this Article 8 a waiver by the insurer of all rights of subrogation against Landlord or Tenant in connection with any loss or damage thereby insured against. Neither party, nor its agents, employees or guests, shall be liable to the other for loss or damage caused by the risk covered by such insurance.

8.7. Tenant's Personal Property Coverage. Tenant, at its option, shall maintain 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.

8.8. Unearned Premiums. Upon expiration or sooner termination of the

Term, the unearned

premiums upon any insurance policies or certificates thereof lodged with Tenant by Landlord shall, subject to the provisions of Article 14 hereof, be payable to Tenant.

8.9. Blanket Insurance Coverage. Nothing in this Article shall prevent Tenant from taking out insurance of the kind and in the amount provided for under the preceding Sections of this Article under a blanket insurance policy or policies (evidence thereof reasonably satisfactory to Landlord shall be delivered to Landlord) which may cover other properties owned or operated by Tenant as well as the Demised Premises; provided, however, that any such policy of blanket insurance of the kind provided for shall (i) specify therein the amounts thereof exclusively allocated to the Demised Premises or Tenant shall furnish Landlord and the holder of any fee mortgage with a written statement from the insurers under such policies specifying the amounts of the total insurance exclusively allocated to the Demised Premises, and (ii) not contain any clause which would result in the insured thereunder being required to carry any insurance with respect to the property covered thereby in an amount not less than any specific percentage of the Full Replacement Cost of such property in order to prevent the insured therein named from becoming a co-insurer of any loss with the insurer under such policy; and provided further, however, that such policies of blanket insurance shall, as respects the Demised Premises, contain the various provisions required of such an insurance policy by the foregoing provisions of this Article.

8.10. Tenant's Self-Insurance. Notwithstanding anything herein to the contrary, upon ninety (90) days prior written notice to Landlord, Tenant may from time to time self-insure with respect to any or all of the risks required to be insured against by Tenant under this Lease Agreement; subject to its continued waiver of subrogation under Section 8.6 hereinabove and provided that Tenant provides satisfactory evidence to Landlord that Tenant has a net worth in excess of $100,000,000.00. In connection therewith, Tenant shall be required to deliver to Landlord, from time to time, at Landlord's request, updated financial information of Tenant certifying that Tenant has a net worth in excess of $100,000,000.00 (the "Net Worth Certification"). The mere purchase and existence of insurance by the Tenant, or the Tenant's decision to self-insure does not reduce or relieve the Tenant from liability incurred and/or assumed within the scope of this Lease.

8.11 Worker's Compensation

Landlord shall carry appropriate workers' compensation and employers' liability insurance on those of its employees who may at any time enter the Demised Premises and agrees to indemnify and hold harmless Tenant from and against any and all expenses connected with claims made by Landlord's employees for injuries incurred at the Demised Premises.

9. UTILITIES.

9.1. Payment of Utilities. During the Term, Tenant will pay directly to the applicable utility company, when due without the imposition of any fine, penalty, interest of costs, all charges of every nature, kind or description for utilities furnished solely to the Demised Premises or chargeable solely against the Demised Premises, including all charges for water, sewage, heat, gas, light, garbage, electricity, telephone, steam, power, or other public or private utility services. Prior to the Commencement Date, Landlord shall pay for all

utilities or services at the Demised Premises used by it or its agents, employees or contractors (excluding therefrom, however, any utilities consumed in connection with construction of the Demised Premises). All such charges for utilities are Operating Expenses pursuant to Section 6 hereinabove.

10. REPAIRS.

10.1. (a) Landlord's Repairs. Landlord, at its sole cost and expense (subject to Landlord's right to receive Tenant's Compliance Contribution pursuant to Section 11.1(b) as Operating Expenses pursuant to Section 6.1), throughout the Term, shall take good care of the roof, structure (which, for the purposes of this Agreement shall mean load bearing walls, foundation, roof system and exterior panels, excluding items of a cosmetic nature) and paved parking areas (in accordance with Section 10.5 herein) in the Demised Premises (including any improvements hereafter erected or installed on the Land), and shall keep the same in good order and condition, and shall make and perform all routine maintenance thereof and all necessary repairs thereto, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description. When used in this Article, "repairs" shall include all necessary replacements, renewals, alterations, additions and betterments. All repairs made by Landlord shall be at least equal in quality to the original work and shall be made by Landlord in accordance with all laws, ordinances and regulations whether heretofore or hereafter enacted. The necessity for or adequacy of maintenance and repairs shall be measured by the standards which are appropriate for improvements of similar construction and class, provided that Landlord shall in any event make all repairs necessary to avoid any structural damage or other damage or injury to the Improvements.

(b) Tenants Repairs. Except to the extent otherwise set forth in Section 10.1(a) above, Tenant, at its sole cost and expense, throughout the Term, shall take good care of the Demised Premises and shall keep the same in good order and condition, and shall make and perform all routine maintenance thereof and all necessary repairs thereto, interior and exterior, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description. When used in this Article, "repairs" shall include all necessary replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be at least equal in quality to the original work and shall be made by Tenant in accordance with all laws, ordinances and regulations whether heretofore or hereafter enacted. The necessity for or adequacy of maintenance and repairs shall be measured by the 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 damage or injury to the Improvements.

10.2. Maintenance. Except to the extent otherwise set forth in Section 10.1(a) above, Tenant, at its sole cost and expense, shall take good care of, repair and maintain all driveways, pathways, roadways, sidewalks, curbs, spur tracts, parking areas (in accordance with Section 10.5 herein), loading areas, landscaped areas, entrances and passageways of the Demised Premises in good order and repair and shall promptly remove all accumulated snow, ice and debris from any and all driveways, pathways, roadways, sidewalks, curbs, parking areas, loading areas, entrances and passageways, and keep all portions of the Demised Premises including areas appurtenant thereto, in a clean and orderly condition free of dirt, rubbish, debris and unlawful obstructions. Further, Tenant shall keep the Demised Premises safe for human occupancy and use.

All work performed by Tenant under this Article 10 shall provide for containment of any toxic materials which may be encountered and shall be in strict conformance with OSHA and EPA standards and local building codes and regulations. Landlord shall not use toxic paint or other materials which may emit fumes or odors harmful to Tenant's employees.

10.3. Prohibition Against Waste. Tenant shall not do or suffer any waste or damage, disfigurement or injury to the Demised Premises, or any improvements hereafter erected thereon, or to the fixtures or equipment therein or permit or suffer any overloading of the floors or other use of the

Improvements that would place an undue stress on the same or any portion thereof beyond that for which the same was designed.

10.4. Service Agreements. Tenant, at its sole cost and expense, shall maintain contracts for servicing the systems serving the Demised Premises, including, without limitation, landscape maintenance, pest control, security, wells or lift stations, if applicable, generators, window cleaning, trash removal, parking lot maintenance and sweeping, fire safety maintenance and inspection, signage maintenance, exterior painting, interior cosmetic maintenance such as wall covering, painting walls and carpeting, plumbing repairs and general plumbing maintenance, the elevator system and the HVAC System, with contractors and pursuant to contracts reasonably satisfactory to Landlord. Tenant shall provide Landlord with copies of such contracts and information regarding such contractors for Landlord's approval, which approval shall not be unreasonably withheld.

10.5 Parking Areas. Tenant shall be responsible for ordinary repairs, maintenance and sweeping of all parking areas, including any routine pothole patching or repair. Tenant shall cause the parking areas to be resealed and restriped as needed, but in no event less than once every three (3) years. Landlord shall be responsible for resurfacing the parking areas upon the recommendation of an independent parking consultant selected by Landlord and Tenant; however, in the event Tenant fails to adhere to the resealing and restriping schedule set forth herein, Landlord shall be relieved of such responsibility and any required resurfacing shall be the sole responsibility of Tenant.

11. COMPLIANCE WITH LAWS AND ORDINANCES.

11.1. Compliance with Laws and Ordinances. As used in this Lease Agreement, the term "Laws" shall mean all present and future laws, 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, alleys, entrances or railroad tract facilities adjacent or appurtenant thereto, or exercising authority with respect to the use or manner of use of the Demised Premises, or such adjacent or appurtenant facilities, including, without limitation, the Americans with Disabilities Act. Landlord shall be responsible for constructing Landlord's Improvements in accordance with all Laws, as such laws exist as of the date of the issuance of its building permits and certificate of occupancy. At all times during Tenant's occupancy of the Demised Premises (or any portion thereof), Tenant shall cease and remove any violation of Laws resulting from Tenant's specific use of the Demised Premises other than for general office use. Landlord and Tenant mutually acknowledge that amendments to existing Laws or enactment of new Laws taking effect after the Commencement Date may require that substantial cost be incurred in making physical alterations or improvement to Landlord's Improvements (physical alterations or improvements to the Landlord's Improvements that are required to be made during the initial term or any renewal term to bring the Demised Premises into compliance with amendments to existing Laws or enactments of new Laws are collectively referred to as "Future

Compliance Improvements"). The term "Future Compliance Improvements" shall not include any improvements necessary due to Landlord's failure to comply with all existing Laws as they related to construction of the Landlord's Improvements. Because the cost of making the Future Compliance Improvements is unforeseeable as of the Effective Date of this Lease Agreement and may be substantial, the parties hereby agree to the following with respect to making Future Compliance Improvements:

(a) Landlord shall have the responsibility, at Landlord's sole expense, for constructing or making the Future Compliance Improvements which are attributable solely to changes in Laws and are required for Tenant to continue to utilize Landlord's Improvements for the purposes permitted under this Lease, subject only to Tenant's obligation to pay Landlord the "Tenant's Compliance Contribution."

(b) Except to the extent otherwise elected by Tenant or Landlord herein below, Tenant shall be required to reimburse Landlord for the cost of constructing or making the Future Compliance Improvements by paying Landlord additional Operating Expenses in a monthly amount during the Lease Term equal to the amortized cost of the Future Compliance Improvements constructed or made by Landlord, amortized over the useful life of such Future Compliance Improvements as determined by generally accepted accounting principles, such amortization period not to exceed twenty (20) years ("Tenant's Compliance Contribution"). As conditions precedent to Landlord's right to receive the Tenant's Compliance Contribution, (i) Landlord shall have delivered a written notice to Tenant stating that Landlord intends to commence a Future Compliance Improvement, which notice shall also cite the applicable Law pursuant to which the Future Compliance Improvement is being made and provide an estimate of Tenant's Compliance Contribution, and (ii) Landlord shall submit to Tenant invoices and other reasonable documentation evidencing the amounts paid by Landlord in making or constructing the Future Compliance Improvements. Upon Tenant's receipt of a notice from Landlord of Future Compliance Improvements to be constructed by Landlord, Tenant may provide Landlord with notice that Tenant will not pay Tenant's Compliance Contribution and if Tenant does not agree to pay, Landlord shall, within thirty (30) days of such notice from Tenant, elect to terminate the Lease or to pay Tenant's Compliance Contribution. If Tenant agrees to pay Tenant's Compliance Contribution, Landlord agrees to provide Tenant with reasonable documentation supporting the cost to construct the Future Improvements and Tenant's Compliance Contribution prior to the initial payment of Tenant's Compliance Contribution.

