As filed with the Securities and Exchange Commission on January 15, 1999

Registration No. 333-32099

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.
(Exact Name of Registrant as Specified in 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)

Brian M. Conlon, 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 and Supplement No. 6 dated January 12, 1999, which supersedes Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998 (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.

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)

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 AND ENTITY RECEIVING	DETERMINATION OF AMOUNT	ESTIMATED MAXIMUM DOLLAR AMOUNT (1)(2)
	ORGANIZATIONAL AND OFFERING STAGE	
Selling Commissions - The Dealer Manager	Up to 7% of Gross Offering Proceeds before 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.

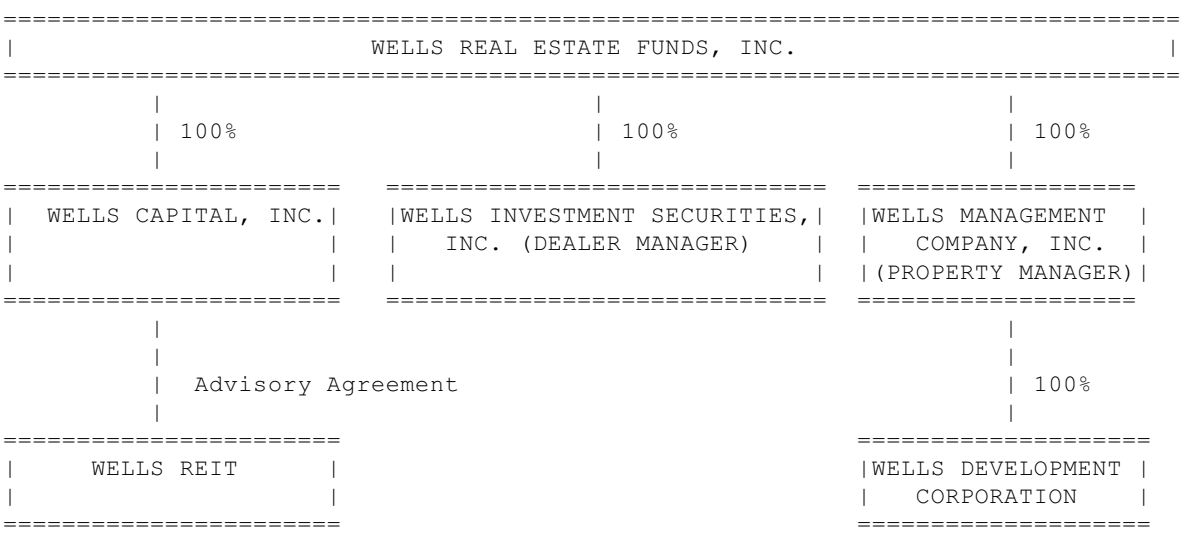
Since the Advisor and its Affiliates are entitled to differing levels of

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.

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:

	SELLING COMMISSIONS			
DOLLAR VOLUME OF SHARES PURCHASED	PERCENT	PER SHARE	PURCHASE PRICE PER SHARE	NET PROCEEDS TO COMPANY PER SHARE
Under $250,000	7.0%	$ 0.70	$ 10.00	$9.30
$250,000-$649,999	6.0%	$0.5936	$9.8936	$9.30
$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					

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(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%			

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(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):	20,883	431,728	47,595		
Operations					
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%		

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(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 Properties at the end of the Last Year Reported in the Table	100%				

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(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%				

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(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)	[_]	Individual (01)
[_]	Keogh (10)	[_]	Joint Tenants With Right of Survivorship (02)
[_]	Qualified Pension Plan (11)	[_]	Community Property (03)
[_]	Qualified Profit Sharing Plan (12)	[_]	Tenants in Common (04)
[_]	Other Trust_____ For the Benefit of_____	[_]	Custodian: A Custodian for_____ under the Uniform Gift to Minors Act of the State of _____ (08)
[_]	Partnership (15)	[_]	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

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.

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No dealer, salesperson or other individual has been authorized to give any information or to make any representations not contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Dealer Manager. This Prospectus does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that the information contained herein is correct as of any time subsequent to the date hereof. In the event of material changes, this Prospectus will be amended to reflect such changes.

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.

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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

(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	$ 763,486	$ 666,780	$ 676,367	$ 528,025	$ 280,000
Cash Generated (Used By):					
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)/ Taxable Loss: Operations	$ 795,654	$ 589,053	$ 901,828	$ 700,896	$ 31,428
Cash Generated (Used By): Operations	$1,091,770	$ 809,389	$ 916, 531	$ 667,682	$ 31,428
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%				

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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, 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.

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
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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 (UNAUDITED)	1997
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 (UNAUDITED)	1997
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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

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
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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
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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 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.

APPENDIX I

INDEX TO FINANCIAL STATEMENTS

(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.

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.

(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)
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)
10.4	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)

10.15 Promissory Note for $5,960,000 from the Fremont Joint Venture to NationsBank, N.A. relating to the Fairchild Building dated July 16, 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)

10.16 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)

10.21 Purchase and Sale Agreement and Joint Escrow Instructions relating to the Cort Furniture Building dated June 12, 1998 between the Cort Joint Venture (as successor in interest by assignment) and Spencer Fountain 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)

10.22 First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions relating to the Cort Furniture Building dated July 16, 1998 between the Cort Joint Venture (as successor in interest by assignment) and Spencer Fountain 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)

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, filed herewith

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, filed herewith

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, filed herewith

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, filed herewith

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., filed herewith

10.32 Development Agreement for the Associates Building dated September 15, 1998 between Wells Development Corporation and ADEVCO Corporation, filed herewith

10.33 Guaranty of Development Agreement for the Associates Building dated September 15, 1998 by David M. Kraxberger, filed herewith

10.34 Owner-Contractor Agreement for the construction of the Associates Building dated September 10, 1998 between Wells Development Corporation and Integra Construction, Inc., filed herewith

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, filed herewith

10.36 Lease Agreement for the Associates Building dated September 10, 1998 between Wells Development Corporation and Associates Housing Finance, LLC, filed herewith

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., filed herewith

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., filed herewith

10.39 Amended and Restated Loan Agreement dated December 31, 1998 between Wells Operating Partnership, L.P. and SouthTrust Bank, National Association, filed herewith

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, filed herewith

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, filed herewith

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, filed herewith

10.43 Amended and Restated Warrant Purchase Agreement dated December 31, 1998 between the Registrant and Wells Investment Securities, 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

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Post-Effective Amendment No. 4 to Registration Statement to be signed on its behalf by the

undersigned, thereunto duly authorized, in the City of Norcross, and State of Georgia, on the 12th day of January, 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. 4 to Registration Statement has been signed below on January 12, 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/ Brian M. Conlon - --- Brian M. Conlon		Executive Vice President and Director (Principal Financial and Accounting Officer)
/s/ Walter W. Sessoms - --- Walter W. Sessoms	*	Director
/s/ John L. Bell - --- John L. Bell	*	Director
/s/ Richard W. Carpenter - --- Richard W. Carpenter	*	Director
/s/ Bud S. Carter - --- Bud Carter	*	Director
/s/ Donald S. Moss - --- Donald S. Moss	*	Director
/s/ Neil H. Strickland - --- Neil H. Strickland	*	Director
/s/ William H. Keogler, Jr. - --- William H. Keogler, Jr.	*	Director

* By Brian M. Conlon, 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) 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)
10.4	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)

10.15 Promissory Note for $5,960,000 from the Fremont Joint Venture to NationsBank, N.A. relating to the Fairchild Building dated July 16, 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)

10.16 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)

10.21 Purchase and Sale Agreement and Joint Escrow Instructions relating to the Cort Furniture Building dated June 12, 1998 between the Cort Joint Venture (as successor in interest by assignment) and Spencer Fountain 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)

10.22 First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions relating to the Cort Furniture Building dated July 16, 1998 between the Cort Joint Venture (as successor in interest by assignment) and Spencer Fountain 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)

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, filed herewith

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, filed herewith

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, filed herewith

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, filed herewith

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., filed herewith

10.32 Development Agreement for the Associates Building dated September 15, 1998 between Wells Development Corporation and ADEVCO Corporation, filed herewith

10.33 Guaranty of Development Agreement for the Associates Building dated September 15, 1998 by David M. Kraxberger, filed herewith

10.34 Owner-Contractor Agreement for the construction of the Associates Building dated September 10, 1998 between Wells Development Corporation and Integra Construction, Inc., filed herewith

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, filed herewith

10.36 Lease Agreement for the Associates Building dated September 10, 1998 between Wells Development Corporation and Associates Housing Finance, LLC, filed herewith

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., filed herewith

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., filed herewith

10.39 Amended and Restated Loan Agreement dated December 31, 1998 between Wells Operating Partnership, L.P. and SouthTrust Bank, National Association, filed herewith

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, filed herewith
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, filed herewith
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, filed herewith
10.43	Amended and Restated Warrant Purchase Agreement dated December 31, 1998 between the Registrant and Wells Investment Securities, 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

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EXHIBIT 10.27

REAL ESTATE OPTION AGREEMENT

FOR LOT #11

BETWEEN THE DEVELOPMENT CORPORATION OF KNOX COUNTY

AND

WELLS DEVELOPMENT CORPORATION

REAL ESTATE OPTION AGREEMENT

This REAL ESTATE OPTION AGREEMENT is made and entered into effective as of the 22nd day of April, 1998 (the "Effective Date"), by and between THE DEVELOPMENT CORPORATION OF KNOX COUNTY, a Tennessee non-profit corporation, hereinafter referred to as "Seller," and WELLS DEVELOPMENT CORPORATION, a Georgia corporation, hereinafter referred to as "Purchaser."

WITNESSETH:

WHEREAS, Seller is the owner in fee simple of a certain unimproved tract of land consisting of approximately 4.7 acres, more or less, comprised of LOT #11 in CENTERPOINT BUSINESS PARK, located in Knox County, Tennessee, as is more particularly described on Exhibit A, attached hereto and incorporated herein by reference (hereinafter referred to as the "Premises"); and

WHEREAS, Purchaser wishes to purchase an option on the Premises as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and provisions herein contained, the payment of the Option Price hereinafter specified, the foregoing recitals which are incorporated into this Agreement by reference, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. Subject to the conditions of this Agreement, Seller hereby grants to Purchaser an option to purchase the Premises together with all improvements thereon, if any, on an "as is, where is" basis except as provided in Paragraph 7.

2. Option Period. This Option shall remain in full force and effect for a period of two (2) months from the Effective Date, such Option Period commencing upon the Effective Date, and terminating at 11:59 p.m. on the 22nd day of June, 1998, which period of time is hereinafter referred to as the "Exercise Period." By mutual agreement of the parties, the Exercise Period may be extended for an additional period of thirty (30) days, which extension will be evidenced by an amendment to this Agreement signed by both parties.

3. Exercise of Option. This Option may be exercised by Purchaser at any time during the Exercise Period by written notice from Purchaser to Seller which is actually delivered to and received by Seller during the Exercise Period.

4. Option Consideration. Purchaser shall pay to Seller the sum of Five Thousand and No/100 Dollars ($5,000.00) ("Option Price") as consideration for the granting of the Option, the receipt of which is hereby acknowledged. In the event Purchaser does not exercise the Option as herein provided, the Option Price shall be retained by Seller free and clear of all claims. In the event Purchaser properly exercises the Option as herein provided, the Option Price shall be credited against the Purchase Price.

5. Exceptions to Title. In the event of the exercise of the Option, the Premises will be sold and conveyed subject to:

a. Real property taxes for the year 1998, which shall be apportioned between the parties hereto at the closing hereof and assumed by Purchaser;

b. Utilities easements serving the Premises and plat restrictions of record;

c. Such other easements, covenants, and restrictions as are of record in the Knox County Register's Office; and

d. Such other affirmative covenants and restrictions which are contained in the proposed form of the warranty deed, attached hereto as Exhibit B.

6. Purchase Price. In the event of the exercise of the Option, the total purchase price for the Premises will be ONE HUNDRED THIRTY THOUSAND DOLLARS ($130,000.00) per acre (the "Purchase Price"), the exact acreage to be determined by a survey performed at Purchaser's sole cost. The Purchase Price shall be payable as follows:

(a) The Option Price shall be applied to the Purchase Price;

(b) The balance of the Purchase Price shall be paid in cash or by cashier's or certified check at the Closing of the sale of the Premises hereinafter specified (the "Closing").

7. Soils Testing.

(a) Environmental. Purchaser, at its own expense, may conduct a Phase I environmental report. This report must show that there are no environmental hazards, defects, or violations on the premises that might require correction or clean-up by Purchaser. If, after receipt by the parties of the Phase I environmental report, it appears that additional environmental reports are necessary and/or expense will have to be incurred to clean-up the property, then the Seller shall, at its option, proceed further and incur these expenses or terminate this agreement. If this agreement is terminated, the Purchaser shall be entitled to a return of its option deposit.

(b) Structural and Topographical. Upon full execution of this Agreement, Purchaser may obtain, at its cost, technical engineering to determine the suitability of soil conditions and topography for the construction of a manufacturing facility. Should technical reports indicate the property is unsuitable for this use, then Purchaser may terminate this Option Agreement by written notice to Seller, in which event the Option Price shall be immediately returned to Purchaser and each of the parties shall be released from further liability to the other.

8. Assignment of Option. This Agreement may not be assigned by Purchaser

without the prior written consent of Seller, which shall not be unreasonably withheld.

9. Existing Mortgages. If there be a mortgage or deed of trust on the Premises and in the event of the exercise of the Option, Seller agrees to obtain at Seller's expense and deliver to Purchaser, on or before the Closing hereunder, a release thereof, properly executed and acknowledged in form for recording.

10. Title to the Premises. Purchaser agrees at Purchaser's expense to cause the title to the Premises to be examined by any reputable title company or attorney, and to obtain a survey of the Premises, both certified and delivered to Seller and Purchaser. The new survey description shall be used for the deed described in paragraph 13.

11. Purchaser's Rights on Seller's Default. In the event of the exercise of the Option and if (i) Seller defaults in its performance hereunder; or (ii) Seller is unable to convey good title to the Premises at Closing as required hereunder; or (iii) a qualified and licensed architect or engineer concludes that the Premises are unsuitable for construction due to soil or geologic conditions, then Purchaser shall have the following rights:

a. To accept the Premises or any part thereof subject to any of the foregoing and, if necessary, obtain specific performance of this Agreement subject to such matters; or

b. To cancel and terminate this Agreement by written notice to Seller, in which event the Option Price, together with any accrued interest thereon, shall be returned to Purchaser.

Purchaser must elect one of the foregoing remedies, upon which election the selected remedy shall become Purchaser's sole remedy at law or in equity.