(c) Tenant shall have the responsibility, at Tenant's sole expense, for constructing or making the Future Compliance Improvements which are solely attributable to changes in use by Tenant or alterations by Tenant.

11.2. Compliance with Permitted Encumbrances. Tenant shall not violate
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the terms and provisions of the agreements, contracts, easements, restrictions, reservations or covenants, if any, set forth in Exhibit "D" attached, or hereafter created by Tenant or consented to, in writing, by Tenant or requested, in writing, by Tenant, provided, however that, although Tenant shall not violate
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the terms of such documents identified on Exhibit "D" as aforesaid, the parties acknowledge and agree that Tenant is not a party to or otherwise bound by any of such documents and that nothing in this Lease Agreement is intended or shall be deemed or construed to pass on to or otherwise impose upon Tenant the duties, obligations or liabilities of Landlord or of any other party under such documents (except for Tenant's covenant to Landlord not to violate such documents as set forth above in this Section 11.2). Tenant shall also comply with, observe and perform all provisions and requirements of all policies of insurance at any time in force with respect to the Demised Premises and required to be obtained and maintained under the terms of Article 8 hereof and shall comply with all development permits issued by governmental authorities issued in connection with the development of the Demised Premises. Landlord agrees to comply with, and perform all of its duties and obligations under, the Permitted

Encumbrances (and all other agreements, contracts, easements, restrictions, reservations or covenants, if any, created during the Term that affect or relate to the Demised Premises), including, without limitation, the timely payment of and any and all sums required to be paid thereunder.

11.3 Tenant's Right to Contest Laws and Ordinances. After prior written notice to Landlord,

Tenant, at its sole cost and expense and without cost or expense to Landlord, shall have the right to contest the validity or application of any law or ordinance referred to in this Article 11 in the name of Tenant or Landlord, or both, by appropriate legal proceedings diligently conducted but only if the terms of any such law or ordinance, compliance therewith pending the prosecution of any such proceeding may legally be delayed without the occurrence of any lien, charge or liability of any kind against the Demised Premises, or any portion thereof, and without subjecting Landlord or Tenant to any liability, civil or criminal, for failure so to comply therewith until the termination or final determination of such proceeding; provided, however if any lien, charge or civil liability would be incurred by reason of any such delay, Tenant nevertheless, on the prior written consent of Landlord, may contest as aforesaid and delay as aforesaid, provided that such delay would not subject Tenant or Landlord to criminal liability and Tenant: (i) furnishes Landlord security, reasonably satisfactory to Landlord, against any loss or injury by reason of any such contest or delay; (ii) prosecutes the contest with due diligence and in good faith; and (iii) agrees to indemnify, defend and hold harmless Landlord and the Demised Premises from any charge, liability or expense whatsoever. The security furnished to Landlord by Tenant shall be in the form of a cash deposit, a Certificate of Deposit issued by a national bank or federal savings and loan association payable to Landlord or irrevocable letter of credit payable to Landlord or other form reasonably acceptable to Landlord. Said deposit shall be held, administered and distributed in accordance with the provisions of Section 7.2 hereof relating to the contest of the amount or validity of any Imposition.

If necessary or proper to permit Tenant to contest the validity or application of any such law or ordinance, Landlord shall, at Tenant's sole cost and expense, including reasonable attorneys fees incurred by Landlord, execute and deliver any appropriate papers or other documents; provided, however, that Landlord shall not be required to execute any document or consent to any proceeding which would result in the imposition of any cost, charge, expense or penalty on Landlord or the Demised Premises.

12. MECHANIC'S LIENS AND OTHER LIENS.

12.1. Freedom from Liens. Tenant shall 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 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 caused by or attributed to Tenant 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 within sixty (60) days after the date of filing the same. If Tenant shall fail to discharge or bond such mechanic's lien or liens or other lien within such period, then, in addition to any other right or remedy of Landlord, after five (5) days prior written notice to Tenant, 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 into 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 the same, or by the deposit of a bond or other security with such court sufficient

in form, content and amount to procure 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 Maximum Rate of Interest set forth in Section 3.4 hereof, shall be repaid by Tenant to Landlord on demand by Landlord and if unpaid 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 any such mechanic's lien or other lien.

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 finished 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 state or interest of Landlord in and to the Demised Premises, or any portion thereof.

12.2. Landlord's Indemnification. The provisions of Section 12.1 above shall not apply 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 obligation to construct the Landlord's Improvements required by the provisions of Article 2 hereof, and Landlord does hereby agree to indemnify and defend Tenant against and save Tenant and the Demised Premises, and any portion thereof, harmless from all losses, costs, damages, expenses, liabilities and obligations, including, without limitation, reasonable attorneys' fees resulting from the assertion, filing, foreclosure or other legal proceedings with respect to any such mechanic's lien or other lien.

12.3. Removal of Liens. Except as otherwise provided for in this Article, Tenant shall not create, permit or suffer, and shall promptly discharge and satisfy of record, any other lien, encumbrance, charge, security interest, or other right or interest which shall be or become a lien, encumbrance, charge or security interest upon the Demised Premises, or any portion thereof, or the income therefrom, or on the interest of Landlord or Tenant in the Demised Premises, or any portion thereof, save and except for those liens, encumbrances, charges, security interests, or other rights or interests consented to, in writing by Landlord, or those mortgages, assignments of rents, assignments of leases and other mortgage documentation placed thereon by Landlord in financing or refinancing the Demised Premises.

13. INTENT OF PARTIES.

13.1. No Abatement. Except as may be otherwise set forth in this Lease Agreement, all Rent and Additional Rent shall be paid by Tenant to Landlord without abatement, deduction, diminution, deferment, suspension, reduction or setoff, nor shall the obligations of Tenant be affected by reason of any other cause whether similar or dissimilar to the foregoing or by any laws or customs to the contrary. It is the express intent of Landlord and Tenant that unless otherwise set forth herein: (i) the obligations of Landlord and Tenant hereunder

shall be separate and independent covenants and agreements and that the Rent and Additional Rent, and all other charges and sums payable by Tenant hereunder, shall commence at the times provided herein and shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to an express provision in this Lease Agreement or under applicable Law; (ii) all costs or expenses of any character or kind, general or special, ordinary or extraordinary, foreseen or unforeseen, and of every kind and nature whatsoever that may be necessary or required in and about the Demised Premises, or any portion thereof, and Tenant's possession or authorized use thereof during the Term, shall be paid by Tenant except to the extent otherwise set forth in this Lease Agreement; (iii) all Impositions, insurance premiums, utility expense and all other costs, fees, interest, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Demised Premises, or any portion thereof, which may arise or become due during the Term, or any extension or

renewal thereof, shall be paid or discharged by Tenant as Additional Rent; and (iv) Tenant hereby agrees to indemnify, defend and save Landlord harmless from and against such costs, fees, charges, expenses, reimbursements and obligations, any interest thereon.

13.2. Entry by Landlord. If Tenant shall at any time fail to pay Rent or Additional Rent, or shall fail to make any other payment or perform any other act on its part to be made or performed, then Landlord, after prior written notice to Tenant as provided in Section 14.1 and any applicable cure period (or without notice or cure in case of emergency), and without waiving or releasing Tenant from any obligation of Tenant contained in this Lease Agreement, may, but shall be under no obligation to do so make any payment or perform any act on Tenant's part to be paid or performed as set forth in this Lease Agreement in such manner and to such extent as Landlord may deem necessary or desirable, and Landlord may enter upon the Demised Premises for any such purpose and take all such action therein or thereon as may be necessary therefor. Nothing herein contained shall be deemed as a waiver or release of Tenant from any obligation of Tenant in this Lease Agreement contained.

13.3. Interest on Unpaid Amounts. If Landlord performs Tenant's obligations as set forth in Section 13.2, all sums so paid by Landlord and all necessary and incidental costs and expenses, including reasonable attorneys' fees, in connection with the performance of any such act by Landlord, together with interest thereon at the Maximum Rate of interest provided for in Section 3.4 hereof from the date of making such expenditure by Landlord, shall be deemed Additional Rent hereunder and, except as is otherwise expressly provided herein, shall be payable to Landlord within ten (10) days of demand or, at the option of Landlord, may be added to any monthly installment of Rent then due or thereafter becoming due under this Lease Agreement, and Tenant covenants to pay any such sum or sums, with interest as aforesaid, and Landlord shall have, in addition to any other right or remedy of Landlord, the same rights and remedies in the event of nonpayment thereof by Tenant as in the case of default by Tenant in the payment of monthly Base Rent.

14. DEFAULTS OF TENANT.

14.1 Event of Default. If any one or more of the following events (in this Lease Agreement sometimes called "Event of Default" in the singular and "Events of Default" in the plural) shall happen:

(a) If default shall be made by Tenant, by operation of law or otherwise, under the provisions of Article 17 hereof relating to assignment, sublease, mortgage or other transfer of Tenant's interest in this Lease Agreement or in the Demised Premises or in the income arising therefrom;

(b) If default shall be made in the due and punctual payment of any Base Rent or Additional Rent payable under this Lease Agreement or in the payment of any obligation to be paid by Tenant hereunder, when and as the same shall become due and payable without imposition of any fine, penalty, interest or cost, and such default shall continue for a period of ten (10) days after written notice thereof given by Landlord to Tenant in accordance with Section 22.3;

(c) If default shall be made by Tenant in keeping, observing or performing any of the terms contained in this Lease Agreement, other than those referred to in Subsections (a) and (b) of this Section 14.1, which does not expose Landlord to criminal liability, and such default shall continue for a period of thirty (30) days after written notice thereof given by Landlord to Tenant, or in the case of such a default or contingency which cannot with due diligence and in good faith be cured within thirty (30) days, and Tenant fails to proceed promptly and with due diligence and in good faith to cure the same and

thereafter to prosecute the curing of such default with due diligence and in good faith, it being intended that in connection with a default which does not expose Landlord to criminal liability, not susceptible of being cured with due diligence and in good faith within thirty (30) days, that the time allowed Tenant within which to cure the same shall be extended for such period as may be necessary for the curing thereof promptly with due diligence and in good faith;

(d) If default shall be made by Tenant in keeping, observing or performing any of the terms contained in this Lease Agreement, other than those referred to in subsections (a), (b) and (c) of this Section 14.1, and which exposes Landlord to criminal liability, and such default shall continue after written notice thereof given by Landlord to Tenant, and Tenant fails to proceed timely and promptly with all due diligence and in good faith to cure the same and thereafter to prosecute the curing of such default with all due diligence, it being intended that in connection with a default which exposes Landlord to criminal liability that Tenant shall proceed immediately to cure or correct such condition with continuity and with all due diligence and in good faith; then, and in any such event, Landlord, at any time thereafter during the continuance of any such Event of Default, may give written notice to Tenant specifying such Event of Default or Events of Default and stating that this Lease Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in such notice this Lease Agreement, all rights of Tenant under this Lease Agreement, including all rights of renewal whether exercised or not, shall expire and terminate. In the alternative or in addition to the foregoing remedy, Landlord may assert and have the benefit of any other remedy allowed at law, or in equity under the laws of the State of Florida.

14.2. Surrender of Demised Premises. Upon any expiration or 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 summary proceeding or ejectment 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.

14.3. Reletting by Landlord. At any time, or from time to time after any such expiration or 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) and on such conditions (which may include concessions or free rent) as Landlord, in its sole and absolute discretion, may determine and may collect and receive the rents therefor. Landlord shall in no

way be responsible or 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. Landlord agrees to use reasonable good faith efforts to relet the Demised Premises to mitigate damages.

14.4. Survival of Tenant's Obligations.

(a) No such expiration or termination of this Lease Agreement shall relieve Tenant of its liabilities and obligations under this Lease Agreement (as if this Lease Agreement had not been so terminated or expired), and such liabilities and obligations shall survive any such expiration or termination. In the event of any such expiration or 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 Rent, and the Additional Rent and any other charges required to be paid by Tenant, up to the time of such expiration or termination of this Lease Agreement, and thereafter Tenant, until the end of what would have been the Term in the absence of such expiration or termination, shall be liable to Landlord for, and shall pay to Landlord, as and

for liquidated and agreed current damages for Tenant's default:

(i) The equivalent of the amount of the Rent, Additional Rent and any other charges which would be payable by Tenant under this Lease Agreement if this Lease Agreement were still in effect, less

(ii) The net proceeds of any reletting effected pursuant to the provisions of Section 14.3 hereof after deducting all of Landlord's actual and reasonable 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.

(b) Tenant shall pay such current damages in the amount determined in accordance with the terms of this Section, as set forth in a written statement thereof from Landlord to Tenant (hereinafter called the "Deficiency"), to Landlord in monthly installments on the days on which the Rent, Additional Rent and other charges payable by Tenant would have been payable under this Lease Agreement if this Lease Agreement were still in effect, and Landlord shall be entitled to recover from Tenant each monthly installment of the Deficiency as the same shall arise.

14.5. Damages. At any time after an Event of Default and termination of this Lease, whether or not Landlord shall have collected any monthly Deficiency as set forth in Section 14.4, Landlord shall, at its option, be entitled to recover from Tenant, and Tenant shall pay to Landlord, within ten (10) days of Landlord's demand, as and for final damages for Tenant's default, an amount equal to the positive difference (if any) between (A) the then present value of the aggregate of the Rent, Additional Rent and other charges (as set forth in Section 6.3(c)) 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), minus (B) the present value of the then aggregate fair and reasonable market rent of the Demised Premises and Additional Rent and other charges (as set forth in Section 6.3(c)) to be paid by Tenant for the same period less a good faith estimate of the customary and reasonable expenses that may be incurred by Landlord in reletting the Demised Premises.

14.6. No Waiver. 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. None of the terms of this Lease Agreement to be kept, observed or performed by Landlord or by Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord or by Tenant, as the case may be. 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 then 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.

14.7. Remedies Cumulative. In the event of any breach or breach by either party of any of the terms contained in this Lease Agreement, the non-breaching party shall be entitled to enjoin such breach or

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 either party provided for in this Lease Agreement shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease Agreement, or now or hereafter existing under Florida law or in equity or otherwise, and the exercise or the beginning of the exercise by Landlord or Tenant of any one or more of such rights or remedies shall not preclude the simultaneous or later exercise by Landlord or Tenant of any or all other rights or remedies.

14.8. Bankruptcy. If, during the term of this Lease Agreement, (i) Tenant shall make an assignment for the benefit of creditors, (ii) a voluntary petition be filed by Tenant under any law having for its purpose the adjudication of Tenant a bankrupt, or Tenant be adjudged a bankrupt pursuant to an involuntary petition in bankruptcy, (iii) a receiver be appointed for the property of Tenant, or (iv) any department of the state or federal government, or any officer thereof duly authorized, shall take possession of the business or property of Tenant as a result of the breach of any Law on the part of Tenant, the occurrence of any such event shall be deemed a breach of the Lease Agreement and this Lease Agreement shall, ipso facto upon the happening of any of said events, be terminated and the same shall expire as fully and completely as if the day of the happening of such event were the date hereon specifically fixed for the expiration of the term, and Tenant will then quit and surrender the Demised Premises, but Tenant shall remain liable as hereinafter provided. Notwithstanding other provisions of this Lease Agreement, or any present or future law, Landlord shall be entitled to recover from Tenant or Tenant's estate (in lieu of the equivalent of the amount of all rent and other charges unpaid at the date of such termination) the damages set forth in Section 14.4 above, unless any statute or rule of law covering the proceedings in which such damages are to be proved shall limit the amount of such claim capable of being so proved, in which case Landlord shall be entitled to prove as and for damages by reason of such breach and termination of this Lease Agreement the maximum amount which may be allowed by or under any such statute or rule of law without prejudice to any fights of Landlord against any guarantor of Tenant's obligations herein. Nothing contained herein shall limit or prejudice Landlord's right to prove and obtain as damages arising out of such breach and termination the maximum amount allowed by any such statute or rule of law which may govern 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 damages to which Landlord is entitled under Section 14.4. Specified remedies to which Landlord may resort under the terms of this Section 14.8 are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may be lawfully entitled.

14.9. Waiver by Tenant. Tenant hereby expressly waives, so far as permitted by law, any and all right of redemption or reentry or repossession or to revive the validity and existence of this Lease Agreement in the event that Tenant shall be dispossessed by a judgment or by order of any court having jurisdiction over the Demised Premises or the interpretation of this Lease Agreement or in case of entry, reentry or repossession by Landlord or in case of any expiration or termination of this Lease Agreement.

15. DESTRUCTION AND RESTORATION.

15.1. Destruction and Restoration. Landlord covenants and agrees that in case of damage to or destruction of the Improvements after the Commencement Date by fire or otherwise, Landlord, at its sole cost and expense, shall promptly restore, repair, replace and rebuild the same within a period of twelve (12) months from the date of the damage or destruction (provided, however, such period shall be subject to Excused Delay). The Demised Premises (including Tenant's changes and alterations made pursuant to Section 20.1, provided such changes or alterations are insured by Landlord pursuant to Article 8) shall be

restored as nearly as possible to the condition that the same were in immediately prior to such damage or destruction with such changes or alterations (made in conformity with Article 20 hereof) as may be reasonably acceptable to Landlord and Tenant or required by Law. 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. Such restoration, repairs, replacements, rebuilding, changes and alterations, including the cost of temporary repairs for the protection of the Demised Premises, or any portion thereof, pending completion thereof are sometimes hereinafter referred to as the "Restoration." The Restoration shall be carried on and completed in accordance with the provisions and conditions of this Article 15. If the net amount of the insurance proceeds (after deduction of all costs, expenses and fees related to recovery of the insurance proceeds) recovered by Landlord or Tenant and held by Landlord and Tenant as co-trustees is reasonably deemed insufficient by Landlord to complete the Restoration of the Improvements (exclusive of Tenant's leasehold improvements, personal property and trade fixtures which shall be restored, repaired or rebuilt out of Tenant's separate funds), Landlord shall, upon request of Tenant, deposit with Landlord and Tenant, as co-trustees a cash deposit equal to the reasonable estimate of the amount necessary to complete the Restoration of the Improvements less the amount of such insurance proceeds available.

15.2. Application of Insurance Proceeds.

(a) All insurance monies recovered by Landlord or Tenant shall be held by Landlord and Tenant as co-trustees on account of such damage or destruction, less the costs, if any, to Landlord of such recovery, shall be applied to the payment of the costs of the Restoration and shall be paid out from time to time as the Restoration progresses upon the written request of Landlord, accompanied by a certificate of the architect or a qualified professional engineer in charge of the Restoration stating that as of the date of such certificate: (i) the sum requested is justly due to the contractors, subcontractors, materialmen, laborers, engineers, architects, or persons, firms or corporations furnishing or supplying work, labor, services or materials for such Restoration, or is justly required to reimburse Landlord for any expenditures made by Landlord in connection with such Restoration, and when added to all sums previously paid out by Landlord and Tenant does not exceed the value of the Restoration performed to the date of such certificate by all of said parties; (ii) except for the amount, if any, stated in such certificates to be due for work, labor, services or materials, there is no outstanding indebtedness known to the person signing such certificate, after due inquiry, which is then due for work, labor, services or materials in connection with such

Restoration, which, if unpaid, might become the basis of a mechanic's lien or similar lien with respect to the Restoration or a lien upon the Demised Premises, or any portion thereof, and (iii) the costs, as estimated by the person signing such certificate, of the completion of the Restoration required to be done subsequent to the date of such certificate in order to complete the Restoration do not exceed the sum of the remaining insurance monies, plus the amount deposited by Landlord, if any, remaining in the hands of Landlord and Tenant as co-trustees after payment of the sum requested in such certificate.

(b) Landlord shall furnish Tenant at the time of any such payment with evidence reasonably satisfactory to Tenant that there are no unpaid bills in respect to any work, labor, services or materials performed, furnished or supplied in connection with such Restoration. Landlord and Tenant as co-trustees shall not be required to pay out any insurance monies where Landlord fails to supply satisfactory evidence of the payment of work, labor, services or materials performed, famished or supplied, as aforesaid. If the insurance monies in the hands of Landlord and Tenant as co-trustees, and such other sums, if any, deposited with Landlord and Tenant as co-trustees pursuant to this Section 15.2 hereof, shall be insufficient to pay the entire costs of the Restoration, Landlord agrees to pay any deficiency promptly upon demand. Upon completion of the Restoration and payment in full thereof by Landlord, Tenant shall,

within a reasonable period of time thereafter, turn over to Landlord all insurance monies or other monies then remaining upon submission of proof reasonably satisfactory to Tenant that the Restoration has been paid for in full and the damaged or destroyed Building and other improvements repaired, restored or rebuilt as nearly as possible to the condition they were in immediately prior to such damage or destruction, or with such changes or alterations as may be made in conformity with Article 20 hereof.

15.3. Continuance of Tenant's Obligations. Except as provided for in Section 15.6, no destruction of or damage to the Demised Premises, or any portion thereof, by fire, casualty or otherwise shall permit Tenant to surrender this Lease Agreement or shall relieve Tenant from its liability to pay to Landlord the Rent and Additional Rent payable under this Lease Agreement or from any of its other obligations under this Lease Agreement, and Tenant waives any rights now or hereafter conferred upon Tenant by present or future law or otherwise to quit or surrender this Lease Agreement or the Demised Premises, or any portion thereof, to Landlord or to any suspension, diminution, abatement or reduction of rent on account of any such damage or destruction.

15.4. Completion of Restoration. The foregoing provisions of this Article apply only to damage or destruction of the Improvements by fire, casualty or other cause occurring after the Commencement Date. Any such damage or destruction occurring prior to such time shall be restored, repaired, replaced and rebuilt by Landlord, and during such period of construction Landlord shall obtain and maintain the builder's risk insurance coverage referred to in Article 2 hereof all monies received by Landlord under its builder's risk insurance coverage shall be applied by Landlord to complete the Restoration of such damage or destruction and if such insurance proceeds are insufficient Landlord shall provide all additional funds necessary to complete the Restoration of the Improvements.