12. Seller's Rights Upon Purchaser's Default. In the event Purchaser should exercise the Option and thereafter default under this Agreement, Seller shall have any and all remedies available to Seller under applicable law at law or in equity.

13. Title Documents. In the event of the exercise of the Option, the deed by which the Premises are conveyed to Purchaser at the Closing shall be a special warranty deed substantially in the form of Exhibit B, suitable for recording and duly executed and acknowledged by Seller, subject to the matters stated in paragraph 5. Seller shall pay the cost of preparing said deed and Purchaser shall pay the cost of recording the same, including all taxes. Purchaser agrees to pay all other closing costs.

14. Purchaser's Right to Possession. In the event of the exercise of the Option, Seller agrees to give actual possession and occupancy of the Premises to Purchaser at the time of Closing hereunder, provided, however, during the Exercise Period, Purchaser shall have the right to enter the Premises, together with men and materials, for the following purposes: (i) to make a physical inspection of the Premises, including subsurface tests, test borings, and hazardous waste tests; and (ii) to make an accurate survey of the boundaries of the Premises. Purchaser shall also have the right to inspect the Premises immediately prior to or on the day of Closing. In the event Purchaser enters upon the Premises for the purposes specified in subparagraphs (i) and (ii)

above, Purchaser will indemnify Seller for any claim made against Seller as a result of Purchaser's entry and, if the Closing does not take place as provided hereunder, Purchaser will indemnify Seller for any damage to the Premises caused by Purchaser's entry. Purchaser's indemnity obligations contained in this paragraph 14 shall survive the expiration of the Option Period in the event the Closing does not take place.

15. Condemnation Prior to Closing. In the event of the exercise of the Option and in the event of the taking of the Premises or any part thereof by condemnation, the parties agree that Purchaser shall have the option to declare this Agreement null and void (in which event the Option Price shall be returned to Purchaser) or to accept the Premises in the condition in which they are left following such taking, with an assignment by Seller to Purchaser of all rights to the collection of any condemnation award.

16. Closing Adjustments. In the event of the exercise of the Option, at the time of Closing hereunder, real estate taxes shall be apportioned and adjusted between the parties as of the date of Closing.

17. Closing. In the event of the exercise of the Option, the Closing of the purchase of the Premises by Purchaser shall be held within thirty (30) days after the exercise of the Option, with the location and time of said Closing to be specified by Seller in a written notice. At said Closing, the Purchase Price shall be paid by Purchaser to Seller as required in paragraph 6 hereof and Seller shall deliver to Purchaser a special warranty deed for the Premises as required by paragraph 13 hereof.

18. Brokerage Commissions. In the event of the exercise of the Option and closing of the sale of the premises as herein specified, Seller agrees to pay ADEVCO REALTY GROUP a commission equal to Five (5%) of the Purchase Price for arranging the sale of the premises pursuant to a separate agreement with said broker. Purchaser agrees to and hereby does indemnify and hold Seller free and harmless from all losses, damages, costs, commissions and expenses, including attorneys' fees, that Seller may suffer as a result of any claims or suits brought by any other brokers or finders in connection with this transaction, except with respect to a broker employed by Seller.

19. General Provisions.

a. All notices or demands hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified United States mail, return receipt requested, or forwarded by a nationally recognized overnight courier service, to any party hereto at the address set forth below or at such other address as any party shall subsequently designate in writing:

If to Seller:
The Development Corporation of Knox County
601 W. Summit Hill Drive, Suite 200-A
Knoxville, Tennessee 37902
Contact: Melissa A. Ziegler
Phone: (423) 546-5887

If to Purchaser:

Wells Development Corporation
3885 Holcomb Bridge Road

Norcross, Georgia 30092
Contact: Michael Berndt
Phone: (770)449-7800

b. This Agreement shall be construed and enforced in accordance with the laws of the State of Tennessee.

c. If two or more persons constitute either Seller or Purchaser, the word "Seller" or the word "Purchaser" shall be construed as if it reads "Sellers" and "Purchasers" whenever the sense of this Agreement so requires.

d. The captions of this Agreement are inserted only for the purpose of convenient reference and in no way define, limit, or prescribe the scope or intent of this Agreement or any part thereof.

e. This Agreement constitutes the entire contract between the parties hereto, and may not be changed (including an extension of the Exercise Period as provided in paragraph 2) or terminated orally, but may only
be modified by an instrument in writing signed by the parties hereto.

f. The provisions hereof shall apply to and inure to the benefit of the successors, assigns and representatives of the respective parties hereto.

g. This Agreement may be executed in multiple counterparts which shall be construed together as one instrument.

h. In any dispute relating to the enforcement of this Agreement, the defaulting party shall reimburse the costs incurred by the prevailing party, including reasonable attorneys fees.

EXECUTED as of the day, year and month first above written.

SELLER:

April 22, 1998 10:45 AM
Date and time executed

THE DEVELOPMENT CORPORATION OF KNOX COUNTY

/s/ Douglas Lawfer
Witness

By: /s/ Melissa A. Ziegler
Melissa Ziegler
Its: Executive Director

PURCHASER:

WELLS DEVELOPMENT CORPORATION

April 22, 1998 12:05 PM
Date and time executed

/s/ David M. Kraxberger
Witness

By: /s/ Michael C. Berndt
Title: VP-Chief Investment Officer

EXHIBIT A

====The==========
DEVELOPMENT
CORPORATION
====Of Knox County===

CENTERPOINT BUSINESS PARK
KNOX COUNTY, TENNESSEE

[CHART OF CENTERPOINT BUSINESS PARK APPEARS HERE]

706 Walnut Street, Suite 700 . Knoxville, Tennessee 37902
Phone: (423)546-5887 . Fax: (423)546-6170
http://KnoxDevelopment.org

EXHIBIT 10.28

REAL ESTATE OPTION AGREEMENT

FOR LOT #10

BETWEEN THE DEVELOPMENT CORPORATION OF KNOX COUNTY

AND

WELLS DEVELOPMENT CORPORATION

REAL ESTATE OPTION AGREEMENT

This REAL ESTATE OPTION AGREEMENT is made and entered into effective as of the 21st day of June 1998 (the "Effective Date"), by and between THE DEVELOPMENT CORPORATION OF KNOX COUNTY, a Tennessee non-profit corporation, hereinafter referred to as "Seller," and WELLS DEVELOPMENT CORPORATION, a Georgia corporation, hereinafter referred to as "Purchaser."

WITNESSETH:

WHEREAS, Seller is the owner in fee simple of a certain unimproved tract of land consisting of approximately 2.78 acres, more or less, comprised of LOT #10 in CENTERPOINT BUSINESS PARK, located in Knox County, Tennessee, as is more particularly described on Exhibit A, attached hereto and incorporated herein by reference (hereinafter referred to as the "Premises"); and

WHEREAS, Purchaser wishes to purchase an option on the Premises as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and provisions herein contained, the payment of the Option Price hereinafter specified, the foregoing recitals which are incorporated into this Agreement by reference, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. Subject to the conditions of this Agreement, Seller hereby grants to Purchaser an option to purchase the Premises together with all improvements thereon, if any, on an "as is, where is" basis except as provided in Paragraph 7.

2. Option Period. This Option shall remain in full force and effect until terminating at 11:59 p.m. on the 1/st/ day of AUGUST, 1998, which period of time is hereinafter referred to as the "Exercise Period."

3. Exercise of Option. This Option may be exercised by Purchaser at any time during the Exercise Period by written notice from Purchaser to Seller which is actually delivered to and received by Seller during the Exercise Period.

4. Option Consideration. Purchaser shall pay to Seller the sum of Three Thousand and No/100 Dollars ($3,000.00) ("Option Price") as consideration for the granting of the Option, the receipt of which is hereby acknowledged. In the event Purchaser does not exercise the Option as herein provided, the Option Price shall be retained by Seller free and clear of all claims. In the event

Purchaser properly exercises the Option as herein provided, the Option Price shall be credited against the Purchase Price.

5. Exceptions to Title. In the event of the exercise of the Option, the Premises will be sold and conveyed subject to:

a. Real property taxes for the year 1998, which shall be apportioned between the parties hereto at the closing hereof and assumed by Purchaser;

b. Utilities easements serving the Premises and plat restrictions of record;

c. Such other easements, covenants, and restrictions as are of record in the Knox County Register's Office; and

d. Such other affirmative covenants and restrictions which are contained in the proposed form of the warranty deed, attached hereto as Exhibit B.

6. Purchase Price. In the event of the exercise of the Option, the total purchase price for the Premises will be ONE HUNDRED THIRTY THOUSAND DOLLARS ($130,000.00) per acre (the "Purchase Price"), the exact acreage to be determined by a survey performed at Purchaser's sole cost. The Purchase Price shall be payable as follows:

(a) The Option Price shall be applied to the Purchase Price;

(b) The balance of the Purchase Price shall be paid in cash or by cashier's or certified check at the Closing of the sale of the Premises hereinafter specified (the "Closing").

7. Soils Testing.

(a) Environmental. Purchaser, at its own expense, may conduct a Phase I environmental report. This report must show that there are no environmental hazards, defects, or violations on the premises that might require correction or clean-up by Purchaser. If, after receipt by the parties of the Phase I environmental report, it appears that additional environmental reports are necessary and/or expense will have to be incurred to clean-up the property, then the Seller shall, at its option, proceed further and incur these expenses or terminate this agreement. If this agreement is terminated, the Purchaser shall be entitled to a return of its option deposit.

(b) Structural and Topographical. Upon full execution of this Agreement, Purchaser may obtain, at its cost, technical engineering to determine the suitability of soil conditions and topography for the construction of a manufacturing facility. Should technical reports indicate the property is unsuitable for this use, then Purchaser may terminate this Option Agreement by written notice to Seller, in which event the Option Price shall be immediately returned to Purchaser and each of the parties shall be released from further liability to the other.

8. Assignment of Option. This Agreement may not be assigned by Purchaser without the prior written consent of Seller.

9. Existing Mortgages. If there be a mortgage or deed of trust on the Premises and in the event of the exercise of the Option, Seller agrees to obtain at Seller's expense and deliver to Purchaser, on or before the Closing

hereunder, a release thereof, properly executed and acknowledged in form for recording.

10. Title to the Premises. Purchaser agrees at Purchaser's expense to cause the title to the Premises to be examined by any reputable title company or attorney, and to obtain a survey of the Premises, both certified and delivered to Seller and Purchaser. The new survey description shall be used for the deed described in paragraph 13.

11. Purchaser's Rights on Seller's Default. In the event of the exercise of the Option and if (i) Seller defaults in its performance hereunder; or (ii) Seller is unable to convey good title to the Premises at Closing as required hereunder; or (iii) a qualified and licensed architect or engineer concludes that the Premises are unsuitable for construction due to soil or geologic conditions, then Purchaser shall have the following rights:

a. To accept the Premises or any part thereof subject to any of the foregoing and, if necessary, obtain specific performance of this Agreement subject to such matters; or

b. To cancel and terminate this Agreement by written notice to Seller, in which event the Option Price, together with any accrued interest thereon, shall be returned to Purchaser.

Purchaser must elect one of the foregoing remedies, upon which election the selected remedy shall become Purchaser's sole remedy at law or in equity.

12. Seller's Rights Upon Purchaser's Default. In the event Purchaser should exercise the Option and thereafter default under this Agreement, Seller shall have any and all remedies available to Seller under applicable law at law or in equity.

13. Title Documents. In the event of the exercise of the Option, the deed by which the Premises are conveyed to Purchaser at the Closing shall be a special warranty deed substantially in the form of Exhibit B, suitable for recording and duly executed and acknowledged by Seller, subject to the matters stated in paragraph 5. Seller shall pay the cost of preparing said deed and

Purchaser shall pay the cost of recording the same, including all taxes. Purchaser agrees to pay all other closing costs.

14. Purchaser's Right to Possession. In the event of the exercise of the Option, Seller agrees to give actual possession and occupancy of the Premises to Purchaser at the time of Closing hereunder, provided, however, during the Exercise Period, Purchaser shall have the right to enter the Premises, together with men and materials, for the following purposes: (i) to make a physical inspection of the Premises, including subsurface tests, test borings, and hazardous waste tests; and (ii) to make an accurate survey of the boundaries of the Premises. Purchaser shall also have the right to inspect the Premises immediately prior to or on the day of Closing. In the event Purchaser enters upon the Premises for the purposes specified in subparagraphs (i) and (ii) above, Purchaser will indemnify Seller for any claim made against Seller as a result of Purchaser's entry and, if the Closing does not take place as provided hereunder, Purchaser will indemnify Seller for any damage to the Premises caused by Purchaser's entry. Purchaser's indemnity obligations contained in this paragraph 14 shall survive the expiration of the Option Period in the event the

Closing does not take place.

15. Condemnation Prior to Closing. In the event of the exercise of the Option and in the event of the taking of the Premises or any part thereof by condemnation, the parties agree that Purchaser shall have the option to declare this Agreement null and void (in which event the Option Price shall be returned to Purchaser) or to accept the Premises in the condition in which they are left following such taking, with an assignment by Seller to Purchaser of all rights to the collection of any condemnation award.

16. Closing Adjustments. In the event of the exercise of the Option, at the time of Closing hereunder, real estate taxes shall be apportioned and adjusted between the parties as of the date of Closing.

17. Closing. In the event of the exercise of the Option, the Closing of the purchase of the Premises by Purchaser shall be held within thirty (30) days after the exercise of the Option, with

the location and time of said Closing to be specified by Seller in a written notice. At said Closing, the Purchase Price shall be paid by Purchaser to Seller as required in paragraph 6 hereof and Seller shall deliver to Purchaser a special warranty deed for the Premises as required by paragraph 13 hereof.

18. Brokerage Commissions. In the event of the exercise of the Option and closing of the sale of the premises as herein specified, Seller agrees to pay ADEVCO a commission equal to Five (5%) of the Purchase Price for arranging the sale of the premises pursuant to a separate agreement with said broker. Purchaser agrees to and hereby does indemnify and hold Seller free and harmless from all losses, damages, costs, commissions and expenses, including attorneys' fees, that Seller may suffer as a result of any claims or suits brought by any other brokers or finders in connection with this transaction, except with respect to a broker employed by Seller.