15.5. Adjustment of Rent and Termination of Lease. In the event of damage to or destruction of the Improvements, in whole or in part, under Section 15.1 hereof, the Base Rent payable hereunder the period from and after such damage or destruction to the date of Substantial Completion of the Restoration of the Improvements shall be equitably adjusted and abated based on the portion of the Improvements being utilized by Tenant after such damage or destruction. If Landlord fails to complete the Restoration of the Demised Premises required under this Lease within the time period set forth under Section 15.1 above, Tenant may terminate this Lease upon giving Landlord written notice of its

election to terminate fifteen (15) days following the expiration of such time period or Tenant shall have waived its right to terminate for this breach of the Lease, except to the extent otherwise provided under this Section 15.6. If, within twenty-four (24) months prior to the expiration of the Term, the Improvements shall be destroyed or damaged to such an extent that the Restoration thereof will cost an amount in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) over and above the net proceeds of the insurance required to be and maintained by Landlord (to be collected by Landlord and Tenant as co-trustees as provided in Section 15.2 above), hereinafter referred to as the "Excess Funds", and Landlord shall be unable or unwilling to expend out of its own funds such Excess Funds for the purpose of Restoration of such damage or destruction for occupancy by Tenant, Landlord shall, with reasonable promptness, notify Tenant, in writing, of such fact, which notice shall be accompanied by a detailed statement of the nature and extent of such damage or destruction and detailed estimates of the total cost of Restoration. Within thirty (30) days after the giving of such notice, Tenant shall notify Landlord either that (i) it will furnish, at its sole cost and expense, the Excess Funds which are necessarily required in connection with the Restoration (to be disbursed in conformity with the requirements of Section 15.2 hereof), (ii) it is unwilling to expend the Excess Funds for such purpose. Failure to give such notice within such thirty (30) day period shall be deemed an election by Tenant not to make such expenditure. In the event that Landlord elects not to expend the Excess Funds, as aforesaid, then Tenant shall have the option, within thirty (30) days after the

expiration of said thirty (30) day period, to terminate this Lease Agreement and surrender the Demised Premises to Landlord by a notice, in writing, addressed to Landlord, specifying such election accompanied by Tenant's payment of the then remaining balance, if any, of the Rent and Additional Rent and other charges hereafter specified in this Section. Upon the giving of such notice and the payment of such amounts, the Term shall cease and come to an end on a day to be specified in Tenant's notice, which date shall not be more than thirty (30) days after the date of delivery of such notice by Tenant to Landlord. Tenant shall accompany such notice with its payment of all Rent and Additional Rent and other charges payable by Tenant hereunder, justly apportioned to the date of such termination. In such event Landlord shall be entitled to the proceeds of all insurance required to be carried hereunder and Tenant shall execute all documents reasonably requested by Landlord to allow such proceeds to be paid to Landlord.

If, within twenty-four (24) months prior to the expiration of the Term, the Improvements shall be destroyed or damaged to such an extent that the Restoration thereof cannot be reasonably completed by Landlord within seven (7) months of such damage or destruction, Landlord shall, with reasonable promptness notify Tenant in writing of such fact, which notice shall be accompanied by a detailed statement of the proposed schedule for the Restoration period. Within thirty (30) days after the giving of such notice, Tenant shall notify Landlord either that (i) it will agree to the construction schedule of Landlord or (ii) it will elect to terminate this Lease Agreement and surrender the Demised Premises to Landlord by notice in writing addressed to Landlord specifying such election accompanied by Tenant's payment of the then remaining balance, if any, of the Rent and Additional Rent and other charges due and owing by Tenant under this Lease Agreement. Upon the giving of such notice and the payment of such amounts, the Term shall cease and come to an end on a day to be specified in Tenant's notice, which date shall not be more than 30 days after the delivery of such notice by Tenant to Landlord. In such event Landlord shall be entitled to the proceeds of all insurance required to be carried hereunder and Tenant shall execute all documents reasonably requested by Landlord to allow such proceeds to be paid to Landlord.

16. CONDEMNATION.

16.1. Condemnation of Entire Demised Premises.

(a) If, during the Term, 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 Agreement and all right, title and interest of Tenant hereunder shall cease and come to an end on the sooner of (i) the date of vesting of title pursuant to such Proceedings, or (ii) the date on which Tenant can no longer occupy the Demised Premises as set forth herein and Landlord shall be entitled to and shall receive the total award made in such Proceedings, Tenant hereby assigning any interest in such awards, damages, consequential damages and compensation to Landlord and Tenant hereby 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 Agreement, except as hereinafter provided in subsection (b).

(b) In any taking of the Demised Premises, or any portion thereof, whether or not this Lease Agreement is terminated as in this Section provided, Tenant shall not be entitled to any portion of the award for the taking of the Demised Premises or damage to the Improvements, except as otherwise provided for in Section 16.3 with respect to the restoration of the Improvements, or for the estate or interest of Tenant therein, all such award, damages, consequential damages and compensation being hereby assigned to Landlord, and Tenant hereby waives any right it now has 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 Agreement, except that Tenant shall have, nevertheless, the limited right to prove in the Proceedings and to receive any award which may be made for damages to or condemnation of Tenant's trade fixtures and equipment, the damage to Tenant's business and for Tenant's relocation costs, and moving expenses and reestablishment costs in connection therewith.

16.2. Partial Condemnation/Termination of Lease. If, during the Initial Term of this Lease Agreement, or any extension or renewal thereof, less than the entire Demised Premises, shall be taken in any such Proceedings, this Lease Agreement shall, upon the sooner of (i) the date of vesting of title in the Proceedings or (ii) the date on which Tenant can no longer occupy the Demised Premises as set forth herein that constitutes a "Material Partial Condemnation" (as defined below), terminate as to the portion of the Demised Premises so taken, and Tenant may, at its option, terminate this Lease Agreement as to the remainder of the Demised Premises. A "Material Partial Condemnation" shall mean a taking pursuant to which the business of Tenant conducted in the portion of the Demised Premises taken cannot reasonably be carried on with substantially the same scope, utility and efficiency in the remainder of the Demised Premises. 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 vesting of title in such Proceedings, and shall specify a date not more than sixty (60) days after the giving of such notice as the date for such termination. Upon the date specified in such notice, the Term, and all right, title and interest of Tenant hereunder, shall cease and come to an end. 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 16.3 below.

16.3. Partial Condemnation/Continuation of Lease. If, during the Initial Term, or any extension or renewal thereof, less than the entire Demised Premises shall be taken in any such Proceeding, and this Lease Agreement is not terminated as in Section 16.2 hereof provided (a "Minor Partial Condemnation"), this Lease Agreement shall, upon the sooner of (i) the date of vesting of title in the Proceedings or (ii) the date on which Tenant can no longer occupy the Demised Premises as set forth herein, terminate as to the parts so taken. The net amount of the award (after deduction of all costs and expenses, including

attorneys' fees) shall be held by Landlord and Tenant as co-trustees and applied as hereinafter provided. Landlord, in such case, covenants and agrees, at Landlord's sole cost and expense (subject to reimbursement to the extent hereinafter provided), promptly to restore that portion of the Improvements on the Demised Premises not so taken to a complete architectural and mechanical unit for the use and occupancy of Tenant as in this Lease Agreement provided, but only to the extent such award or proceeds are actually made available to Landlord. In the event that the net amount of the award (after deduction of all costs and expenses, including attorneys' fees) that may be received by Landlord and held by Landlord and Tenant as co-trustees in any such Proceedings for physical damage to the Improvements as a result of such taking is insufficient to pay all costs of such restoration work, Landlord shall deposit with Landlord and Tenant as co-trustees such additional sum as may be required. Landlord and Tenant as co-trustees agree in connection with such restoration work to apply so much of the net amount of any award (after deduction of all costs and expenses, including attorneys' fees) that may be received by Landlord and held by Landlord and Tenant as co-trustees in any such Proceedings for physical damage to the Improvements as a result of such taking to the costs of such restoration work thereof and the said net award for physical damage to the Improvements as a result of such taking shall be paid out from time to time to Landlord, or on behalf of Landlord, as such restoration work progresses upon the written request of Tenant, which shall be accompanied by a certificate of the architect or the registered professional engineer in charge of the restoration work stating that: (i) the sum requested is justly due to the contractors, subcontractors, materialmen, laborers, engineers, architects or other persons, firms or corporations furnishing or supplying work, labor, services or materials for such restoration work or as is justly required to reimburse Landlord

for expenditures made by Landlord in connection with such restoration work, and when added to all sums previously paid out by Landlord and Tenant as co-trustees does not exceed the value of the restoration work performed to the date of such certificate. If payment of the award for physical damage to the Improvements as a result of such taking, as aforesaid, shall not be received by Landlord in time to permit payments as the restoration work progresses (except in the event of an appeal of the award by Landlord), Landlord shall, nevertheless, perform and fully pay for such work without delay (except such Excused Delays as are referred to in Article 2.3 hereof), and payment of the amount to which Landlord may be entitled shall thereafter be made by Tenant out of the net award for physical damage to the Improvements as a result of such taking as and when payment of such award is received by Tenant. If Landlord appeals an award and payment of the award is delayed pending appeal Landlord shall, nevertheless, perform and fully pay for such work without delay (except such Excused Delays as are referred to in Article 2.3 hereof). Landlord shall also furnish Landlord and Tenant as co-trustees with each certificate hereinabove referred to, together with evidence reasonably satisfactory to Landlord and Tenant as co-trustees that there are no unpaid bills in respect to any work, labor, services or materials performed, furnished or supplied, or claimed to have been performed, furnished or supplied, in connection with such restoration work, and that no liens have been filed against the Demised Premises, or any portion thereof Landlord and Tenant as co-trustees shall not be required to pay out any funds when there are unpaid bills for work, labor, services or materials performed, furnished or supplied in connection with such restoration work, or where a lien for work, labor, services or materials performed, furnished or supplied has been placed against the Demised Premises, or any portion thereof. Upon completion of the restoration work and payment in full therefor by Landlord, and upon submission of proof reasonably satisfactory to Landlord that the restoration work has been paid for in full and that the Improvements have been restored or rebuilt to a complete architectural and mechanical unit for the use and occupancy of Tenant as provided in this Lease Agreement, Landlord and Tenant as co-trustees shall pay over to Landlord any portion of the cash deposit furnished by Landlord then remaining. From and after the date of delivery of possession to the condemning authority pursuant to the Proceedings, a just and proportionate part of the Base Rent and Operating Expenses, according to the extent and nature of such taking, shall abate for the remainder of the Term.

16.4. Continuance of Obligations. In the event of any termination of this Lease Agreement, or any part thereof, as a result of any such Proceedings, Tenant shall pay to Landlord all Base Rent and all Additional Rent and other charges payable hereunder with respect to that portion of the Demised Premises so taken in such Proceedings with respect to which this Lease Agreement shall have terminated justly apportioned to the date of such termination. In the event this Lease Agreement is not terminated in accordance with the terms of this Article 16, then from and after the sooner of (i) the date of vesting of title in such Proceedings or (ii) the date on which Tenant can no longer occupy the Demised Premises as set forth herein, Tenant shall continue to pay the Base Rent and Additional Rent and other charges payable hereunder, as in this Lease Agreement provided, to be paid by Tenant subject to an abatement of a just and proportionate part of the Base Rent and Operating Expenses according to the extent and nature of such taking as provided for in Section 16.5 with respect to the Demised Premises remaining after such taking.

16.5. Adjustment of Rent. In the event of a partial taking of the Demised Premises under Section 16.2 hereof, or a partial taking of the Demised Premises under Section 16.3 hereof, followed by Tenant's election not to terminate this Lease Agreement, the fixed Base Rent payable hereunder during the period from and after the sooner of the date of vesting of title in such Proceedings or the date on which Tenant can no longer occupy the Demised Premises as set forth herein to the termination of this Lease Agreement shall be reduced to a sum equal to the product of the Base Rent provided for herein multiplied by a fraction, the numerator of which is the value of the Demised Premises after such taking and after the same has been restored to a complete architectural unit, and the denominator of which is the value of the

Demised Premises prior to such taking.

16.6. Determination of "Material Partial Condemnation" and "Minor Partial Condemnation;" Arbitration. Landlord and Tenant shall make reasonable, good faith efforts to reach agreement whether a taking pursuant to Proceedings constitutes a "Material Partial Condemnation" or a "Minor Partial Condemnation" as defined in Article 16. If the parties are unable to reach agreement, such dispute shall be resolved by binding arbitration using the same procedure as is set forth in Section 22.27, subject to the following modifications: (i) the appraiser(s) shall be instructed to determine whether the applicable condemnation constitutes a "Material Partial Condemnation" or a "Minor Partial Condemnation" as defined in Article 16 (not market value); and (ii) last sentence of Section 22.27 will be deemed modified to provide that the determination of at least two of the three appraisers shall prevail.

17. ASSIGNMENT, SUBLETTING, ETC.

17.1. Restriction on Transfer (Transfer Requiring Landlord Consent). Except with respect to Permitted Transfers (as such term is hereinafter defined in Section 17.2 below), Tenant shall not sublet the Demised Premises, or any portion thereof, nor assign, mortgage, pledge, transfer or otherwise encumber or dispose of this Lease Agreement, or any interest therein, or in any manner assign, mortgage, pledge, transfer or otherwise encumber or dispose of its interest or estate in the Demised Premises, or any portion thereof under this Lease Agreement without obtaining Landlord's prior written consent in each and every instance, which consent may be withheld by Landlord, in its sole and absolute discretion.

17.2. Transfers. Notwithstanding anything in this Lease Agreement to the contrary, Tenant may, in its sole and absolute discretion and without the

prior written consent or approval of Landlord, assign, sublease, transfer, or otherwise dispose of any or all of its interest in, to or under this Lease Agreement or in, to or under the Demised Premises to an "Affiliate" (as such term as hereinafter defined) (any such transaction or event being herein called an "Affiliate Transfer") or any other entity, provided that such Affiliate or entity has a net worth equal to or greater than Tenant at the time of execution of this Lease as adjusted for inflation to the date of the assignment. For the purposes of this Section, the term "Affiliate" shall mean and refer to: (i) any person or entity which acquires all or substantially all of the assets or the issued and outstanding capital stock of Tenant; (ii) any corporation or other entity resulting from reorganization, consolidation or merger of Tenant into or with any other entity; (iii) the holder or holders of the majority of the issued or outstanding capital stock of Tenant or of any of the entities described in this Section; or (iv) any parent, subsidiary, brother, sister, or affiliate corporation or entity of Tenant. As used in the foregoing clause (iv), the expression "affiliate corporation or entity" shall mean and refer to a corporation or entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under the control of, Tenant. The term "control" as used in the foregoing provision shall mean and refer to the right and power, direct or indirect, to direct or cause the direction of the management and policies of such corporation.

18. SUBORDINATION, NONDISTURBANCE, NOTICE TO MORTGAGEE AND ATTORNMENT.

18.1. Subordination and Attornment by Tenant. This Lease Agreement and all rights of Tenant herein, 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 mortgage, deed of trust, security instrument or other document of like nature ("Mortgage"), which at any time may be placed upon the Demised Premises, or any portion thereof, by Landlord, and to any replacements, renewals, amendments, 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. The subordination and attornment provided for in this Section 18.1 is conditioned upon Landlord obtaining a Subordination, Non-Disturbance and Attornment Agreement ("SNDA") from the existing mortgagee, and from any future mortgagee providing that in the event of a termination of or foreclosure under any such ground lease or mortgage, such holder will respect Tenant's possession rights under this Lease Agreement and shall not disturb Tenant's possession of the Demised Premises provided that Tenant (i) is not in default of any of its material obligations under this Lease subject to the giving of notice, if any, and the expiration of any applicable cure period; (ii) that Tenant will execute the SNDA in form and content reasonably provided by said mortgagee or lessor provided that the SNDA shall provide that in any action or proceeding commenced by such mortgagee or lessor or upon any enforcement of any rights by such mortgagee or lessor, that Tenant's rights under the Lease Agreement shall be respected and shall not be disturbed and that the Lease Agreement shall remain in full force and effect provided that Tenant is not in default under any of the material terms, covenants or conditions of the Lease Agreement beyond the expiration of all applicable notice and cure periods, and (iii) that Tenant agrees that upon mortgagee acquiring title to the Demised Premises, Tenant shall attorn directly to said mortgagee or its purchaser, and (iv) that Tenant agrees to such other terms and conditions as may be reasonably required by said mortgagee provided that such terms and conditions do not increase or alter any of Tenant's obligations under this Lease Agreement or decrease any rights of Tenant or adversely affect the Tenant's leasehold interest under this Lease Agreement, and (v) that Tenant shall join in the execution and delivery of the SNDA and shall agree to the effect that if such holder of the Mortgage (or purchaser of holder's interest at a foreclosure sale or otherwise) shall succeed to the interest of the Landlord under this

Lease (whether as a consequence of a foreclosure or any other circumstance), Tenant shall be bound to the holder of the Mortgage (or purchaser of holder's interest at a foreclosure sale or otherwise) under the terms, conditions and covenants of this Lease Agreement for the balance of the term remaining after such succession and Tenant will attorn to such holder of the Mortgage (or purchaser of holder's interest at a foreclosure sale or otherwise) as its Landlord upon any such succession.

18.2. Landlord's Default. In the event of any act of omission of Landlord constituting a default by Landlord, Tenant shall not exercise any remedy until Tenant has given Landlord prior written notice of such act or omission and until a thirty (30) day period of time to allow Landlord or the mortgagee to remedy such act or omission shall have elapsed following the giving of such notice; provided however, that if such act or omission cannot, with due diligence and in good faith, be remedied within such thirty (30) day period, the Landlord and/or mortgagee shall be allowed such further period of time as may be reasonably necessary provided that it shall have commenced remedying the same with due diligence and in good faith within said thirty (30) day period (up to a maximum of ninety (90) days). In the event Landlord's act or omission which constitutes a Landlord's default hereunder results in the reasonable possibility of criminal liability or an immediate threat of bodily harm to Tenant's employees, agents or invites, or damage to Tenant's property, Tenant may proceed to cure the default without prior notice to Landlord provided, however, that in that event Tenant shall give written notice to Landlord as soon as possible upon commencement of such cure. Nothing herein contained shall be construed or interpreted as requiring any mortgagee to remedy such act or omission. Landlord shall reimburse Tenant for any costs or expenses paid by Tenant on behalf of Landlord under this Section 18.2, together with interest at the Maximum Rate of Interest, within fifteen (15) days of written demand by Tenant.

19. SIGNS.

19.1. Tenant's Signs. Tenant may erect signs on the exterior or interior of the Building or on the landscaped area adjacent thereto, provided that such sign or signs: (i) do not cause any structural damage or other damage to the Building; (ii) do not violate applicable Laws; and (iii) do not violate any existing restrictions affecting the Demised Premises.

20. CHANGES AND ALTERATIONS.

20.1. Tenant's Changes and Alterations. Subject to the terms and conditions of this Section 20, Tenant shall have the right at any time, and from time to time during the term of this Lease Agreement, to make such changes and alterations, structural or otherwise, to the Building, Improvements and fixtures hereafter erected on the Demised Premises as Tenant shall deem necessary or desirable in connection with the requirements of its business, which such changes and alterations (other than changes or alterations of Tenant's movable trade fixtures and equipment) shall be made in all cases subject to the following conditions, which Tenant covenants to observe and perform:

(a) Permits. No change or alteration shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all municipal, state and federal permits and authorizations of the various governmental bodies and departments having jurisdiction thereof, and Landlord agrees to join in the application for such permits or authorizations whenever such action is necessary, all at Tenant's sole cost and expense, provided such applications to not cause Landlord to become liable for any cost,

fees or expenses.

(b) Compliance with Final Plans and Specifications. Before commencement of any change, alteration, restoration or construction involving (a) alteration of a structural component of the Building, (b) alteration of the exterior surface of the Building (excluding signage, landscaping and other matters that do not directly or permanently affect the exterior surface of the Building, and (c) non-structural alterations to the interior of the Building with an estimated cost of more than Two Hundred Fifty Thousand Dollars ($250,000) (collectively, "Restricted Alterations"), Tenant shall: (i) furnish Landlord with detailed plans and specifications of the proposed change or alteration; (ii) obtain Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed or conditioned; (iii) obtain Landlord's prior written approval of a licensed architect or licensed professional engineer selected and paid for by Tenant, who shall supervise any such work if Tenant elects to engage such architect or engineer (hereinafter referred to as "Alterations Architect or Engineer"); and (iv) obtain Landlord's prior written approval of detailed Final Plans and Specifications prepared and approved in writing by said Alterations Architect or Engineer, and of each amendment and change thereto. With respect to Landlord's prior approval of Restricted Alterations, (A) Landlord shall not unreasonably withhold, condition or delay its approval of non-structural Restricted Alterations, and (B) Landlord may withhold its approval of structural Restricted Alterations in its sole discretion. All changes or alterations under this Article 20 other than Restricted Alterations are referred to as "Unrestricted Alterations." Tenant shall have the right to commence and proceed with Unrestricted Alterations without obtaining Landlord's prior consent or approval; provided, however, that Tenant shall give Landlord reasonable notice that it is making an Unrestricted Alteration.

(c) Utility Maintained. Any change or alteration shall, when completed, be of such character as not to reduce the utility of the Demised Premises or the Building for general office use to which such change or alteration is made below its utility to Landlord immediately before such change or alteration, nor shall such change or alteration reduce the area or cubic content of the Building, nor change the character of the Demised Premises or the Building as to use without Landlord's express written

consent.