19. General Provisions.

a. All notices or demands hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified United States mail, return receipt requested, or forwarded by a nationally recognized overnight courier service, to any party hereto at the address set forth below or at such other address as any party shall subsequently designate in writing:

If to Seller:
The Development Corporation of Knox County
601 W. Summit Hill Drive, Suite 200-A
Knoxville, Tennessee 37902
Contact: Melissa A. Ziegler
Phone: (423) 546-5887

If to Purchaser:

Wells Development Corporation
3885 Holcomb Bridge Road
Norcross, Georgia 30092
Contact: Michael Berndt
Phone: (770)449-7800

b. This Agreement shall be construed and enforced in accordance with the laws of the State of Tennessee.

c. If two or more persons constitute either Seller or Purchaser, the word "Seller" or the word "Purchaser" shall be construed as if it reads "Sellers" and "Purchasers" whenever the sense of this Agreement so requires.

d. The captions of this Agreement are inserted only for the purpose of convenient reference and in no way define, limit, or prescribe the scope or intent of this Agreement or any part thereof.

e. This Agreement constitutes the entire contract between the parties hereto, and may not be changed (including an extension of the Exercise Period as provided in paragraph 2) or terminated orally, but may only be modified by an instrument in writing signed by the parties hereto.

f. The provisions hereof shall apply to and inure to the benefit of the successors, assigns and representatives of the respective parties hereto.

g. This Agreement may be executed in multiple counterparts which shall be construed together as one instrument.

h. In any dispute relating to the enforcement of this Agreement, the defaulting party shall reimburse the costs incurred by the prevailing party, including reasonable attorneys fees.

EXECUTED as of the day, year and month first above written.

SELLER:

6/21/98 10:00 AM
Date and time executed

THE DEVELOPMENT CORPORATION OF KNOX COUNTY

Douglas Lawfer
Witness

By: /s/ Melissa Ziegler
Melissa Ziegler
Its: Executive Director

PURCHASER:

WELLS DEVELOPMENT CORPORATION

June 19, 1998 2:10 PM
Date and time executed

Alice S. Ridenour
Witness

By: /s/ Michael C. Brendt
Title: Chief Investment Officer

EXHIBIT A

====The==========
DEVELOPMENT
CORPORATION
====Of Knox County===

CENTERPOINT BUSINESS PARK
KNOX COUNTY, TENNESSEE

[CHART OF CENTERPOINT BUSINESS PARK APPEARS HERE]

706 Walnut Street, Suite 700 . Knoxville, Tennessee 37902
Phone: (423)546-5887 . Fax: (423)546-6170
http://KnoxDevelopment.org

EXHIBIT 10.29

AMENDMENT TO REAL ESTATE OPTION AGREEMENTS

BETWEEN THE DEVELOPMENT CORPORATION OF KNOX COUNTY

AND

WELLS DEVELOPMENT CORPORATION

AMENDMENT TO REAL ESTATE OPTION AGREEMENT
(LOTS 10 & 11, CENTERPOINT BUSINESS PARK

THIS AMENDMENT TO THE REAL ESTATE OPTION AGREEMENT (the "Amendment") is made and entered into effective as of the 8 day of Sept, 1998 by and between THE DEVELOPMENT CORPORATION OF KNOX COUNTY ("Seller") and WELLS DEVELOPMENT CORPORATION ("Purchaser"):

RECITALS:

WHEREAS, Seller and Purchaser entered into Real Estate Option Agreements (the "Option Agreements") dated as of April 22, 1998 for the option to purchase Lot 11 of CenterPoint Business Park, and as of June 21, 1998 for the option to purchase Lot 10 of CenterPoint Business Park (the "Premises") as more particularly described on Exhibit A to the Option Agreements and

WHEREAS, pursuant to the Option Agreement, the Purchaser had the right to conduct certain tests and inspections of the Premises, including without limitation, environmental inspection and soil tests to determine if the Premises is suitable for Purchaser's intended use; and

WHEREAS, Purchaser's tests have discovered that the Premises contains certain organic materials which must be removed for the Premises to be suitable for Purchaser's use; and

WHEREAS, Purchaser's sole remedy under the Option Agreement if the Premises is not suitable for Purchaser's intended use is to terminate the Option Agreement and receive a refund of the Option Price (as defined in the Option Agreement); and

WHEREAS, Purchaser has agreed to assume all responsibility for removal of the unsuitable material and the replacement thereof with suitable materials on the terms set forth in this Amendment in consideration of Seller agreeing to reduce purchase price and agreeing to the other matters as set forth below;

WHEREAS, Seller and Purchaser have agreed to certain amendments to the Option Agreement as more particularly described herein;

NOW, THEREFORE, in consideration of the foregoing, the mutual terms, covenants and conditions set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Paragraph 2 of the Option Agreement is hereby amended to provide that the Exercise Period during which time the Purchaser has the right to exercise its options to purchase the Premises shall be and is hereby extended through and including 11:59 p.m. on the 15/th/ day of September, 1998.

2. Paragraph 6 of the Option Agreement is hereby amended to provide that the Purchase Price for the Premises shall be $809,900. The Purchase Price reflects reductions in the original Purchase Price because of existing site conditions that will require additional site work to remove organic debris such as logs and stumps that have been buried on the Premises.

3. The Purchaser acknowledges and agrees that it has had full and complete opportunity to inspect the Premises and perform all tests and inspections of the Premises and Purchaser is accepting the Premises in its "AS, IS" condition. Purchaser further agrees that it hereby releases all claims against Seller of every kind or nature, including, without limitation, any claims related to or arising out of the condition of the Premises, whether known or unknown.

4. The Purchaser agrees to remove all unsuitable material on the Premises and haul such material off site and properly dispose of such material. The Seller will allow the Purchaser to remove up to an aggregate of 16,500 cubic yards of fill material from Lots 7 and 8 in CenterPoint Business Park to be used for Lot 10 and Lot 11 of CenterPoint Business Park. If Purchaser does not exercise its option to purchase Lot 10, then the amount of fill dirt which Purchaser shall be entitled to use from Lots 7 and 8 shall be reduced in proportion to the relative acreage of Lot 11 and Lot 10. The Purchaser will be responsible for clearing and grubbing the Seller's designated sections of Lots 7 and 8 as identified on attached map "Exhibit A" in CenterPoint Business Park and will ensure the proper removal of the non man-made debris from such lots. The Purchaser will also be responsible for stripping topsoil, if any, and having it placed at a location designated by Seller (see Exhibit "A") for the temporary topsoil stockpile. The Purchaser may remove material to an elevation specified by the Seller and Purchaser shall maintain proper erosion control and other appropriate construction practices. On completion of the borrow operation, all disturbed areas on Lots 7 and 8 must be left with slopes of 2 to 1 less, positive drainage control (no ponding), topsoil, if any, shall be replaced and the lots shall be seeded and mulched with a maintainable stand of grass achieved. The Purchaser further agrees to remove all undercut materials and all borrowed dirt in accordance with specifications established by Seller's engineer, Wilbur Smith and Associates, as described in Exhibit "B".

5. The Purchaser agrees to obtain the permission of Knox County to cross CenterPoint Boulevard, which is a public street controlled by Knox County, for heavy trucks and other equipment and shall bear sole responsibility for repair of any damage to the street and curbs resulting from the Purchaser's or Purchaser's agents, contractors or subcontractors relating to the activities and described in this Amendment.

6. The Purchaser agrees that it will be responsible for all field testing of Purchaser's material only and will provide the proper bonds and insurance for all aspects of the work described in this Amendment and will include Seller as an additional insured for that portion of the work that occurs on the Seller's Premises. The Purchaser agrees to indemnify and hold Seller harmless from and against any and all claims of every kind or

nature (including, without limitation, attorney fees incurred by Seller in defending any claims) arising out of Purchaser's work on or related to the Premises being purchased by Purchaser pursuant to the Option Agreement, as amended hereby, and any claims related to Purchaser's work on the other lots and/or roads in CenterPoint Business Park. The Purchaser will provide assurances to the Seller after completion of the work described above that all material was properly removed and disposed of off site.

7. The covenants and agreements set forth in this Amendment shall survive the closing of the purchase of the Premises by Purchaser.

8. Insofar as the specific terms and provisions of this Amendment purport to amend or modify or are in conflict with the specific terms or provisions of the Option Agreement, the terms and provisions of this Amendment shall govern

and control. In all other respects, the terms and provisions of the Option Agreement shall remain in full force and effect and shall be unmodified.

Executed this 8 day of Sept., 1998.

THE DEVELOPMENT CORPORATION OF KNOX COUNTY

By: /s/ Melissa A. Ziegler

Its: Executive

WELLS DEVELOPMENT CORPORATION

By: /s/ Michael Berndt

Its: V P

EXHIBIT A

=====The============
DEVELOPMENT CORPORATION
====of Knox County==

CENTERPOINT BUSINESS PARK
KNOX COUNTY, TENNESSEE

[CHART OF CENTERPOINT BUSINESS PARK APPEARS HERE]

601 W. Summit Hill Drive, Suite 200-A . Knoxville, TN 37902-2011
Phone: (423)546-5887 . Fax: (423)546-6170
www.KnoxDevelopment.org

"EXHIBIT B"

PROVISIONS AND STANDARDS FOR BORROW PIT WITH ADEVCO

1) Adevco shall maintain an accessway into the "Borrow Pit" area such that no mud or debris will be tracked onto CenterPoint Blvd.

2) Adevco shall strictly comply with Knox County erosion and sediment control policies, including:

   a) Slopes 2:1 or less; 10' wide bench will be required with each 20' difference in vertical elevation on all permanent slopes.
   b) Use silt fencing or other sediment control measures as necessary to retain sediment on site, Adevco will be responsible for damages or cleanup.
   c) When grading of an area is completed, replace topsoil and seed and mulch effected areas to achieve a maintainable stand of grass.

3) Adevco shall obtain all required Knox County and other necessary permits.

4) Adevco shall repair any damage to curbs or roadways along CenterPoint Blvd. This will be at the sole expense of Adevco.

5) Adevco shall prevent others from obtaining borrow material.

6) Adevco shall be absolutely responsible for and will indemnify and save harmless The Development Corporation and its officers, agents, employees, affiliates, successors, and assigns from and against any and all loss,

damage, claims, expense including attorney's fees, or liability for: (i) injury to or death of any person occurring on said Borrow Pit Area during the term of or arising as a result of or in connections with Adevco's use of the Borrow Pit Area unless such loss, damage, claims, expenses or liabilities arise from the negligent acts of The Development Corporation; and (ii) loss of or damage to any property whatsoever, where such injury, loss or damage is caused by, arises out of, results from, or is incident to Adevco's use and occupation of said Borrow Pit Area or any portion thereof, unless such loss, damage, claims, expenses and liability arise solely from the negligent acts of The Development Corporation.

7) (a) Adevco's Contractor, Integra Construction, shall secure and keep in effect Comprehensive General Liability Insurance with a dollar limitation of coverage not less than a combined single limit of $1,000,000.00 per any one occurrence for all loss, damage, cost, and expense, including attorneys' fees, arising out of bodily injury liability and property damage liability during the policy of the period.

(b) The insurance described above shall be maintained during the term of the Agreement. Adevco shall give The Development Corporation notice of any significant changes to the insurance coverage.

(c) Adevco shall be required to submit a Certificate of Insurance to The Development Corporation. The Development Corporation will review the Certificate and advise Adevco if the limits, form, and substance of the insurance policies and certificates of insurance are satisfactory to The Development Corporation.

8) Adevco may only remove material as agreed on-site and may not remove material below the agreed elevation. It is the sole responsibility of Adevco to determine in conjunction with The Development Corporation's engineer, Wilbur Smith and Associates, the exact location of these areas at the site. It is understood that Adevco requires 16,500 cubic yards of suitable fill material to remedy lots # 10 and 11. If for any reason, lot # 7 does not yield enough material, then The Development Corporation shall make field adjustments to designate another borrow area from within CenterPoint Business Park. _In the event that Adevco exposes bedrock in its excavation, then Adevco shall remove this bedrock or shall recover the exposed bedrock with topsoil and relocate the borrow pit operation.

9) In the event The Development Corporation has a prospect or any site on which Adevco is removing material, The Development Corporation will notify Adevco. If a site is sold or optioned, The Development Corporation will notify Adevco of this situation and Adevco will have 30 days to remove all equipment from the site and restore the site to meet the Standards.

10) If The Development Corporation discovers that the borrow pit is creating excessive problems for its remaining property or the tenants in the park, The Development Corporation will contact Adevco and the two parties will resolve these problems in a mutually agreeable manner. If the problem persists and no agreement or solution can be reached, The Development Corporation may provide a 30 day notice to vacate the site.

11) Adevco shall police the area as necessary to eliminate illicit dumping.

EXHIBIT 10.30

SECOND AMENDMENT TO REAL ESTATE OPTION AGREEMENTS

BETWEEN THE DEVELOPMENT CORPORATION OF KNOX COUNTY

AND

WELLS DEVELOPMENT CORPORATION

SECOND AMENDMENT TO REAL ESTATE OPTIONAGREEMENTS

(LOTS 10 & 11, CENTERPOINT BUSINESS PARK)

THIS SECOND AMENDMENT (the "Second Amendment") is made and entered into as of the 7th day of October 1998 by and between THE DEVELOPMENT CORPORATION OF KNOX COUNTY (hereinafter referred to as "Seller"), and WELLS DEVELOPMENT CORPORATION (hereinafter referred to as "Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser entered into that certain Real Estate Option Agreement dated as of April 22, 1998, with respect to Lot 11 of CenterPoint Business Park, and that certain Real Estate Option Agreement dated as of June 21, 1998, with respect to Lot 10 of CenterPoint Business Park (collectively, the "Original Option Agreements") (Lots 10 and 11 of CenterPoint Business Park, as more particularly described in Exhibit "A" to the Original Option Agreements, being collectively referred to as "Premises"); and

WHEREAS, Seller and Purchaser entered into that certain Amendment to Real Estate Option Agreement dated September 8, 1998 (the "First Amendment") (the Original Option Agreements as modified by the First Amendment being hereinafter referred to as the "Option Agreements"); and

WHEREAS, Seller and Purchaser desire to modify and amend the Option Agreements, all upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration TEN DOLLARS ($10.00) and other good and valuable consideration in hand paid by each party hereto the other, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

1. Terms used herein and denoted by their initial capitalization shall have the meanings set forth in the Option Agreements unless specifically indicated herein to the contrary. In the event of any conflict or inconsistency between the terms and conditions of this Second Amendment and of the Option Agreements, the terms and conditions of this Second Amendment shall govern and control.

2. Seller shall be obligated to repurchase the Premises from Purchaser on or before December 1, 1998, in the event Purchaser does not obtain, on or before November 15, 1998, all approvals necessary to construct the approximately 70,000 square foot office building contemplated by Purchaser (limited to a Certificate of Appropriateness from the Tennessee Technology Corridor Development Authority and a Use on Review approval of Purchaser's development plan from the Metropolitan Planning Commission and approval of Purchaser's plans by Seller under and pursuant to the Protective Covenants for CenterPoint Business Park, as corrected by Corrected Version, Protective Covenants for CenterPoint Business Park, as corrected by CenterPoint Business Park Design Standards and Restrictive Covenants, as amended).