(d) Compliance with Laws. All Work done in connection with any change or alteration shall be done promptly and in a good and workmanlike manner and in compliance with all building and zoning laws of the place in which the Demised Premises are situated, and with all Laws. The cost of any such change or alteration shall be paid in cash so that the Demised Premises and all portions thereof shall at all times be free of liens for labor and materials supplied to the Demised Premises, or any portion thereof provided, however that the foregoing is not intended to prohibit progress payments, retainages, escrows and related payment mechanisms which are customary among prudent and well represented owners in the commercial construction industry. The Work of any change or alteration shall be prosecuted with reasonable dispatch, delays due to strikes, lockouts, acts of God, inability to obtain labor or materials, governmental restrictions or similar causes beyond the control of Tenant excepted. Tenant shall obtain and maintain, at its sole cost and expense, during the performance of the Work, workers' compensation insurance covering all persons employed in connection with the Work and with respect to which death or injury claims could be asserted against Landlord or Tenant or against the Demised Premises or any interest therein, together with comprehensive general liability insurance for the mutual benefit of Landlord and Tenant with limits of not less than One Million Dollars ($1,000,000.00) in the event of injury to one person, Three Million Dollars ($3,000,000.00) in respect to any one accident or

occurrence, and Five Hundred Thousand Dollars ($500,000.00) for property damage, and the fire insurance with "extended coverage" endorsement required by Section 8.1 hereof shall be supplemented with "builder's risk" insurance on a completed value form or other comparable coverage on the Work. All such insurance shall be in a company or companies authorized to do business in the State of Florida and reasonably satisfactory to Landlord, and all such policies of insurance or certificates evidencing insurance shall be delivered to Landlord endorsed "Premium Paid" by the company or agency issuing the same, or with other evidence of payment of the premium reasonably satisfactory to Landlord.

(e) Location of Improvements. No change, alteration, restoration or new construction shall be in or connect the Improvements with any property, building or other improvement located outside the boundaries of the parcel of land described in Exhibit "A" attached, nor shall the same obstruct or interfere with any existing easement.

(f) Removal of Improvements. As a condition to granting approval for any changes or alterations, Landlord may require Tenant to agree that Landlord, by written notice to Tenant, given at or prior to the time of granting such approval, may require Tenant to remove any improvements, additions or installations installed by Tenant in the Demised Premises at Tenant's sole cost and expense, and repair and restore any damage caused by the installation and removal of such improvements, additions, or installations; provided, however, that the only improvements, additions or installations which Tenant shall remove shall be those specified in such notice.

Tenant's business and trade fixtures, machinery and equipment, whether or not attached to the Premises, and all furniture, furnishings and other articles of movable personal property shall be and remain Tenant's property and may be removed by Tenant prior to the expiration date of this Lease at Tenant's sole cost and expense and Tenant shall repair and restore any damage caused by such removal. Landlord agrees that Tenant shall not be required to remove any part of the Landlord's Improvements and Tenant shall not be required to remove any alteration, installation, addition or improvement made by or on behalf of Tenant, after completion of the Landlord's Improvements, unless Landlord, at that time it grants its approval to such alteration, installation or improvement, notifies Tenant that the same must be removed at the end of the Lease Term and provided that such change does not constitute a normal office alteration,

installation, addition or improvement.

21. INDEMNITY.

21.1 Indemnity of Landlord. Tenant shall pay and discharge, and shall defend, indemnify and hold Landlord (and Landlord's Affiliates and the respective officers, directors, agents, employees, representatives, successors and assigns of each), forever harmless from, against and in respect of all obligations, settlements, liabilities, losses, damages, injunctions, suits, actions, proceedings, fines, penalties, claims, liens, demands, costs, charges and expenses of every kind or nature, including, without limitation, reasonable fees of attorneys and other professionals, and disbursements which may be imposed on, incurred by or asserted against the persons hereby required to be indemnified (but not against any of the same to the extent that a negligent or willful act or omission of any of such parties was the cause of the same), arising directly or indirectly from or out of:

(a) any failure by Tenant to perform any of the agreements, terms, covenants or conditions on Tenant's part to be performed under this Lease

Agreement;

(b) any wrongful act or negligence on the part of Tenant or its Affiliates, or their respective agents, employees, contractors or invitees, or any failure of Tenant to comply with any applicable Laws or with the directive of any governmental authority that Tenant is required to comply with pursuant to this Lease Agreement; or

(c) any other provision of this Lease Agreement which provides that Tenant shall indemnify and/or hold harmless Landlord in respect of the matters contained in such provision.

21.2. Indemnity of Tenant. Landlord shall pay and discharge, and shall defend, indemnify and hold Tenant (and Tenant's Affiliates and their respective officers, directors, agents, employees, representatives, successors and assigns of each) forever harmless from, against and in respect of all obligations, settlements, liabilities, losses, damages, injunctions, suits, actions, proceedings, fines, penalties, claims, liens, demands, costs, charges and expenses of every kind or nature, including, without limitation, reasonable fees of attorneys and other professionals, and disbursements which may be imposed on, incurred by or asserted against the persons hereby required to be indemnified (but not against any of the same to the extent that a negligent or willful act or omission of any such parties was the cause of same), arising directly or indirectly from or out of:

(a) any failure by Landlord to perform any of the agreements, terms, covenants or conditions on Landlord's part to be performed under this Lease Agreement;

(b) any wrongful act or negligence on the part of Landlord or its Affiliates, or their respective agents, employees or contractors or invitees or any failure of Landlord to comply with any applicable Laws or with the directive of any governmental authority that Landlord is required to comply with pursuant to this Lease Agreement; or

(c) any other provision of this Lease Agreement which provides that Landlord shall indemnify and/or hold harmless Tenant in respect of the matters contained in such provision.

21.3. Defense Provisions.

(a) Any party seeking indemnification under this Lease Agreement (the "Indemnified Party") shall give notice to the party required to provide indemnification hereunder (the "Indemnifying Party") promptly after the Indemnified Party has actual knowledge of any claim as to which Indemnity may be sought hereunder, and the Indemnified Party shall permit the Indemnifying Party (at the expense of the Indemnifying Party) to assume the defense of any claim or litigation resulting therefrom; provided, however that: (i) counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be reasonably satisfactory to the Indemnified Party (The parties agree that if any claim is covered by insurance that the insurance company counsel shall be deemed to be satisfactory); (ii) the Indemnified Party may participate in such defense, but only at the Indemnified Party's own cost and expense; and (iii) the omission by the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its indemnification obligations hereunder except to the extent that such omission results in a failure of actual notice to the Indemnifying Party and the Indemnifying Party is actually and materially damaged as a result of such failure to give notice.

(b) The Indemnifying Party shall not, except with the consent of the Indemnified Party, consent to entry of any judgment or administrative order or enter into any settlement that does not include as an unconditional term thereof

the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such claim or litigation.

(c) In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party shall have the full right to defend against any such claim or demand, and shall be entitled to settle or agree to pay in full such claim or demand, in its sole discretion. Any such defense, settlement or payment by the Indemnified Party shall not constitute a waiver, release or discharge of the Indemnifying Party's obligations under this Article, it being understood and agreed that any such defense, settlement, or payment shall be without prejudice to the right of the Indemnified Party to pursue remedies against the Indemnifying Party arising out of or related to the Indemnifying Party's failure or refusal to defend the Indemnified Party as required herein. Notwithstanding the foregoing, any Indemnified Party shall have the right to settle any such action or proceeding at any time, provided that it releases the Indemnifying Party from any further indemnification obligation hereunder with respect to such settlement.

(d) The provisions of this Article shall survive the expiration or sooner termination of this Lease.

22. MISCELLANEOUS PROVISIONS.

22.1. Entry by Landlord. Upon at least one (1) business day's notice, Tenant agrees to permit Landlord and authorized representatives of Landlord to enter upon the Demised Premises at all reasonable times during ordinary business hours (or at other times, and upon such notice as is reasonable under the circumstances, in bona fide emergency situations) for the purpose of inspecting the same and making any necessary repairs to comply with any laws, ordinances, rules, regulations or requirements of any public body, or the Board of Fire Underwriters, or any similar body. Nothing herein contained shall imply any duty upon the part of Landlord to do any such work which, under any provision of this Lease Agreement, Tenant may be required to perform and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord may, during the progress of any work, keep and store upon the Demised Premises all necessary materials, tools and equipment. Landlord agrees to use reasonable good faith efforts to minimize any interference or disruption of Tenant's use of the Demised Premises. However, Landlord shall not in any event be liable for inconvenience, annoyance, disturbance,

loss of business or other damage to Tenant by reason of making repairs or the performance of any work in or about the Demised Premises, or on account of bringing material, supplies and equipment into, upon or through the Demised Premises during the course thereof, and the obligations of Tenant under this Lease Agreement shall not be thereby affected in any manner whatsoever.

22.2. Exhibition of Demised Premises. Upon prior appointment and at least two (2) business' days notice, Landlord is hereby given the right during usual business hours at any time during the Term to enter upon the Demised Premises and to exhibit the same for the purpose of mortgaging or selling the same. Tenant may, at is option, elect to require that one or more agents or representatives of Tenant be present during all such activity. During the final year of the Term or Renewal Term, if applicable, Landlord shall be entitled to display on the Demised Premises, in such manner as to not unreasonably interfere with Tenant's business, signs indicating that the Demised Premises are for rent or sale and suitably identifying Landlord or its agent. Tenant agrees that such signs may remain unmolested upon the Demised Premises and that Landlord may exhibit said premises to prospective Tenants during said period as set forth above.

22.3. Notices. All notices which are required or permitted hereunder must

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be in writing and shall be deemed to have been given, delivered or made, as the case may be (i) when delivered by personal delivery or (ii) subject to verification by the date of the return receipt, three (3) business days after having been deposited in the United States Mail, certified or registered, return receipt requested, sufficient postage affixed and prepaid, or (iii) subject to verification of receipt by the courier service's record of delivery, one (1) business day after having been deposited with an expedited overnight courier service (such as, by way of example, but not limitation, U.S. Express Mail, Federal Express or Purolator), addressed to the party to whom notice is intended to be given at the address set forth below:

To Landlord: c/o Triad Properties Corporation
200 Clinton Avenue West
Suite 1001
Huntsville, Alabama 35804
Attn: Mr. Gerry Shannon

With a copy to: Hogan Burt Development, Inc.
101 East Kennedy Boulevard
Suite 4000
Tampa, Florida 33602
Attn: James T. Burt, II

and

With a copy to: W. Lawrence Smith, Esquire
Hill, Ward & Henderson
101 East Kennedy Boulevard
Suite 3700
Tampa, Florida 33602

To Tenant: Gartner Group, Inc.
56 Top Gallant Road
P.O. Box 10212

Stamford, Conn 06904-2212
Attn: Director of Real Estate

With a copy to: Gartner Group, Inc.
56 Top Gallant Road
P.O. Box 10212
Stamford, CT 06904-2212
Attn: Corporate Counsel

or at such other place as the parties may from time to time designate by written notice to each other.

22.4. Quiet Enjoyment. Landlord covenants and agrees that Tenant, upon
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paying the Base Rent and Additional Rent, and upon observing and keeping the covenants, agreements and conditions of this Lease Agreement on its part to be kept, observed and performed, shall lawfully and quietly hold, occupy and enjoy the Demised Premises (subject to the provisions of this Lease Agreement) during the term of this Lease Agreement without hindrance or molestation by Landlord or by any person or persons claiming under Landlord.

22.5. Landlord's Continuing Obligations. The term "Landlord," as used in
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this Lease Agreement so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the fee of the Demised Premises, and in the event of any transfer or transfers or conveyance (with respect to which Landlord shall provide at least ten (10) days advance notice and such notice shall at a minimum include information regarding the identity and ownership of the prospective

grantee or and a copy of the agreement evidencing Landlord's assignment and the grantee's assumption of Landlord's obligations hereunder) the then grantor shall be automatically freed and relieved from and after the date of such transfer or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease Agreement thereafter to be performed, provided that any funds in the hands of such Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be turned over to the grantee, and any amount then due and payable to Tenant by Landlord or the then grantor under any provision of this Lease Agreement shall be paid to Tenant. Notwithstanding the foregoing, if Tenant has pending at any time prior to the effective date of such transfer any action or suit against the transferring "Landlord" hereunder, the foregoing is not intended and shall not be deemed or construed to prevent or impair the pendency of such action or suit or the rights of Tenant with respect thereto. The covenants and obligations contained in this Lease Agreement on the part of Landlord shall, subject to the aforesaid, be binding on Landlord's successors and assigns, during and in respect of their respective successive periods of ownership. Nothing herein contained shall be construed as relieving Landlord of its obligations under Article 2 of this Lease Agreement, or releasing Landlord from any obligation to complete the cure of any breach by Landlord during the period of its ownership of the Demised Premises.

22.6. Estoppel. Landlord and Tenant shall, each without charge at any time and from time to time, (but not more than three (3) times in a Lease Year) within ten (10) days after written request by the other party, certify by written instrument, duly executed, acknowledged and delivered to any mortgagee, assignee of a mortgagee, proposed mortgagee, or to any purchaser or proposed purchaser, or to any other person dealing with Landlord, Tenant or the Demised Premises:

(a) That this Lease Agreement is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect, as modified, and stating the

modifications);

(b) The dates to which the Rent or Additional Rent or Tenant's Direct Obligations under Section 6.3(c) have been paid in advance;

(c) Whether or not there are then existing any breaches or defaults by such party or the other party known by such party under any of the covenants, conditions, provisions, terms or agreements of this Lease Agreement, and specifying such breach or default, if any, or any setoffs or defenses against the enforcement of any covenant, condition, provision, term or agreement of this Lease Agreement upon the part of Landlord or Tenant as the case may be, to be performed or complied with (and, if so, specifying the same and the steps being taken to remedy the same); and

(d) Such other statements or certificates as the requesting party may reasonably request.

It is the intention of the parties hereto that any statement delivered pursuant to this Section 23.6 may be relied upon by any of such parties dealing with Landlord, Tenant or the Demised Premises.

22.7. Delivery of Corporate Documents. In the event that Tenant is a corporation, Tenant shall, without charge to Landlord, at any time and from time to time (but not more than two (2) times in any Lease Year) within ten (10) days after written request by Landlord, deliver to Landlord, in connection with any proposed sale or mortgage of the Demised Premises, the following instruments and documents:

(a) Certificate of Good Standing in the state of incorporation of

Tenant issued by the appropriate state authority and bearing a current date (such certificate shall be deemed to bear a current date if issued on any date after the most recent mandatory reporting date to avoid potential revocation of corporate charter or authorization to do business); and

(b) A copy of Tenant's certificate of incorporation and any amendments thereof, as such documents appear in the public records.

22.8. Short Form Lease. Upon not less than ten (10) days prior written request by either party, the parties hereto agree to execute and deliver to each other a Short Form Lease, in recordable form, setting forth the follows:

(a) The date of this Lease Agreement;

(b) The parties to this Lease Agreement;

(c) The Term;

(d) The legal description of the Demised Premises; and

(e) Such other matters reasonably requested by either party to be stated therein.

22.9. Severability. If any covenant, condition, provision, term or agreement of this Lease Agreement shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Lease Agreement shall not be affected thereby, but each covenant,

condition, provision, term or agreement of this Lease Agreement shall be valid and in force to the fullest extent permitted by law. This Lease Agreement shall be construed and be enforceable in accordance with the laws of the state in which the Demised Premise are located.

22.10. Successors and Assigns. The covenants and agreements herein contained shall bind and inure to the benefit of Landlord, its successors and assigns, and Tenant and its successors and assigns (provided that Tenant has complied with the applicable terms of Section 17).

22.11. Captions. The caption of each section of this Lease Agreement is for convenience and reference only, and in no way defines, limits or describes the scope or intent of such or of this Lease Agreement.

22.12. Relationship of Parties. This Lease Agreement does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between Landlord and Tenant, the sole relationship between Landlord and Tenant being that of landlord and tenant.

22.13. Entire Agreement. All preliminary and contemporaneous negotiations are merged into and incorporated in this Lease Agreement. This Lease Agreement together with the Exhibits contains the entire agreement between the parties and shall not be modified or amended in any manner except by an instrument in writing executed by the parties hereto.

22.14. No Merger. There shall be no merger of this Lease Agreement or the leasehold estate created by this Lease Agreement with any other estate or interest in the Demised Premises by reason of the fact that the same person, firm, corporation or other entity may acquire, hold or own directly or

indirectly, (i) this Lease Agreement or the leasehold interest created by this Lease Agreement of any interest therein, and (ii) any such other estate or interest in the Demised Premises, or any portion thereof. No such merger shall occur unless and until all persons, firms, corporations or other entities having an interest (including a security interest) in (1) this Lease Agreement or the leasehold estate created thereby, and (2) any such other estate or interest in the Demised Premises, or any portion thereof, shall join in a written instrument expressly effecting such merger and shall duly record the same.

22.15. Possession and Use. Tenant acknowledges that the Demised Premises are the property of Landlord and that Tenant has only the right to possession and use thereof upon the covenants, conditions, provisions, terms and agreements set forth in this Lease Agreement.

22.16. No Surrender During Lease Term. No surrender to Landlord of this Lease Agreement or of the Demised Premises, or any portion thereof, or any interest therein, prior to the expiration of the term of this Lease Agreement shall be valid or effective unless agreed to and accepted in writing by Landlord and consented to in writing by all contract vendors and mortgagees, and no act or omission by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord consented to by all contract vendors and the mortgagees, as aforesaid, shall constitute an acceptance of any such surrender.

22.17. Surrender of Demised Premises. At the expiration of the Term, Tenant shall surrender the Demised Premises in the same condition as the same were in upon delivery of possession thereto at the Commencement Date reasonable wear and tear excepted and damage by fire or other casualty excepted as provided in this Lease Agreement, and shall surrender all keys to the Demised Premises to Landlord at the place then fixed for the payment of Base Rent and shall inform Landlord of all combinations on locks, safes and vaults, if any. Tenant shall at such time remove all of its property therefrom and all alterations

and improvements placed thereon by Tenant if so requested by Landlord as provided in Section 20.1 above. Tenant shall repair any damage to the Demised Premises caused by such removal, and any and all such property not so removed shall, at Landlord's option, become the exclusive property of Landlord or be disposed of by Landlord, at Tenant's cost and expense, without further notice to or demand upon Tenant. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease Agreement. All property of Tenant which Tenant is obligated to remove that is not removed within thirty (30) days after the last day of the Term shall be deemed abandoned. Tenant hereby appoints Landlord its agent to remove all property of Tenant from the Demised Premises upon termination of this Lease Agreement and to cause its transportation and storage for Tenant's benefit, all at the sole cost and risk of Tenant and Landlord shall not be liable for damage, theft, misappropriation or loss thereof and Landlord shall not be liable in any manner in respect thereto. Tenant shall pay all costs and expenses of such removal, transportation and storage. Tenant shall reimburse Landlord upon demand for any expenses incurred by Landlord with respect to removal or storage of abandoned property and with respect to restoring said Demised Premises to good order, condition and repair.

22.18. Holding Over. In the event Tenant remains in possession of the Demised Premises after expiration of this Lease Agreement, and without the execution of a new lease, it shall be deemed to be occupying the Demised Premises as a Tenant from month to month, subject to all the provisions, conditions and obligations of this Lease Agreement insofar as the same can be applicable to a month-to-month tenancy, except that the Base Rent shall be escalated to one hundred twenty-five percent (125%) of the then current Base Rent for the Demised Premises.

22.19. Survival. All obligations (together with interest or money obligations at the Maximum Rate of Interest) accruing prior to expiration of the Term shall survive the expiration or other termination of this Lease Agreement.

22.20. Attorneys' Fees. In the event of any litigation or judicial action in connection with this Lease Agreement or the enforcement thereof, the prevailing party in any such litigation or judicial action shall be entitled to recover all costs and expenses of any such judicial action or litigation (including, but not limited to, actual attorneys' and paralegals' fees reasonably incurred) from the other party.

22.21. Landlord's Limited Liability. Tenant agrees to look solely to Landlord's interest in the Demised Premises and the Project, and all profits, rents and sales proceeds arising therefrom for recovery of any monetary judgment from Landlord, it being agreed that Landlord (and if Landlord is a partnership, its partners, whether general or limited, and if Landlord is a corporation, its directors, officers or shareholders) shall not be personally liable for any monetary judgment or deficiency decree or judgment against Landlord.

22.22. Broker's Commissions. All negotiations relative to this Lease Agreement and the Demised Premises have been conducted by and between Landlord and Tenant without the intervention of any person or other party as agent or broker except for Cushman & Wakefield of Florida, Inc. and Hogan * Burt * Bishop, Inc. (collectively, the "Brokers"). Landlord, pursuant to separate agreements or arrangements with the Brokers, shall be responsible for any and all fees or commissions due and payable to the Brokers arising out of this Lease Agreement in any way and Tenant shall have no liability therefor. Except with respect to the fees and commissions of the Brokers to be paid for by Landlord as aforesaid, Landlord and Tenant warrant and represent to each other that there are and will be no broker's commissions or fees payable in connection with this Lease Agreement or the demise of the Demised Premises by reason of their respective dealings, negotiations or communications. Landlord and Tenant

(except with respect to the Brokers as aforesaid) shall and do each hereby indemnify, defend and hold harmless the other from and against the claims, demands, actions and judgments against any and all brokers, agents and other intermediaries alleging a commission, fee or other payment to be owing by reason of their respective dealings, negotiations or communications in connection with this Lease Agreement or the demise of the Demised Premises.

22.23. Covenants, Representations and Warranties.

(a) Landlord. Landlord represents and warrants to Tenant, and covenants and agrees with Tenant, the following:

(i) Landlord is a corporation, duly organized, validly existing and in good standing under the laws of the State of Florida;

(ii) All material information and data furnished to Tenant by Landlord or its agents with respect to the Project is true, correct, complete and not misleading in any material respect;

(iii) Landlord, and the undersigned signatories executing this Lease Agreement on behalf of Landlord, are duly authorized and empowered to enter into this Lease Agreement with Tenant;

(b) Tenant. Tenant represents and warrants to Landlord, and

covenants and agrees with Landlord, the following:

(i) Tenant is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and

(ii) Tenant, and the undersigned signatures executing this Lease Agreement on behalf of Tenant, are duly authorized and empowered to enter into this Lease Agreement with Landlord.

(iii) All material information and data furnished to Landlord by Tenant or its agents with respect to Tenant is correct and complete and not misleading in any material respect.