The purchase price shall be the same as the purchase price paid by Purchaser to Seller, less a 5% realtor fee of $40,625.00 to Adevco Realty Group, LLC, and shall be payable by Seller to Purchaser at the closing in cash, by cashier's check, by wire transfer of immediately available federal funds or by other method acceptable to Purchaser.

Agreed to by:

/s/ Michael Berndt	10/7/98
Michael Berndt, Wells Development	Date
/s/ Melissa A. Ziegler	10/7/98
Melissa A. Ziegler, The Development Corporation	Date

Title to the Premises shall be conveyed by Purchaser to Seller by limited warranty deed, subject only to such title exceptions in existence at the date the Premises were originally conveyed by Seller to Purchaser. Purchaser shall pay any real estate taxes attributable to Purchaser's period of

ownership of the Premises, and for any utility assessments or fees resulting from Purchaser's activities on the Premises. Current real property taxes and installments of special assessments shall be prorated as of the date of closing. Seller shall bear the cost of any title insurance coverage desired by Seller. Seller shall pay the state transfer tax imposed in connection in connection with the limited warranty deed from Purchaser to Seller. Purchaser shall pay the fees and expenses of Seller's and Purchaser's attorneys in connection with the transfer of the Premises from Purchaser to Seller. In the event Purchaser has undertaken any excavation or clearing activities on the Premises, then at or prior to such closing, Purchaser shall grade the surface of the Premises to approximately the same contours as existed on the date of Closing, and shall seed the graded portion with grass seed. The provisions of this Paragraph shall survive the Closing of the transfer of the Premises from Seller to Purchaser.

3. The Premises shall be conveyed by Seller to Purchaser free and clear of (and Seller shall waive any and all rights under) any repurchase option in favor of Seller otherwise contained in the CenterPoint Business Park Design Standards and Restrictive Covenants recorded at Deed Book 2261, page 805, in the Register's Office for Knox County, Tennessee.

4. As expressly modified by this Second Amendment, the Option Agreements shall remain in full force and effect, and are expressly ratified and confirmed by the parties hereto. The terms of this Second Amendment shall supersede and control over any conflicting or contrary terms in the Option Agreements. This Second Amendment shall be governed by and construed in accordance with the laws of the State of Tennessee, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, representatives and assigns.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Second Amendment to be duly authorized, executed and delivered as of the day and the year first above written.

"SELLER":

THE DEVELOPMENT CORPORATION OF KNOX COUNTY

By: /s/ Melissa A. Ziegler

Its: Executive Director

          (SEAL)

"PURCHASER":

WELLS DEVELOPMENT CORPORATION

By: /s/ Michael Berndt

Its: Vice President

          (SEAL)

EXHIBIT 10.31

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

BETWEEN WELLS DEVELOPMENT CORPORATION

AND

WELLS OPERATING PARTNERSHIP, L.P.

AGREEMENT FOR THE PURCHASE
AND SALE OF PROPERTY

THIS AGREEMENT, made and entered into as of the 15th day of September, 1998, by and between WELLS DEVELOPMENT CORPORATION, a Georgia corporation whose address is 3885 Holcomb Bridge Road, Norcross, Georgia 30092 ("Seller"),and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, whose address is 3885 Holcomb Bridge Road, Norcross, Georgia 30092 (the "Purchaser").

W I T N E S S E T H:
- - - - - - - - - -

WHEREAS, Seller has entered into those certain Real Estate Option Agreements (the "Option Agreements") with the Development Corporation of Knox County dated as of April 22, 1998; and June 21, 1998, as amended September 8, 1998, relating to certain improved property situated in Knoxville, Tennessee and being more particularly described on Exhibit A hereto (the "Property"); and

WHEREAS, Seller has entered into an Agreement for the Purchase and Sale of Property (the "Beaver/Carter Agreement") with BEAVER RUIN - ARC WAY, LTD., a Georgia limited partnership, ("BR"), with respect to an undivided interest in the Property and to with CARTER BOULEVARD, LTD., a Georgia limited partnership, ("CB") with respect to an undivided interest in the Property; and

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to acquire from Seller, the Seller's remaining undivided interest in the Property (the "Undivided Interest") upon the terms and conditions hereinafter set forth; and

WHEREAS, it is the intent of the parties that a Tenancy in Common Agreement be executed with respect to the Property; and

WHEREAS, Seller intends to enter into a Development Agreement with Adevco Corporation relating to the Property; and

WHEREAS, it is the intent of the parties that the Property be acquired and developed with the proceeds obtained hereby and from the Beaver/Carter Agreement and the proceeds of a loan (the "Loan") from First Capital Bank; and

WHEREAS, the property is subject to that certain triple net Lease with Associates Housing Finance, LLC (the "Lease") relating to the Property;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein set forth, 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, and subject to acquisition of the Property by the Seller pursuant to the Option Agreement, Purchaser agrees to buy from Seller and Seller agrees to sell to Purchaser the Undivided Interest. The percentage interest shall be equal to the percentage equivalent of a fraction, the numerator of which is the Purchase Price and the denominator of which is the

Purchase Price plus the aggregate purchase price paid to Seller pursuant to the Beaver/Carter Agreement.

2. Purchase Price. Subject to adjustment and credits as otherwise specified in this Agreement, the purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Undivided Interest shall be $1,650,000. It is the intent of the parties that Seller shall not make any profit or incur any loss in connection with this transaction and, to that end, Seller agrees to hold in an interest bearing account for the benefit of Purchaser any cash distributions payable to Seller prior to Closing hereunder. It is the intent of the parties, that the acquisition and development costs of the Property be funded first with the proceeds attributable to the Beaver/Carter Agreement; second, with up to $4,500,000 of proceeds of the Loan; third, with funds provided pursuant to this Agreement; and fourthly, the balance, if any, with remaining proceeds of the Loan. To that end, Purchaser shall evidence its funding obligation either in the Tenancy in Common Agreement or by its promissory note executed at Closing.

3. Purchaser's Right of Inspection and Seller's Cooperation. From and after the date of this Agreement, Purchaser and its agents, engineers, or representatives, with Seller's reasonable, good faith cooperation, shall have the privilege of going upon the Property as needed to inspect, examine, test, and survey the Property at all reasonable times and from time to time. Such privilege shall include the right to make said tests, borings, and other tests to obtain information necessary to determine surface and subsurface conditions. Such privilege shall also include the right to make any other tests deemed reasonably necessary by Purchaser. Purchaser hereby indemnifies and holds Seller harmless from any liens, claims, liabilities, and damages incurred through the exercise of such privilege. The obligations of Purchaser under the preceding sentence shall survive any termination of this Agreement. Seller shall make available to Purchaser all work product in the possession of Seller relating to the Property, including surveys, site plans, environmental audits, soils tests, market studies, Seller's owner's title policy and all other information provided to Seller or obtained by Seller with respect to the Property.

4. Special Conditions to Closing. Notwithstanding any other provision to the contrary contained in this Agreement, Purchaser's obligations hereunder are expressly conditioned upon the following special conditions:

(a) Purchaser shall have available to it at the date of Closing sufficient net proceeds available for investment in properties to fully fund the Purchase Price;

(b) All of the representations and warranties set forth in paragraph 7 shall be true and correct in all material respects on the Date of Closing;

(c) The receipt by Purchaser of an appraisal reflecting the value of the Property as being not less than an amount equal to the sum of (i) the quotient of (A) the Purchase Price divided by (B) the percentage interest being acquired by Purchaser in the Property, and (ii) the Loan.

(d) The receipt by Purchaser of evidence reasonably satisfactory to Purchaser that the Property is free of any Hazardous Materials;

(e) The receipt of evidence that Associates Housing Finance, LLC has executed the Lease;

(f) The execution of a Tenancy in Common Agreement with BR and CB in form and substance reasonably satisfactory to Purchaser;

(g) Evidence that the transaction contemplated by the Beaver/Carter Agreement has closed; and

(h) A policy of title insurance insuring Purchaser's interest in the Property.

In the event any of the conditions set forth above are not met on or prior to the date of Closing, Purchaser shall be entitled to terminate this Agreement upon written notice to Seller. If Purchaser elects to so terminate this Agreement, Seller shall be entitled to receive the sum of Twenty-Five Dollars ($25.00), whereupon, except as expressly provided to the contrary in this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement. Seller acknowledges that the sum of Twenty-Five Dollars ($25.00) is good and adequate consideration for the termination rights granted to Purchaser hereunder.

5. Closing and Closing Date. 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 January 19,1999, at the offices of O'Callaghan & Stumm LLP, 127 Peachtree Street N.E., Suite 1330, Atlanta, Georgia 30303 or such other office as the parties may agree at such specific 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 or absent such notice at 10:00 a.m. on

the first anniversary of the date hereof. At Closing, Seller shall execute, where applicable, and deliver to Purchaser the following instruments, in form and substance reasonable satisfactory to Purchaser (a) a Limited Warranty Deed with respect to the Undivided Interest; (b) the Tenancy in Common Agreement; (c) an Assignment of Lease; (d) an Assignment of the Development Agreement; and (e) such other documents as may be reasonably required by Purchaser or Purchaser's counsel in order to effectuate the transaction contemplated hereunder. At Closing, Purchaser shall deliver to Seller the Purchase Price and shall execute and deliver to Seller a Closing Statement, Tenancy in Common Agreement, evidence reasonably satisfactory to Seller and/or its assigns of Purchaser's obligations to fund any unfunded portion of the Purchase Price and such other documents as may be reasonably required by Seller or Seller's counsel in order to effectuate the transaction contemplated hereby.

6. Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser, each of which shall be deemed material:

(a) Title and Authority. Seller is or shall be the owner of good and marketable fee simple record title to the Property subject only to those matters set forth on Exhibit B hereto (the "Permitted Encumbrances") and, if applicable, to one or more mortgages which shall be canceled and satisfied at no cost to Purchaser at or before the Closing, it being the intent of the parties that the Property free and clear of any liens, claims or encumbrances except the Permitted Encumbrances, at the time Purchaser acquires the Undivided Interest. Seller has the full right, power and authority to execute and deliver this Agreement and to consummate the purchase and sale herein contemplated and to perform the covenants and agreement of Seller hereunder.

(b) No Litigation. There are no actions, suits, or proceedings pending, or, to the best of Seller's knowledge, threatened by any organization, person, individual, or governmental agency against Seller which would impair Seller's ability to convey the Undivided Interest pursuant to this Agreement or against the Property, nor does Seller know of any basis for such action.

(c) Pre-existing Right to Acquire. No person or entity has any right

or option to acquire the Undivided Interest which will have any force or effect after the execution hereof, other than Purchaser.

(d) Ownership of Undivided Interest. Seller owns or shall at the time of Closing own beneficially and of record the Undivided Interest free and clear of all liens, claims, pledges, options, adverse claims and charges of any nature whatsoever.

7. Default. In the event Seller fails to comply with or perform any of the covenants, agreements or 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; 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 all rights and obligations created hereunder shall be of no further force or effect. In the event Purchaser fails to comply with or perform any of the covenants, agreements or obligations to be performed by Purchaser under the terms and provisions of this Agreement, Seller's sole and exclusive remedy for any such default shall be to terminate this Agreement and to receive $100 of 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, whereupon all rights and obligations created hereby shall terminate and be of no further force or effect whatsoever.

8. Assignment. Purchaser's rights and duties under this Agreement shall

be freely transferable and assignable by Purchaser, either in full or in part, and in the event of any such transfer or assignment, Seller shall look solely to such transferee or assignee for the performance of all obligations, covenants, conditions, and agreements imposed upon Purchaser pursuant to the terms of this Agreement.

9. Broker's Commission. 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. Likewise, 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.

10. Notices. Any notices which may be permitted or required hereunder shall be in writing and sent or hand delivered to the addresses set forth herein, and shall be deemed to have been duly given as of the date and time the same are either personally delivered (if delivered by hand or by overnight courier) or, if mailed, on the third (3rd) business day following the date same is deposited with the United States Postal Service, postage prepaid, to be mailed by registered or certified United States mail, return receipt requested.

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

12. Survival of Provisions. All covenants, warranties, and agreements set forth in this Agreement shall survive the execution or delivery of any and all deeds and other documents at any time executed or delivered under, pursuant to or by reason of this Agreement, and shall survive the payment of all monies made under, pursuant to, or by reason of this Agreement.

13. 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.

14. 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 prior representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein or in said Letter Agreement shall be of any force or effect. Any amendment to this Agreement shall not be binding upon Seller or Purchaser unless such amendment is in writing and executed by both. The provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors, and assigns. Time is of the essence in this Agreement. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement. The headings inserted at the beginning of each paragraph are for convenience only, and do not add to or subtract from the meaning of the contents of each paragraph. This Agreement shall be construed and interpreted under the laws of the State of Georgia. Except as otherwise provided herein, all rights, powers, and privileges conferred hereunder upon the parties shall be cumulative but not restrictive to those given by law. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender shall include

all genders, and all references herein to the singular shall include the plural and vice versa. The parties do not intend and this Agreement shall not be deemed to create a joint venture, partnership, or any other relationship between Seller and Purchaser or the Joint Venture and Purchaser except that of contracting parties. The parties acknowledge that O'Callaghan & Stumm LLP has drafted this Agreement, and that it has represented both Seller and Purchaser in various aspects of this and other transactions.

15. Effective Date. 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 latest of the dates set forth below, or the date this Agreement is last initialed, whichever is later.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by duly authorized representatives as of the day, month and year first above written.

"SELLER":

WELLS DEVELOPMENT CORPORATION, a Georgia corporation

By: /s/ Leo F. Wells

Title: President

Date: September 15, 1998

"PURCHASER":

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

By: WELLS REAL ESTATE INVESTMENT TRUST, INC.,
a Maryland corporation, as general partner

By: /s/ Leo F. Wells

Title: President

Date: September 15, 1998

EXHIBIT A

SITUATED, LYING and BEING in the Sixth (6th) Civil District of Knox County, Tennessee, without the corporate limits of any municipality, and being Lot 10 and Lot 11 of Centerpoint Park as shown on plats recorded at Cabinet M, Slide 31D and 32A in the Knox County Register of Deeds, also being Parcels 16.10 and 16.11 as shown on Tax Map 118 in the Knox County Property Assessor's Office, and being more particularly bounded and described as follows to wit:

POINT OF COMMENCEMENT is a concrete monument in the southwestern right-of-way of Pellissippi Parkway (State Route 162), said monument being at station 169+00, 175 feet left of the centerline of the Tennessee Department of Transportation Project # 47050-2202-04; thence, along the southwest right-of-way of Pellissippi Parkway (State Route 162) (all bearings in this description have been rotated to 1991 magnetic north) North 44 deg. 52 min. 55 sec. West a distance of 183.93 feet to an iron rod (new), also being the north corner of property now or formerly owned by Fund IX & Fund X Associates Joint Venture (Parcel 16.13, D.B. 2244, Page 401) this the POINT OF BEGINNING; thence, leaving the southwestern right-of-way of Pellissippi Parkway (State Route 162) and along the northwest line of property now or formerly owned by Fund IX or Fund X Associates Joint Venture, South 57 deg. 32 min. 29 sec. West passing an iron rod (old) at a distance of 522.62 feet in total a distance of 524.87 feet to an iron rod (new) in the northeast right-of-way of Centerpoint Boulevard (being 35 feet from the centerline); thence, along the aforesaid right-of-way the following three calls and distances: 1) North 44 deg. 55 min. 18 sec. West a distance of 326.07 feet to an iron rod (new); 2) along a tangential curve to the right having a radius of 265.00 feet, an arc length of 431.69 feet, a delta angle of 93 deg. 20 min. 10 sec. and a chord of North 01 deg. 44min. 42 sec. East a distance of 385.52 feet to an iron rod (new); 3) North 48 deg. 24 min. 46 sec. East a distance of 232.96 feet to an iron rod (new) at the intersection of the southwestern right-of-way of Pellissippi Parkway (State Route 162) and northeast right-of-way of Centerpoint Boulevard (175.00 feet from the centerline of Pellissippi Parkway and 49 feet from the centerline of Centerpoint Boulevard), thence along the southwestern right-of-way of Pellissippi Parkway (State Route 162) the following

three calls and distances: 1) South 45 deg. 01 min. 15 sec. East 275.24 feet to a concrete monument; 2) South 44 deg. 47 min. 45 sec. East 254.47 feet to an iron rod (new); 3) South 44 deg. 46 min. 49 sec. East 160.64 feet to the POINT OF BEGINNING containing 315,609 sq. ft. and 7.25 acres, according to the survey by SITE, Inc, 8915 George Williams Dr., Knoxville, TN 37923, dated August 6, 1998, last revised date September 16, 1998 (File Name 1107Topo), William B. Steelman, Surveyor, Tennessee RLS #1831.

EXHIBIT B

PERMITTED ENCUMBRANCES

Number: 72701
NBU File Number: 99801339

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.
2. Any owner's policy issued pursuant hereto will contain under Schedule B the Standard Exceptions set forth at the inside cover hereof. Any loan policy will contain under Schedule B Standard Exceptions 1, 2, and 3 unless a satisfactory survey and inspection of the premises is made.

3. Advalorem taxes for the year 1998 and subsequent years, a lien not yet due or payable.

4. Declaration of Restrictions of record in Deed Book 2034, page 914, Deed Book 2060, page 987, and Deed Book 2261, page 805, in the Register's Office for Knox County, Tennessee, OMITTING any covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

5. Utility and drainage easements of 10 feet inside all exterior boundary lines, 5 feet along each side of all interior lot lines on LOTS 10 AND 11, as shown on map of record in Cabinet M, Slide 31D and 32A, in the Register's Office for Knox County, Tennessee.

6. Utility and drainage easement over western portion of LOT 10, as shown on map of record in Cabinet M, Slide 31D and 32A, in the Register's Office for Knox County, Tennessee.

7. Utility and drainage easement over southwestern and southeastern portion of LOT 11, as shown on map of record in Cabinet M, Slide 31D and 32A, in the Register's Office for Knox County, Tennessee.

8. LOTS 10 and 11 shall have access from the interior road system only, as shown on map of record in Cabinet M, Slide 31D and 32A, in the Register's Office for Knox County, Tennessee.

9. Sanitary sewer easement along western and southwestern portion of LOTS 10 AND 11, as shown on map of record in Cabinet M, Slide 31D and 32A, in the Register's Office for Knox County, Tennessee.

10. LOT 10 AND WESTERN PORTION OF LOT 11 zoned SP; REMAINDER OF LOT 11 zoned PC, as shown on map of record in Cabinet M, Slide 31D and 32A, in the Register's Office for Knox County, Tennessee.

EXHIBIT 10.32

DEVELOPMENT AGREEMENT

BETWEEN WELLS DEVELOPMENT CORPORATION

AND

ADEVCO CORPORATION

DEVELOPMENT AGREEMENT

BETWEEN

WELLS DEVELOPMENT CORPORATION
Owner

AND

ADEVCO CORPORATION,
Manager

September 15, 1998

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Exhibits:
- --------

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made and entered into this 15th day of September, 1998, by and between WELLS DEVELOPMENT CORPORATION, a Georgia corporation (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 that certain parcel of land located in Knoxville, Tennessee, 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

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.

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.

Associates. The term "Associates" means Associates Housing Finance, LLC, a Delaware limited liability company.

Associates Lease. The term "Associates Lease" means the Lease between Owner and Associates dated September ___, 1998, with respect to leasable space in the Building.

Associates Work Fee. The term "Associates Work Fee" means the fee to be paid to the Manager by the Owner as provided in Section 11.3 hereof.

Building. The term "Building" means a first-class, multiple tenant one-story office building, containing approximately 72,609 gross square feet and 71,400 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 Associates 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 Associates, (iv) the term of the Associates Lease has commenced, (v) Associates has executed and delivered the Associates Lease, and (vi) Associates has executed and delivered to the "Landlord" under the Associates 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, Integra Construction, Inc. and all other firms employed by the Owner as a general contractor or as a special purpose contractor with respect to the Project; and singly any such general or special purpose contractor.

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 Associates.

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 CenterPoint Business Park in Knoxville, Tennessee, 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 Development Corporation, a Georgia corporation, or its assigns.

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 390 automobiles, any and all on and off-site road improvements, walkways, complete utilities and drainage systems, landscaping work, exterior lighting, smoking pavilion, ground-mounted signs and other site improvements which the Owner intends to develop and construct upon the Land.

Tenant Improvements. The term "Tenant Improvements" means all improvements to be constructed or installed by the "Landlord" on or within the Project for use or operation by Associates under or pursuant to the Associates Lease.

Tenant Improvements Completion Date. The term "Tenant Improvements Completion Date" means with respect to the Tenant Improvements for Associates, the first day in which the Tenant Improvements in Associates' 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 Associates 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 Integra Construction, Inc., 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 Associates 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 and the Contractor. 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 and the Construction Agreement. 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 Associates Lease.

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 Associates 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 and the Tenant Improvements for Associates under the Associates 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 Associates with respect to Tenant Improvements for such tenant) shall exceed $6,205,590.00, the amount of the fees payable to the Manager under Sections 11.2 and 11.3 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 Associates Work Fee until the remaining Associates Work Fee is reduced to zero; and

(c) then to any portion of the Development Fee and the Associates 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.

The aforesaid reductions in the fees payable to the Manager under Sections 11.2 and 11.3 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 Associates are approved by the Owner; provided, however, in the event such costs
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and expenses shall increase as a result of a change by the Owner in the scope of the work comprising the Project, the incremental costs due to the change in the scope of the work shall not cause a reduction in the fees payable to the Manager under Sections 11.2 and 11.3 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
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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
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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 DEVELOPMENT CORPORATION,
a Georgia corporation

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 Associates Lease are being achieved. The Manager shall identify in such report potential variances between the completion dates required in the Associates 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 and the Associates Work Fee, all in accordance with and subject to the terms and provisions of Sections 11.2 and 11.3 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 Twelve Thousand Five Hundred and No/100 Dollars ($112,500.00). 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 Associates Work Fee. The Owner shall pay the Manager, as the Associates Work Fee, the sum of One Hundred Twelve Thousand Five Hundred and

No/100 Dollars ($112,500.00). The Associates Work Fee shall be due and payable in one lump sum upon the Completion Date.

11.4 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
Intentionally Omitted

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 11.4 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 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 Development Corporation 3885 Holcomb Bridge Road Norcross, Georgia 30092 Fax: (770) 840-7224 Attention: Mr. Leo F. Wells, III
with a copy to:	Troutman Sanders LLP 600 Peachtree Street, N.E. Suite 5200 Atlanta, Georgia 30308-2216 Fax: (404) 885-3900 Attention: Mr. John W. Griffin
Manager:	Adevco Corporation 3867 Holcomb Bridge Road, Suite 800 Norcross, Georgia 30092 Fax: (770) 840-7224 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 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 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 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 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. Upon any assignment of this Agreement by Owner to Wells Operating Partnership, L.P. or to any partnership having Leo F. Wells, III or Wells Capital, Inc. as the ultimate general partner thereof or to any parties under a tenancy in common agreement having Wells Operating Partnership, L.P. or such partnership as a tenant in common thereunder, and the express assumption by such party or parties of the obligations of "Owner" arising or accruing after such assignment, the assigning Owner shall be relieved of all obligations under this Agreement arising or accruing after such assignment.

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 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/ Davis M. Kraxberger

Title: President

[CORPORATE SEAL]

"OWNER":

WELLS DEVELOPMENT CORPORATION,
a Georgia corporation

By: /s/ Leo F. Wells
--- (SEAL)
Leo F. Wells, III,
President

EXHIBIT 10.33

GUARANTY AGREEMENT

BY

DAVID M. KRAXBERGER

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 and hereby acknowledged by Guarantor, and for the purpose of seeking to induce and as an inducement for the execution and delivery by WELLS DEVELOPMENT CORPORATION, a Georgia corporation ("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 of creditors, receivership, trusteeship or similar proceeding affecting Manager, whether or not notice thereof or of any thereof is given to Guarantor.

Should Owner be obligated by any bankruptcy or other law to repay to

Manager or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid, this Guaranty shall be reinstated in the amount of such repayments. Owner shall not be required to litigate or otherwise dispute its obligations to make such repayments if it in good faith believes that such obligation exists.

No delay on the part of Owner in exercising any right, power or privilege under this Guaranty or failure to exercise the same shall operate as a waiver of or otherwise affect any such right, power or privilege, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

No waiver or modification of any provision of this Guaranty nor any termination of this Guaranty shall be effective unless in writing, signed by Owner; nor shall any such waiver be applicable except in the specific instance for which given.

All of Owner's rights and remedies under the Agreement and under this Guaranty, now or hereafter existing at law or in equity or by statute or otherwise, are intended to be distinct, separate and cumulative and no exercise or partial exercise of any such right or remedy therein or herein mentioned is intended to be in exclusion of or a waiver of any of the others.

Guarantor agrees that whenever at any time or from time to time Guarantor shall make any payment to Owner or perform or fulfill any term, covenant or condition hereunder on account of the liability of Guarantor hereunder, Guarantor will notify Owner in writing that such payment or performance, as the case may be, is for such purpose. No such payment or performance by Guarantor pursuant to any provision hereof shall entitle Guarantor by subrogation or otherwise to the rights of Owner to any payment by Manager or out of the property of Manager, except after payment of all sums or fulfillment of all covenants, terms, conditions or agreements to be paid or performed by Manager.

Without regard to principles of conflicts of laws, the validity, interpretation, performance and enforcement of this Guaranty shall be governed by and construed in accordance with the internal laws of the State of Georgia.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty this 15/th/ day of September, 1998.

GUARANTOR:

/s/ David M. Kraxberger (SEAL)

DAVID M. KRAXBERGER

Residence Address:

_____

_____

_____

Social Security Number:
521-64-0657

EXHIBIT 10.34

OWNER-CONTRACTOR AGREEMENT

BETWEEN WELLS DEVELOPMENT CORPORATION

AND

INTEGRA CONSTRUCTION, INC.

OWNER-CONTRACTOR AGREEMENT

(FIXED CONTRACT SUM)

THIS AGREEMENT is made on the 10th day of September, 1998:

REGARDING:

"PROJECT" : THE ASSOCIATES CALL CENTER
Knoxville, Tennessee

BETWEEN:

"OWNER": WELLS DEVELOPMENT CORPORATION

Address: 3885 Holcomb Bridge Road
Norcross, GA 30092
Tel. No.: (770) 449-7800

AND:

"CONTRACTOR": INTEGRA CONSTRUCTION, INC.

Address: 2070 South Park Place, Suite 150
Atlanta, GA 30339
Tel. No.: (770) 953-1200

DESIGNED BY:

"ARCHITECT": SMALLWOOD, REYNOLDS, STEWART & STEWART
& ASSOCIATES, INC.

Address: One Piedmont Center, Suite 303
3565 Piedmont Road
Atlanta, Georgia 30305
Tel. 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 as 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 "B-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 Letter dated July 20, 1998

h) Clarifications and Description of Work dated August 12, 1998

i) Construction Schedule Prepared by Integra Construction, Inc. dated September 2, 1998

j) Upon Completion of drawings and specifications by the Architect, a change order will be issued to incorporate all applicable drawings and specifications as part of the Contract Documents.

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 under this Agreement no later than seven (7) days from the date of a written

notice from the Owner to the Contractor to commence the work ("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 220 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 Two Million, Seven Hundred Fifty Four Thousand, Six Hundred Forty ($2,754,640.00)

Dollars for the full and proper performance of the Work hereunder, subject to Modification only and strictly in accordance with this Agreement and as other provided by the Contract Documents. THIS CONTRACT SUM INCLUDES $28,000.00 FOR CONTRACTOR PAYMENT AND PERFORMANCE BONDS.

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 "Progress Payments". The Owner shall make progress payments based upon duly certified Applications for Payment for each period ending the 30th day of each month, which shall be submitted to the Owner not later than the 10th 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 $137,732.00 has been withheld as retainage, no further retainage will be held from progress payments.

7.2 "Semifinal Payments". 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 25th day of the month in which completion occurs and payment shall be due and payable on or before 30 days after Owner's receipt of the Final Certificate of Payment.

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 or 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.

ARTICLE 9
MISCELLANEOUS PROVISIONS

9.1 Notices. The proper addresses for giving Notices under this agreement are:

To Owner:	Wells Development Corporation 3885 Holcomb Bridge Road Norcross, Georgia 30092
To Contractor:	Integra Construction, Inc. 2070 South Park Place, Suite 150 Atlanta, GA 30339
To Architect:	Smallwood, Reynolds, Stewart, Stewart & Associates, Inc. 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 Leo F. Wells, III, or his designee as the Owner's representative for all purposes under this Contract. Contractor hereby appoints David B. Blackmore 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 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.

[Corporate Seal]

OWNER
WELLS DEVELOPMENT CORPORATION

/s/ Martha J. Corey
Attest:----------

/s/ Leo F. Wells III
BY: ----------
Leo F. Wells, III

Secretary
Title:----------

President
Title:----------

[Corporate Seal]

CONTRACTOR
INTEGRA CONSTRUCTION, INC.