22.24. Landlord's Permission, Consent or Approval. Whenever in this Lease Agreement Landlord's or Tenant's permission, consent or approval is required, then, except to the extent otherwise expressly provided, such permission, consent or approval shall not be unreasonably withheld, delayed or conditioned. Furthermore, except as otherwise expressly provided herein, in the event that Landlord fails to respond to any written request for consent or approval within thirty (30) days after the giving of such request, then such request shall be deemed to have been approved.

22.25. FORUM AND VENUE FOR LEGAL PROCEEDINGS/WAIVER OF JURY TRIAL. ANY LEGAL PROCEEDING OF ANY NATURE BROUGHT BY EITHER PARTY AGAINST THE OTHER TO ENFORCE ANY RIGHT OR OBLIGATION UNDER THIS LEASE AGREEMENT, OR ARISING OUT OF ANY MATTER PERTAINING TO THIS LEASE AGREEMENT, SHALL EXCLUSIVELY BE SUBMITTED FOR TRIAL, WITHOUT JURY, BEFORE ANY COURT SITTING IN LEE COUNTY, STATE OF FLORIDA HAVING SUBJECT MATTER JURISDICTION. THE PARTIES CONSENT AND SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT AND AGREE TO ACCEPT SERVICE OF PROCESS OUTSIDE THE STATE OF FLORIDA IN ANY MATTER TO BE SUBMITTED TO ANY SUCH

COURT PURSUANT HERETO, AND EXPRESSLY WAIVE ALL RIGHTS TO TRIAL BY JURY REGARDING ANY SUCH MATTER.

22.26. Arbitration. Any dispute with respect to the current determination of market rent as set forth in clause (y) of Section 1.3(a) shall be determined by Landlord and Tenant with Landlord and Tenant promptly attempting to agree upon an appraiser (Only Appraiser) who shall determine the "then current fair market rental value for the Demised Premises." If Landlord and Tenant do not agree upon the Only Appraiser within thirty (30) days after such applicable time period, Landlord shall designate an appraiser (First Appraiser) and Tenant shall designate an appraiser (Second Appraiser). The First Appraiser and Second Appraiser designated shall meet within ten (10) days after said fifteen (15) day period, and, if within thirty (30) days after said ten (10) day period has expired, the First Appraiser and Second Appraiser shall not have agreed upon the "then current fair market rental value for the Demised Premises", then the First Appraiser and Second Appraiser shall then appoint a Third Appraiser and if they are unable to agree upon such Third Appraiser within ten (10) days of the expiration of said last thirty (30) day period, then the Third Appraiser shall be selected by a court located in Lee County, Florida or if said court fails or refuses to select, then by the manner provided for in the Florida Arbitration Code. The Third Appraiser shall be instructed that his appraisal shall be made in thirty (30) days after his appointment. If any appraiser fails or refuses or is unable to act or if either Landlord or Tenant fails or refuses to appoint a required appraiser, then a new appraiser shall be appointed in his stead which appointment shall be made as herein provided for the appointment of the Third Appraiser if the First Appraiser or Second Appraiser are unable to agree. Landlord and Tenant shall each pay its own expenses and, if there is more than one appraiser, then Landlord and Tenant shall pay the fees and expenses of the First Appraiser and Second Appraiser respectively. The fees and expenses of the Third Appraiser or of the Only Appraiser, if there is only one appraiser, shall be borne equally by Landlord

and Tenant. Any appraiser designated to serve will be a disinterested party, shall be qualified to determine the "then current fair market rental value for the Demised Premises," shall be a member of American Institute of Real Estate Appraisers (or any successor association or body of comparable standing), and shall have been actively engaged in the appraisal of office real estate in the Tampa area for a period of not less than five (5) years immediately prior to his appointment. If there is an Only Appraiser, then the decision of such appraiser shall be final and binding upon Landlord and Tenant. If there are two appraisers, then the decision of such two appraisers will be final and binding on Landlord and Tenant. If there are three appraisers, then the "then current fair market rental for the Demised Premises" shall be the arithmetic average of the then current fair market rental for the Demised Premises determined by the two appraisers having the closest appraisal values and such determination and average and shall be final and binding on Landlord and Tenant.

22.27. Counterparts; Expiration of Lease Agreement; "Effective Date".

This Lease Agreement may be executed in separate counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument. This Lease Agreement shall be null, void and of no effect unless it is fully executed by Landlord and Tenant, without modification (except for mutually agreed upon and initialed changes), and either (i) at least one fully executed original Lease Agreement has been delivered to both parties at or before 5:00 p.m. (Eastern Time) on July 30,1997, or (ii) at or before 5:00 p.m. (Eastern Time) on July 30, 1997 the parties shall have exchanged executed counterpart signature pages with transmittal letters from their respective legal counsels confirming that the Lease Agreement has been deemed fully executed (facsimile transmission of such signature pages and letters shall be acceptable), provided that the parties agree to cause at least one fully executed original Lease Agreement will be delivered to both parties within two (2) business days thereafter. Subject to the immediately preceding sentence, the"Effective Date" of this Lease Agreement shall mean the later of the two dates set forth below the respective signatures of Landlord and Tenant.

22.28 Access. Tenant, its employees and agents, shall have access to the Demised Premises twenty-four (24) hours a day and seven (7) days a week, except to the extent prohibited or restricted by Force Majeure Events.

22.29 Protection of Laws. Notwithstanding anything which may be contained in the Lease to the contrary, Tenant shall be afforded the full protection afforded a tenant under the law governing the relationship between landlords and tenants in the state wherein the Demised Premises are situated.

22.30 OSHA/Tight Building Syndrome. Landlord represents and warrants that, to the best of its present knowledge, the Demised Premises and the Building comply with the applicable safety and health standards in effect pursuant to the Federal Occupational Safety and Health Act, as amended, Environmental Protection Act (including U.S. Environmental Protection Agency -- Official Pesticides and Toxic Substances Guidance for Controlling Asbestos-Containing Materials in Buildings, EPA 560/5-85024 (June, 1985, as revised from time to time) and all applicable state and local safety and health laws. Subject to Section 11.1, Landlord covenants to maintain the Demised Premises and the Building in such a manner as to assure continued compliance with such laws and standards and agrees to promptly make such repairs or renovations as may be necessary to meet any new or modified requirement. Landlord agrees to pay, hold harmless and indemnify Tenant from and against any all losses, damages, claims, suits, actions, judgments, and costs (including reasonable attorneys' fees) which may arise or grow out of injury, claim of injury or death of persons or damage to property attributable to the presence in the Building or Demised Premises (or the land on which the Building is situate) of any hazardous or toxic substance.

Landlord represents and warrants that, to the best of its present

knowledge, the Demised Premises and the Building are serviced with sufficient air handling capacity so as to provide adequate ventilation and fresh air to the Building and to the Premises, the parties recognizing that certain new buildings are affected by "tight building syndrome" where the air handling equipment does not provide sufficient fresh air to the occupants, resulting in complaints of nausea, headache, eyestrain, and other ailments.

22.31 Access by Individuals with Disabilities. Landlord represents and warrants that, to the best of its present knowledge, the Demised Premises and the Building will, upon Substantial Completion, comply with all applicable laws and regulations dealing with access by individuals with disabilities, including Title III of the Americans with Disabilities Act, Public Law 10 1 -336 (July, 1990) as revised from time to time. To the extent that the Demised Premises are not fully accessible to any disabled employees or invitees or Tenant and subject to Section 11.1, Landlord shall take all reasonable steps to modify the Building and/or the Demised Premises so as to offer full accessibility. If required modifications are in excess of standards imposed by applicable law and regulations, and Landlord is thus unwilling to proceed, then Tenant, at its sole expense, may make such modifications to the Building and /or the Demised Premises as it deems necessary or desirable to permit access by any such employees or invitee.

22.32 Parking. Except to the extent prohibited or restricted by Force Majeure Events, Landlord shall provide Tenant with at least 312 parking spaces on the Land for the exclusive use of its employees and/or invitees.

22.33 Communications Equipment. Tenant may, at its option, install and maintain a radio antenna, satellite dish or similar communicating mechanism, on or about the Land and Building at a location mutually agreed upon by the parties hereto and identified on a plot plan which each of the parties hereto shall initial upon the execution of the Lease. In the event the parties hereto fail to designate a location for Tenant's communications equipment, Tenant may locate its communications equipment

anywhere on or about the Building or common areas about the Building, so long as the installation and the use thereof do not violate any federal, state, county, or local law, rule or regulation or restrictive covenants. Tenant shall, upon the expiration or earlier termination of the Term hereof, remove its communications equipment and repair any damage cause as a result of removal.

22.34 Contingency. Landlord has entered into a Deposit Receipt and Sales Agreement dated July 8, 1997, (the "Contract") with Bay Colony - Gateway, Inc. (the "Seller") to purchase the Land on or before July 31, 1997. If Landlord does not purchase the Land pursuant to the Contract, this Lease Agreement shall automatically and immediately terminate and neither Landlord nor Tenant shall have any obligations to the other under this Lease.

22.35 Waiver of Statutory Landlord's Lien. Landlord hereby agrees to waive its statutory Landlord's lien under Chapter 83 of the Florida Statutes.

IN WITNESS WHEREOF, intending to be legally bound and with the specific intent that this Lease Agreement constitute an instrument under seal, each of the parties hereto has caused this Lease Agreement to be duly executed as of the Effective Date.

Signed, sealed and delivered
in the presence of

LANDLORD:

HOGAN TRIAD FT. MYERS I, LTD,

a Florida limited partnership

By: Triad Properties Holdings-Florida L.L.C., a Florida limited liability company, its general partner

By: /s/ Gerry E. Shannon
---------- (SEAL)

Name: /s/ [ILLEGIBLE]

Name: Gerry E. Shannon

Title: Manager

By: /s/ William R. Stroud
---------- (SEAL)

Name: /s/ [ILLEGIBLE]

Name: William R. Stroud

Title: Manager

Date signed by Landlord:
July ____, 1997

TENANT:
GARTNER GROUP, INC., a Delaware corporation

By: /s/ Paul S. Parker

Name: /s/ [ILLEGIBLE]

Name: Paul S. Parker

Title: VP PROD, DELIVERY & ADMIN

Name: /s/ Cathy S. Sat

Date signed by Landlord:
July 30, 1997

EXHIBIT 23.2

CONSENT OF ARTHUR ANDERSEN LLP

EXHIBIT 23.2

[LETTERHEAD OF ARTHUR ANDERSEN LLP APPEARS HERE]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
October 13, 1999

EXHIBIT 24.1

POWER OF ATTORNEY

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Leo F. Wells, III and Brian M. Conlon, or either of them 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 post-effective amendments to the Registration Statement on Form S-11 of Wells Real Estate Investment Trust, Inc. (Commission File No. 333-32099) or any additional Registration Statement filed pursuant to Rule 462 and to cause the same to be filed with the Securities and Exchange Commission hereby granting to said attorneys-in-fact and each of them full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact or either of them may do or cause to be done by virtue of these presents.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Power of Attorney has been signed below, effective as of August 19, 1998, 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/ Brain M. Conlon Brian M. Conlon	Executive Vice President (Principal Financial and Accounting Officer) and Director
/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 Director

Donald S. Moss

/s/ Walter W. Sessoms Director

Walter W. Sessoms

/s/ Neil H. Strickland Director

Neil H. Strickland