/s/ Jeffrey B. Powers
Attest:----------
Jeffrey B. Powers

/s/ David B. Blackmore
By:----------
David B. Blackmore

Title: Corporate Secretary

Title: President

EXHIBIT 10.35

TEMPORARY LEASE AGREEMENT

BETWEEN THE IX-X-XI-REIT JOINT VENTURE

AND

ASSOCIATES HOUSING FINANCE, LLC

LEASE AGREEMENT

by and between

THE FUND IX, FUND X, FUND XI,
AND
REIT JOINT VENTURE,
A GEORGIA JOINT VENTURE
("Landlord")

and

ASSOCIATES HOUSING FINANCE, LLC
("Tenant")

dated

September 10, 1998

for

Suite Number 100

containing

23,490 square feet of Rentable Floor Area

TABLE OF CONTENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and entered into this _____ day of _____, 1998, 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: The Fund IX, Fund X, Fund XI and REIT Joint Venture, a Georgia joint venture

(b) Landlord's Address:

Delivery:
c/o Wells Management Company, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092-2295

Mail:
c/o Wells Management Company, Inc.
P.O. Box 926040
Norcross, Georgia 30010-6040

(c) Tenant: Associates Housing Finance, LLC, a Delaware limited liability company

(d) Tenant's Address:

Delivery:
Associates Housing Finance, LLC
250 East Carpenter Freeway
Irving, Texas 75062
Attn: Corporate Properties

Mail:
Associates Housing Finance, LLC
c/o Associates Corporation of North America
P.O. Box 660237
Dallas, Texas 75266-0237
Attn: Corporate Properties

(e) Building Address:

Centerpoint Business Park
1409 Centerpoint Boulevard
Knoxville, Tennessee 37932

(f) Suite Number: 100

(g) Rentable Floor Area of Demised Premises:

23,490 square feet

(h) Rentable Floor Area of Building:

83,520 square feet

(i) Lease Term: Through May 31, 1999, subject to extension or early termination pursuant to Paragraph 3 or Special Stipulation 1 hereof.

(j) Base Rental Rate: Ten and No/100 Dollars ($10.00) per square foot of Rentable Floor Area of the Demised Premises; provided, however, that in the event the Other Lease (as hereinafter defined) is terminated, then the Base Rental Rate for the period from the Rental Commencement Date through the last day of the sixth (6/th/) calendar month from and after the calendar month within which occurred the Rental Commencement Date shall be Ten and No/100 Dollars ($10.00) per square foot of Rentable Floor Area of the Demised Premises, and the Base Rental Rate thereafter shall be Twelve and 50/100 Dollars ($12.50) per square foot of Rentable Floor Area of the Demised Premises.

(k) Rental Commencement Date: The earlier of (x) the date which is fifteen (15) days after Substantial Completion (as defined in Paragraph 1 of Exhibit "D" attached hereto) or (y) the date upon which Tenant takes possession and occupies any portion of the Demised Premises for business purposes. Occupancy of the Demised Premises for the purpose of installing voice/data communications, furniture and fixtures shall not be deemed occupancy for business purposes.

(l) Construction Allowance for initial Demised Premises: $233,155.00 (calculated at the rate of $9.50 per square foot of Rentable Floor Area of the initial Demised Premises).

(m) First Month's Rent: $19,575.00 (Article 39)

(n) Broker(s): None

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 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 23,490 square feet of Rentable Floor Area on the first floor of the Building and are outlined on the floor plan 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, the usable area of the Demised Premises shall be determined in accordance with the American National Standard Method of Measuring Floor Area in Office Buildings, ANSI Z65.1-1996 published by the Building Owners and Managers Association International. The Rentable Floor Area of the Demised Premises for purposes of this Lease shall be the product of the usable area of the Demised Premises multiplied by 1.12. Likewise, the Rentable Floor Area of the Building shall be the product of the usable area of the Building multiplied by 1.12.

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. 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.

Landlord and Tenant acknowledge that this Lease is being executed contemporaneously with that certain lease between Wells Development Corporation and Tenant, dated of even date herewith (the "Other Lease") with respect to certain premises to be constructed by Wells Development Corporation on a site located on Centerpoint Boulevard adjacent to the Land. Notwithstanding anything contained in this Lease to the contrary, Tenant shall have the right to terminate this Lease by written notice to Landlord effective on or after the "Rental Commencement Date" under the Other Lease. Upon such termination of this Lease by Tenant, Tenant agrees to vacate and surrender the Demised Premises as provided in Article 30 on or before such effective termination date. Landlord and Tenant shall remain liable for all of their respective obligations and undertakings under this Lease through such effective termination date. Tenant shall not have the right to terminate this Lease with respect to the Demised Premises as provided in this paragraph if any event of default under this Lease has occurred and is continuing.

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. 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. Within thirty (30) days after the date of Substantial Completion, Tenant shall have

the right to prepare and provide to Landlord a list of incomplete or defective punch list items (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), all of which shall be promptly repaired and/or completed by Landlord at its sole cost and expense in a commercially reasonable time, and, for a period of one (1) year following the date of Substantial Completion, 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 in a commercially reasonable time 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 set forth in 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 Base Rental Rate set forth for such Lease Year in Article 1(j) above multiplied by the Rentable Floor Area of Demised Premises set forth in Article 1(g) above. 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. Landlord's current estimate of Tenant's Forecast Additional Rental for the first calendar year or partial calendar year of this Lease is $4.50 per Rentable Square Foot per annum. If at any time it appears to Landlord that Tenant's Additional Rental for the current calendar year will vary from Landlord's estimate by more than five percent (5%), 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 prior to the beginning 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 prior to the beginning 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.

(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 twenty-eight and 22/100 percent (28.22%), determined by dividing 23,490 square feet of Rentable Floor Area of the Demised Premises by 83,520 square feet of Rentable Floor Area of the Building. The Tenant's Share shall be 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, 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 if the Building had been fully occupied during such calendar year. 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 (such as but not limited to taxes, insurance, landscaping, parking lot lighting and repairs, elevator service and repair, window washing and roof repair) 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 written statement showing the Operating Expenses for said calendar year and a statement prepared by Landlord showing, if necessary, 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 within thirty (30) days after Tenant's receipt of the statement 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 as shown by such statement. The provisions of this Lease concerning the payment of Tenant's Additional Rental shall survive the expiration or earlier termination of this Lease.

(d) For so long as Tenant is not in default under this Lease, 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 twelve (12) months after Tenant's receipt of Landlord's statement; provided that Tenant shall give Landlord not less than thirty (30) days' prior written notice of any such audit; further provided, however, that the accountant performing such audit shall not be paid any fee contingent in whole or in part upon the results of such audit or which is calculated or otherwise based in whole or in part upon the results of 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, certified in favor of Landlord and Tenant, 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. In the event such audit discloses an overpayment by Tenant of more than four percent (4%), then Landlord shall pay the 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 (subject to the limitations set forth below, computed on the accrual basis, directly 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 at or below the level of building manager 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, air quality audits, 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 for the general benefit of tenants 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 reasonable costs of contesting any of the same), including 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, but only to the extent such costs exceed those which would normally be expected to be incurred had such space been general office space;

(3) the cost of correcting defects in construction (including, without limitation, latent defects);

(4) compensation paid to officers and executives of Landlord;

(5) the cost of any items for which Landlord is reimbursed by insurance, condemnation or otherwise, except for costs reimbursed pursuant to provisions similar to Articles 7 and 8 hereof;

(6) the cost of any additions, changes, replacements and other items which are made in order to prepare for a tenant's occupancy;

(7) the cost of repairs incurred by reason of fire or other casualty;

(8) 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;

(9) interest on debt or amortization payments on any mortgage or deed of trust and rental under any ground lease or other underlying lease;

(10) any real estate brokerage commissions;

(11) any advertising expenses incurred in connection with the marketing of any rentable space;

(12) rental payments for base building equipment such as HVAC equipment and elevators;

(13) 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;

(14) 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;

(15) Federal income taxes imposed on or measured by the income of Landlord from the operation of the Building; and

(16) 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.

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 pay the same either directly to the taxing authority or, at Landlord's option, to Landlord (in the event such taxes are paid by Tenant to Landlord, Landlord shall furnish Tenant with a copy of the paid bill or other evidence of the payment of such taxes by 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 in writing. 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.

11. Late Charges. Any Rent or other amounts payable to Landlord under this Lease, if not paid by the tenth day after receipt of written notice that such payment 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 nationally recognized industry standards applicable to such uses and the Rules and Regulations attached hereto as Exhibit "G" and made a part hereof. The occupancy rate of the Demised Premises shall in no event be more than such density as shall be permitted under the zoning, building, health and other laws, rules, ordinances and statutes applicable to the Demised Premises. 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 uniformly applicable 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. To the extent of any inconsistency between the Rules and Regulations and this Lease, this Lease shall control.

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", 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 (individually an "Alteration" and any two or more collectively "Alterations"; Alterations do not include furniture and unattached cubicles), or attach any fixtures or equipment thereto, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld; provided, however, that Tenant shall have no obligation to obtain Landlord's consent for any Alteration or related series of Alterations if such Alteration or related series of Alterations: (i) are nonstructural; (ii) do not cause any violation of and do not require any change in any certificate of occupancy applicable to the Building; (iii) do not cause any change in the outside appearance of the Building, do not weaken or impair the structure of the Building and do not

materially reduce the value of the Demised Premises or the Building or the Project; (iv) do not affect the proper functioning of the Building equipment; (v) do not cost in excess of $10,000.00. Whether or not Landlord's consent is required for any Alteration or Alterations, Tenant shall give Landlord prior notice of any Alteration or related

series of Alterations, and upon completion of any Alterations (other than decorations), Tenant shall deliver to Landlord three (3) copies of the "as-built" plans for such Alterations. 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.

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 (excluding the Demised Premises and other portions of the Building leased to other tenants), the Building parking facilities, the public areas, the landscaped areas, the roof of the Building, the structural floor slab, the structural portions of the interior and exterior structural walls, and the base building mechanical, electrical and plumbing systems.. Notwithstanding the foregoing obligation, to the extent not covered by insurance, the cost of any repairs or maintenance to the foregoing necessitated by the willful misconduct or negligent acts 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. 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
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except structural repairs necessary for safety and tenantability.

(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, using contractors and subcontractors selected by Tenant and approved by Landlord. Tenant shall at once report, in writing, to Landlord any defective or dangerous condition known to Tenant. To the fullest extent permitted by law, Tenant shall not make repairs at the expense of Landlord or in lieu thereof vacate the Demised Premises notwithstanding 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
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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, afford Tenant such prior notification of an entry into the Demised Premises as shall be reasonably practicable under the circumstances. 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 shall have

no 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 Landlord shall use all reasonable efforts in connection with such work to minimize the disruption of Tenant's business within the Demised Premises. Notwithstanding the foregoing to the contrary, if Landlord shall fail to use such reasonable efforts and Tenant's business is disrupted within the Demised Premises on account thereof, and Landlord fails to use such reasonable efforts within one business day after actual receipt by Landlord of written notice to Landlord from Tenant specifying such disruption in reasonable detail, then Base Rental shall abate equitably with respect to the portion of the Demised Premises affected by such disruption commencing on the second business day after such actual receipt by Landlord and continuing thereafter until Landlord shall use all reasonable efforts in connection with such work to minimize the disruption of Tenant's business within the Demised Premises.

16. Insurance.

(a) Tenant shall procure at its expense and maintain throughout the Lease Term a standard form property insurance policy commonly known as all-risk or "special form" insurance insuring 80% of 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, together with the excess value of the improvements to the Demised Premises over the Construction Allowance, and 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 commercial general liability insurance, insuring Tenant, Landlord, Landlord's managing agent and Landlord's mortgagee, if any, as additional insureds, 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 (other than the all-risk or "special form" insurance set forth above) procured and maintained by Tenant pursuant to this Article 16 shall name Landlord and any additional parties designated by Landlord as additional insured. All insurance policies procured and maintained by Tenant pursuant to this Article 16 shall be carried with companies licensed to do business in the State of Tennessee having a rating from Best's Insurance Reports of not less than A-/VII, and shall be non-cancellable and not subject to material change except after twenty (20) days' written notice to Landlord. Duly executed certificates of insurance with respect thereto 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 renewals of such

policies shall be delivered to Landlord at least thirty (30) days prior to the expiration of each respective policy term. Proof of payment of the premium therefor shall be delivered to Landlord from time to time upon written request.

(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 or "special form" (including rent loss coverage) real and personal property coverage 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 or "special form" policy of insurance available in the State of Tennessee. 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 (excluding any costs of replacing leasehold improvements in the Demised Premises in excess of the Construction Allowance, 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 approved by the Insurance Commissioner of the State of Tennessee and licensed to do business in the State of Tennessee. 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 all-risk or "special form" insurance and 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 property insurance in effect at the time of such loss or damage or would be covered by the property 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 ten (10) business days after receipt by Tenant of written notice of such failure of payment; (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 receipt by Tenant of written notice thereof; (iii) Tenant or any guarantor of this Lease shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding; (iv) a proceeding is commenced against Tenant or

any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed within 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 and such receiver or trustee shall not have been dismissed within sixty (60) days after the appointment thereof; (vi) Tenant shall fail to take possession of the Demised Premises or any portion thereof 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 within thirty (30) days after Tenant receives written notice of the filing thereof (whether from Landlord or from any other source whatsoever); or (viii) 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 and such failure continues uncured for ten (10) days following receipt by Tenant of written notice thereof.

(b) Upon the occurrence of any of the aforesaid events of default, 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 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, 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 fees of Landlord's 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, 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.

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 in excess of the maximum density permitted under the zoning, building, health and other laws, rules, ordinances and statutes applicable to 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 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 or would contravene the provisions of Article 12 of this Lease.

Notwithstanding the foregoing prohibition, Tenant shall have the absolute right, without the consent of Landlord but with prior notice to Landlord, to assign this Lease or sublet all or any part of the Demised Premises to an Affiliate of Tenant (as hereinafter defined), so long as such transaction is not entered as a subterfuge to avoid the restrictions relating to assignments and subletting set forth in this Lease. Tenant shall also have the absolute right, without the consent of Landlord but with prior notice to Landlord, to assign this Lease to another entity in connection with the merger or consolidation of Tenant and such other entity or to the purchaser or transferee of all or substantially all of the business and assets of Tenant, provided (i) that the successor entity, purchaser or transferee shall, as a result of such merger, consolidation or acquisition, be legally bound to pay the Rent and all other rentals and charges hereunder, and to observe and perform all of the other terms, covenants and provisions of this Lease on the part of Tenant to be observed or performed, (ii) that such successor, purchaser or transferee shall have a net worth, determined in accordance with generally accepted accounting principles, which is not less than the net worth of Tenant immediately prior to such transaction, and (iii) that any such transaction is not entered into as a subterfuge to avoid the restrictions relating to assignments set forth in this Lease. No assignment of this Lease or subletting of the Demised Premises shall relieve Tenant of any of Tenant's obligations or liabilities under this Lease, and Tenant shall remain fully liable for the faithful performance of all

covenants, terms and conditions hereof on the Tenant's part to be performed. As used herein, the term "Affiliate of Tenant" shall mean any person, partnership, corporation, limited liability company or other form of business or legal association or entity which directly or indirectly controls Tenant or which is directly or indirectly controlled by or under common control with Tenant (the term "control" for these purposes shall mean, in the case of a corporation, the right to exercise,

directly or indirectly, more than fifty percent [50%] of the voting rights attributable to the shares of the controlled corporation, and with respect to an entity that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the controlled entity).

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. The preceding sentence shall not apply to, and Tenant shall not be in default under this Paragraph 20 as a result of, an offering of voting stock to the public pursuant to a registered securities offering, the transfer of voting stock on a national securities exchange or through the NASDAQ national market system, or the transfer of voting stock to Tenant's employees pursuant to a bona fide employee stock ownership plan. If Tenant shall be a corporation whose stock is publicly traded on a nationally recognized securities exchange (including the NASDAQ over-the-counter market), then any merger, consolidation or other similar reorganization of Tenant, or the sale or transfer of a controlling interest in the voting capital stock of Tenant shall not be deemed to be an assignment of this Lease. 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 reimburse Landlord, not in excess of $1,000.00 per assignment or sublease, for Landlord's reasonable accounting costs, and reasonable legal fees, actually 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 promptly remitted by Tenant to Landlord as additional rent hereunder and Tenant shall have no right or claim thereto as against Landlord. 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 shall be abated until the Demised Premises are repaired or rebuilt.

(b) If the Demised Premises are (i) damaged to such an extent that repairs cannot, in Landlord's judgment, be completed within one hundred eighty (180) days after the date of the casualty or (ii) damaged or destroyed as a result of a risk which is not insured under standard fire insurance policies with extended coverage endorsement, or (iii) damaged or destroyed during the last eighteen (18) months of the 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 judgment, be completed within one hundred eighty (180) days after the date of the casualty or if the Demised Premises are substantially damaged during the last eighteen (18) months of the Lease Term, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within thirty (30) days after the date of such occurrence. If the Demised Premises are damaged and this Lease is not terminated by Landlord or Tenant pursuant to this Paragraph 21(b) and the repairs to the Demised Premises on account of such damage are not completed within two hundred (200) days after the date of the casualty, then on or before the earlier of the date such repairs are completed or the date two hundred twenty (220) days after the date of the casualty, Tenant may elect to terminate this Lease by notice in writing to Landlord. 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 subparagraph (c) below as expeditiously as possible under the circumstances.

(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 any other work or improvements which were originally performed or installed at Landlord's expense as described in Exhibit "D" hereto or with the proceeds
of the Construction Allowance. If the cost of performing such repairs exceeds the actual proceeds of insurance paid or payable to Landlord on account of such casualty, or if Landlord's mortgagee or the lessor under a ground or underlying lease shall require that any insurance proceeds from a casualty loss be paid to it, Landlord may terminate this Lease unless Tenant, within 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.

22. Landlord's Lien. Intentionally omitted.

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. 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 non-prevailing party, to the extent permitted by applicable law, agrees to pay the prevailing party all reasonable attorney's fees actually incurred by the prevailing party.

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 and Attornment.

(a) Existing Security Deeds or Underlying Leases. Landlord represents and warrants to Tenant that as of the date of this Lease, the Land and Building are 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 upon request from the Landlord, from the holder or proposed holder of any Security Deed or from the lessor or proposed lessor under any underlying 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 party 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; (b) bound by any Base Rental or any other payments which the Tenant under this Lease might have paid for more than one (1) month in advance to any former landlord under this Lease; or (c) bound by any amendment or modification of this Lease made without the express written consent of the holder of the Security Deed or lessor under the underlying lease, as the case may be. 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 Knox County, Tennessee.

(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 ten (10) days after receipt of written request therefor by Landlord (including a copy of the form of estoppel certificate), Tenant agrees to execute and return 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. In the event Tenant delivers such estoppel certificate within such time period, Landlord shall reimburse Tenant, not in excess of $1,000.00 per estoppel certificate, for Tenant's reasonable administration costs, actually incurred by Tenant as a result of executing such estoppel certificate.

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 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 125% 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. The inclusion of the preceding sentence in this Lease shall not be construed as Landlord's consent for Tenant to hold over.

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, reasonable wear and tear and insured casualty only excepted. Tenant shall remove all personalty and equipment not attached to the Demised Premises which it has placed upon the Demised Premises (including but not limited to Tenant's voice and data equipment and back-up power equipment installed by Tenant at Tenant's cost, trade fixtures, furniture, and Tenant's ice maker), 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 (net of the net proceeds, if any, received by Landlord from the sale, if any, of such property or any portion thereof) 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
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shall be in writing and may be delivered by hand 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 hand 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
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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 negligent acts or omissions 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, in Tenant's reasonable opinion, Tenant's use of the balance of the Demised Premises or (iii) that more than fifteen percent (15%) of the parking spaces for the Building were taken, unless within thirty (30) days after the date of such Taking Landlord shall notify Tenant of its intention to replace the parking spaces, and such replacement is provided within one hundred fifty (150) days of such notice. If title to so much of the Building is taken that a reasonable amount of reconstruction thereof will not in Landlord's sole discretion result in the Building being a practical improvement and reasonably suitable for use for the purpose for which it is designed, then this Lease shall terminate on the date that the condemning authority actually takes possession of the part so condemned or purchased.

(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. 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.

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 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 of Landlord's obligations to Tenant thereafter arising hereunder.

35. Liability of Tenant. 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 customers while such customers are within the Demised Premises, or otherwise occurring in connection with any default of Tenant hereunder. The provisions of this Article 35 shall survive any termination of this Lease.

36. Force Majeure. In the event of strike, lockout, 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, 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, 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) and to any rent derived from the Building accruing after the date of a final judgment obtained by Tenant against Landlord with respect to such default. 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, the aforedescribed rent derived from the Building accruing after the date of a final judgment obtained by Tenant against Landlord with respect to such default, 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.

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 of the Demised Premises, for the Lease Term, without hindrance, claim or molestation by Landlord or any other person lawfully claiming under Landlord.

39. First Month's Rent. Tenant has deposited with Landlord the sum set forth in Article 1(m) above. Such amount shall be applied by Landlord to the

first monthly installment(s) of Base Rental and Tenant's Forecast Additional Rental as they become due hereunder. This Lease shall be of no force or effect and the sum set forth in Article 1(m) above shall be refunded to Tenant in the event this Lease has not been executed by Landlord within fourteen (14) days after counterparts of this Lease fully executed by Tenant have been delivered to Landlord together with the sum set forth in Article 1(m) above.

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.

Landlord hereby covenants and agrees that Landlord has not caused or permitted and shall not cause or permit any Hazardous Substances to be generated, placed, held, stored, used, located or disposed of at the Project or any part thereof (excluding, however, the Demised Premises and such other portions of the Project as are from time to time leased to tenants, but including the "building standard" work), except for Hazardous Substances as are commonly and legally used or stored as a consequence of constructing, operating, and maintaining the Project in accordance with this Lease, and using the Project 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, and so long as Landlord strictly complies or causes compliance with all applicable governmental rules and regulations concerning the use, storage, production, transportation and disposal of such Hazardous Substances. Landlord hereby agrees to indemnify Tenant and hold Tenant 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, Tenant 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 Project 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 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 Landlord's violation of the covenant contained in this Article. The obligations of Landlord 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. 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[n] 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[n] 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[n] hereinabove) claiming to have dealt with Tenant.

Landlord represents and warrants to Tenant that (except with respect to any

Broker[s] identified in Article 1[n] hereinabove) no broker, agent, commission salesperson, or other person has represented Landlord 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[n] 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 Landlord. Landlord agrees to indemnify and hold Tenant harmless from all loss, liability, damage, claim, judgment, cost or expense (including reasonable attorneys' fees and court costs) suffered or incurred by Tenant as a result of a breach by Landlord of the representation and warranty contained in the immediately preceding sentence or as a result of Landlord's failure to pay commissions, fees, or compensation due to any broker who represented Landlord, 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[n] hereinabove) claiming to have dealt with Landlord.

46. Governing Law. The laws of the State of Tennessee shall govern the validity, performance and enforcement of 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 that Tenant is a duly formed and validly existing limited liability company and is fully authorized and qualified to do business in the State of Tennessee, that the limited liability company has full right and authority to enter into this Lease, and that each person signing on behalf of the limited liability is a manager or officer of the limited liability company and is authorized to sign on behalf of and to bind the limited liability company. 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.

49. Financial Statements. Upon Landlord's written request therefor, but not more often than once per year, Tenant shall promptly furnish to Landlord Tenant's most recent annual report (provided, however, if Tenant is not publicly traded at such time, Tenant shall deliver a financial statement with respect to Associates First Capital Corporation for its most recent fiscal year prepared in accordance with generally accepted accounting principles and certified to be true and correct by Associates First Capital Corporation, which statement Landlord agrees to keep confidential and not use except in connection with proposed sale or loan transaction).

[Signatures contained on following page]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day, month and year first above written.

"LANDLORD":

THE FUND IX, FUND X, FUND XI, AND REIT JOINT VENTURE

By: Wells Real Estate Fund IX, L.P.,
a Georgia limited partnership,
managing venturer

By: /s/ Leo F. Wells (Seal)

Leo F. Wells, II,
general partner

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

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

By: /s/ Leo F. Wells (Seal)

Leo F. Wells, II,
President

(CORPORATE SEAL)

"TENANT":

ASSOCIATES HOUSING FINANCE, LLC,
a Delaware limited liability company

By: /s/ Wayne G. Stoltzamn

Name: Wayne Stoltman
Its: Vice President

By:_____
Its:_____

(SEAL)

EXHIBIT "A"

LEGAL DESCRIPTION

That property situate in the Sixth Civil District of Knox County, Tennessee, without the corporate limits of the City of Knoxville, Tennessee, being known and designated as Lot 13R in the Centerpoint Park, as shown on the map of the same of record in Cabinet O, Slide 280A, in the Register's Office for Knox County, Tennessee.

EXHIBIT "B"

[FLOOR PLAN APPEARS HERE]

[LOGO OF THE ASSOCIATES APPEARS HERE]

EXHIBIT "D"

CONSTRUCTION OBLIGATIONS

1. Plans and Specifications. Tenant, at Tenant's sole cost and expense, shall cause to be prepared by Tenant's architect or space planner, schematic partition plans and layout for the Demised Premises based on Tenant's requirements. Upon approval by Landlord of such schematic partition plans and layout (which approval shall not be unreasonably withheld), Tenant shall cause to be prepared by Tenant's architect (Benson, Hlavaty & Paret), at Tenant's cost, the following:

   (a) Complete and detailed architectural drawings and specifications for Tenant's partition layout, reflected ceiling and other installations for the work to be done by Landlord under Paragraph 3 hereof.

   (b) Complete engineered construction drawings and specifications where necessary for installation of heating and air conditioning, electrical, plumbing and fire protection systems and other drawings necessary to define the scope of work to be done by Landlord under Paragraph 3 hereof.

   (c) Any subsequent modifications to the drawings and specifications requested by Landlord.

   All such plans and specifications are expressly subject to Landlord's approval. On or prior to the date hereof, Tenant has caused said schematic partition plans and layout to be delivered to Landlord and the construction drawings and specifications to be prepared as provided above and delivered to Landlord, 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. The Demised Premises shall be deemed ready for occupancy when Landlord's construction, as provided in Paragraphs 2 and 3 hereof, is substantially completed subject only to punch list items, with the certificate of occupancy for the Demised Premises having been issued and such status is referred to in this Lease as "Substantial Completion." In the event of any dispute as to when Landlord's construction has been substantially completed as aforesaid, the determination of Landlord's architect or designer shall be final and binding upon the parties. Landlord will give Tenant ten (10) days' advance written notice of the date on which Landlord expects the Demised Premises to be ready for occupancy.

2. Base Building Condition. Landlord agrees, at its sole expense and without charge to Tenant, to supply and/or install the following work in the Building and/or Demised Premises (the following describes the scope of the "building standard" work which will be provided by Landlord at its expense in accordance with the plans and specifications for the Building):

   (a) HVAC System

   Central plant equipment and air handling units (and including

perimeter slot diffusers stacked on the floor) capable of maintaining the following indoor conditions plus or minus two (2) degrees F, based upon the local conditions specified in the 1993 edition of ASHRAE HANDBOOK OF FUNDAMENTALS:

(1) Summer indoor shall be 75 degrees F.D.B. when outside temperature is 92 degrees F.D.B. The cooling tower, chillers, air handling units, piping and equipment shall be designed and sized accordingly.

(2) Winter indoor shall be 70 degrees F.D.B. when outside temperature is 22 degrees F.D.B.

In addition, the system shall meet in all respects ASHRAE Standard ANSI/ASHRAE 62 "Ventilation for Acceptable Indoor Air Quality", 1989, Addendum 62A 1990, and all subsequent Addenda thereto, including the ability to provide twenty (20) cubic feet per minute of outside fresh air per occupant, based on an occupant load of one person per one hundred fifty (150) usable square feet.

Air conditioning design basis is 3.0 watts per usable square foot lighting and power load, based upon an occupancy rate of seven (7) persons per 1,000 rentable square feet (per ASHRAE Standard 62-1989) and venetian blinds drawn with slats tilted against the sun at not less than 45 degrees from horizontal.

(b) Electrical

An electrical capacity of three (3) watts per square foot of rentable floor area for low voltage electrical consumption (120/208 volts) and two (2) watts per square foot of rentable floor area for lighting (277/480 volts) will be provided at one location on each floor.

(c) Sprinkler system

A complete sprinkler system including building standard sprinkler heads (with heads turned up) in accordance with Landlord's standard grid pattern.

(d) The inside of the Building's perimeter walls shall have gypsum wallboard installed where applicable (taped and bedded only). The corridor side of the walls of any corridors which are used in common by Tenant and other tenants and occupants of the Building shall be finished to Landlord's specifications.

(e) Structural concrete columns with drywall, taped and bedded (to be finished at Tenant's cost pursuant to Paragraph 3 hereof).

(f) Horizontal mini-blinds for all exterior windows in accordance with Landlord's standard specifications, installed.

(g) Base building drywall soffit shall be furnished and installed, taped and painted. Slot diffusers shall be installed with this soffit detail.

(h) Building standard 2x2 ceiling grid shall be provided by Landlord (but not installed). Building standard acoustical ceiling tile (material only) shall be provided by Landlord (but not installed).

(i) Building standard 2x4 fluorescent light fixtures (material only) at the ratio of one fixture per 100 square feet of rentable floor area shall be provided by Landlord (but not installed).

(j) Incorporation of Tenant's name into the main building directory.

3. Leasehold Improvements. Landlord agrees, at Tenant's sole cost and expense (subject to Paragraph 5 hereof with respect to the Construction Allowance), and in conformance with working drawings and specifications, approved by Landlord, to provide and install the following work:

(a) Air conditioning.

(i) Any modifications to or deviations from building standard heating and air conditioning system.

(ii) Material and installation of components including diffusers (all interior zone diffusers and any additional perimeter slot diffusers), return grilles, flex duct and spin-ins to support the base building system.

(iii) All additional duct work throughout the Demised Premises.

(iv) Fire dampers as required by Tenant's layout design.

(v) Installation of building standard thermostats.

(vi) Test and balance work.

(vii) Supplemental HVAC and/or exhaust systems.

(b) Electrical.

(i) Electrical distribution system on each floor from the electrical panel location on each floor (or from additional electrical panels as required by the working drawings and specifications).

(ii) All light switches.

(iii) All electrical outlets.

(iv) All telephone rough-in boxes and pullstrings (Tenant shall be responsible for the installation of its own phone and data cable, plenum rated or installed in conduit, including conduits, if required from base building riser closet to Tenant's telephone back board).

(v) Installation of building standard light fixtures provided by Landlord under Paragraph 2(i) above and provision and installation of all other light fixtures and related circuitry, panel boards, etc.

(vi) Any provision for supplying power to the Demised Premises beyond the watts per rentable square foot specified in the Building Standard Services, or circuiting at less than 8 outlets per 16 AMP circuit, or circuited at more than one (1) pole of 120 volt, single phase circuit per 252 square feet of rentable floor area, including necessary metering to measure excess electrical usage. Each floor shall be provided with one 42 pole panel.

(vii) All exit light fixtures and exit signs within the Tenant's Demised Premises.

(viii) All ADA strobe horn devices within Tenant's Demised Premises.

(c) Installation of the building standard grid and building standard acoustical ceiling tile provided by Landlord under Paragraph 2(h) above and provision and installation of any non-standard ceiling

system approved by Landlord.

(d) Sprinkler system. Any modification to or deviation from the building standard sprinkler system including relocations of or additions to the number of sprinkler heads provided or the provision of a non-standard sprinkler head.

(e) All plumbing work for facilities such as showers, sinks or additional toilets in the Demised Premises or in support of Tenant's kitchen appliances in the Demised Premises.

(f) All partitions for walls within the Demised Premises, including the finish thereof, and the tenant side of the common corridor walls which are within the

Demised Premises, including the finish thereof, and the finish to the inside of the Building's perimeter walls (as applicable).

(g) Where applicable, the finish to the building standard concrete columns adjacent to the curtain wall.

(h) All doors and frames.

(i) All hardware, which must match and be compatible with the established building standards (except for such hardware as is replaced by Tenant-furnished electrified handsets for card-access secured doors).

(j) All floor finishes including base (except that Tenant shall furnish F.O.B. the Premises all carpet materials as previously approved by Landlord).

(k) Any special construction as shown on the drawings and specifications approved by Landlord.

(l) Tenant's identification sign conforming to Landlord's standards, at entrances to Demised Premises.

(m) All fire alarm devices, including speakers, required within the Demised Premises by applicable building code.

4. Approval of Subcontractors; Cost Estimate. Landlord reserves the right to restrict the list of subcontractors who may carry out work related to critical Building systems, provided that such subcontractors shall 1) be qualified, competent and of good reputation, 2) have sufficient manpower to timely perform the work, 3) not, during the expected term of the work, have collective bargaining contracts coming due, 4) not be related, through business or blood, to any member of Landlord's staff, and 5) be willing to work "open-book" should Tenant believe such subcontractor's prices are excessive. This work includes the following:

. HVAC/mechanical
. Electrical
. Plumbing
. Fire Protection
. Fire Alarm
. Test & Balance
. Roofing
. Curtain wall
. Structural steel

Prior to commencing any work, Landlord or Landlord's representative will submit to Tenant written estimates of the cost of the work described in Paragraph 3 hereof. If Tenant shall fail to approve any such estimate within seven (7) calendar days, the same

shall be deemed disapproved in all respects by Tenant and Landlord shall not be authorized to proceed thereon. In the event of such disapproval, Tenant shall work promptly with Tenant's architect and Landlord to alter the working drawings and specifications for the work described in Paragraph 3 hereof to cause the price estimate to be acceptable to Tenant.

5. Tenant's Payment Obligation. Tenant agrees to pay Landlord promptly within thirty (30) days of being invoiced (but in no event prior to Substantial Completion) for the cost of the work described in Paragraphs 1 and 3 hereof, less the amount of the Construction Allowance, if any, stated in Article 1(m) of this Lease. Tenant agrees that the same shall be collectible as additional rent and in default of payment thereof Landlord shall (in addition to all other remedies) have the same rights as in the event of default of payment of Base Rental. No construction management fee shall be paid to Landlord. If there remains any undisbursed portion of the Construction Allowance after payment of all costs of the work described in Paragraphs 1 and 3 hereof, and provided no event of default under this Lease has occurred and is continuing, Landlord shall either pay such undisbursed portion of the Construction Allowance to Tenant or credit such undisbursed portion to Rent next thereafter becoming due and payable under this Lease until fully credited.

6. Costs of Delays. If (a) Tenant shall fail to furnish schematic plans in accordance with Paragraph 1 hereof, or (b) Landlord shall be delayed in substantially completing Landlord's construction as a result of:

(i) Tenant's request for materials, finishes or installations other than Landlord's standard; or

(ii) Tenant's failure to approve cost estimates within seven (7) days; or

(iii) Tenant's changes in said plans or specifications; or

(iv) The performance of work by a person, firm or corporation employed by Tenant and delays in the completion of said work by said person, firm or corporation;

then Tenant agrees to pay to Landlord, in addition to any sum due under Paragraph 5 above, a sum equal to any additional cost to Landlord in completing Landlord's construction resulting from any of the foregoing failures, acts or omissions of Tenant. Any such sums shall be in addition to any sums payable pursuant to Paragraphs 1 and 3 hereof and may be collected by Landlord as additional rent from time to time, upon demand, and in default of payment thereof, Landlord shall (in addition to all other remedies) have the same rights as in the event of default of payment of Base Rental. With respect to the matters set forth in subparagraphs (i) through (iii) set forth above, Landlord shall inform Tenant of the potential delay to the work anticipated to be caused thereby at the time such request, change or failure to approve occurs. In the cases of request or change, failure of Landlord to so inform Tenant shall be deemed to

mean that such request or change will not cause a delay in the then anticipated date of Substantial Completion.

7. Alterations by Tenant. Except as expressly set forth in the Lease, Tenant shall not make any alterations, additions or improvements in or to the Demised Premises without Landlord's prior written consent, which consent

shall not be unreasonably withheld. Tenant shall not make any alterations, additions or improvements to any common areas without Landlord's prior written consent, which consent may be granted or withheld in Landlord's sole discretion. Except for construction as provided in Paragraphs 2 and 3 hereof, and except as set forth in Paragraph 4 of the Lease with respect to punch list items and latent defects, the Demised Premises are delivered to Tenant "as is" without any warranty or representation whatsoever. Any alterations, additions or improvements requested by Tenant and approved by Landlord shall be performed (i) by Landlord's contractor or another contractor approved by Landlord, (ii) in a good and workmanlike manner, and (iii) in accordance with all applicable codes, laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Demised Premises.

8. Approvals by Landlord. Any approval by Landlord of or consent by Landlord to any of Tenant's plans, specifications or other items to be submitted by Tenant to and/or reviewed by Landlord pursuant to this Lease shall be deemed to be strictly limited to an acknowledgment of approval or consent by Landlord thereto and, whether or not the work is performed by Landlord or by Tenant's contractor, such approval or consent shall not constitute the 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 acknowledgment, representation or warranty by Landlord that the design is safe, feasible, structurally sound or will comply with any legal or governmental requirements, and Tenant shall be responsible for all of the same.

EXHIBIT "E"

BUILDING STANDARD SERVICES

Landlord shall furnish the following services to Tenant during the Lease Term while the Demised Premises or any portion thereof is being occupied for business purposes (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 2(a) 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 buildings comparable to the Building in the metropolitan Knoxville, Tennessee 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 (provided, however, that such costs shall not exceed $35.00 per hour) 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 buildings comparable to the

Building in the metropolitan Knoxville, Tennessee 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 office buildings comparable to the Building in the metropolitan Knoxville, Tennessee 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 laboratories, special health care areas or other 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 five (5.0) 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 commercially reasonable efforts in good faith 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, except as hereinafter provided, 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 commercially reasonable efforts in good faith to promptly repair said equipment or machinery and to restore said services during normal business hours. Notwithstanding the foregoing to the contrary, if, for

any reason other than Tenant's failure to pay for all charges to the utility company, to the governmental entity furnishing such services to the extent Tenant is obligated to pay therefor under this Lease or Tenant's failure to comply with the obligations of Tenant pursuant to this Lease, or Tenant's negligence or willful misconduct, such services are unavailable for more than three (3) consecutive business days, and Tenant cannot reasonably and safely operate Tenant's business in the Demised Premises or cannot have reasonably secure access to the Demised Premises, then Base Rental shall abate equitably from and after the third (3rd) day for the remaining period of such interruption or delay.

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 Knoxville, Tennessee 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 Knoxville, Tennessee on account of said holiday shall constitute the Holiday under this Lease.

EXHIBIT "E-1"

Cleaning and Janitor Services

Landlord shall furnish cleaning and janitor services to the Project as described below:

Daily:
- -----

- Sweep, dry mop or vacuum, as appropriate, all floor areas; remove material such as gum and tar which has adhered to the floor.
- Empty and damp wipe all ashtrays, waste baskets and containers; remove all trash from the Leased Premises.
- Dust all horizontal surfaces with treated dust cloth.
- Spot wash to remove smudges, marks and fingerprints from such areas as walls, equipment, doors, partitions and light switches within reach.
- Wash water fountains.
- Damp mop all non-resilient floors such as concrete, terrazzo and ceramic tile. Damp mop floors using detergent disinfectant.
- Clean passenger elevator cabs and landing doors.
- Clean mirrors, soap dispensers, shelves, wash basins, exposed plumbing, dispenser and disposal container exteriors, using detergent disinfectant and water. Damp wipe all ledges, toilet stalls and toilet doors.

. Clean toilets and urinals with detergent disinfectant, beginning with seats and working down. Pour one ounce of bowl cleaner into urinal after cleaning and do not flush.

. Furnish and refill all soap, toilet, sanitary napkin and towel dispensers.

. Clean all baseboards.

Weekly:
- ------

. Wash glass in building directory, entrance doors and frames and show windows, both sides.

. Remove all litter form the parking area and grounds.

. Spot wash interior partition glass and door glass to remove smudge marks.

. Damp wipe all telephones.

Monthly:
- -------

. Scrub and recondition resilient floor areas using buff-able non-slip type floor finish.

. Vacuum all ceiling and wall air supply and exhaust diffusers or grills.

. Wash all interior glass, both sides.

Quarterly:
- ---------

. High dust all horizontal and vertical surfaces not reached in nightly cleaning, such as pipes, light fixtures, door frames, picture frames and other wall hangings.

. Wash and polish vertical terrazzo or marble surfaces.

. Damp wash diffusers, vents, grills, and other such items, including surrounding wall or ceiling areas that are soiled.

Semi-Annually:
- -------------

. Vacuum drapes, cornices and wall hangings.

. Dust all storage areas, including shelves and contents, such as supply and stock closets, and damp mop floor areas.

. Strip and refinish all resilient floor areas using buff-able non-slip floor finish.

. Wash all building exterior glass, both sides.

Annually:
- --------

. Wash light fixtures, including reflectors, globes, diffusers and trim.

- Wash walls in corridors, lounges, classrooms, demonstration areas, cafeterias and washrooms.

- Clean all vertical surfaces not attended to during nightly, weekly, quarterly or semi-annual cleaning.

- Shampoo all carpeted areas (upon request by Tenant, but not during first year).

IN ADDITION TO THE FOREGOING, PROVIDE A DAY PORTER ON ALL TENANT'S BUSINESS DAYS, MONDAY THROUGH FRIDAY.

UPON REQUEST BY TENANT WHEN NEEDED:

- Spot clean carpet stains.

- Sweep stair areas.

EXHIBIT "F"

SPECIAL STIPULATIONS

1. EXTENSION OPTIONS. Tenant is hereby granted options to extend the Lease Term for additional periods of one (1) month each (each such additional period being herein referred to as an "Extended Term") by giving written notice of such extension to Landlord prior to the expiration of the Lease Term (as extended); provided, however, that in the event the Other Lease is terminated, then with respect to Extended Terms commencing on or after the first day of the seventh (7th) calendar month from and after the calendar month within which occurred the Rental Commencement Date, the options to extend the Lease Term granted hereunder shall be exercised by Tenant giving written notice of each such extension to Landlord at least thirty (30) days prior to the expiration of the Lease Term (as previously extended); further provided, however, that the Lease Term shall not be extended beyond (and the Lease Term, if not sooner terminated, shall end on) the earlier to occur of: (i) the date fifteen (15) days after "Substantial Completion" of the "Demised Premises" as those terms are defined in the Other Lease; or (ii) June 30, 2000. 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. The term "Lease Term" as used in this Lease shall mean the initial Lease Term and any Extended Term which may become effective.

2. REFUSAL RIGHT. Provided and on the condition that Tenant is not then in default and no event of default has occurred under this Lease, and subject to the first refusal rights granted to the tenant under the lease between Landlord and ABB Flakt, Inc. (the "ABB Lease"), Tenant shall have a right of refusal (the "Refusal Right"), subject to and upon the terms and conditions set forth below, with respect to that certain space in the Building and designated on Exhibit "F-1" attached hereto and by reference made a part hereof (the "Refusal Space"). Prior to entering into a lease with any other party (other than the tenant under the ABB Lease) of any of the Refusal Space, Landlord shall notify Tenant that it intends to enter into such 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, except as herein expressly provided), by giving notice thereof to Landlord within ten (10) business days after the date Tenant receives the Refusal Notice. If Tenant does not so exercise its Refusal Right within such ten (10) 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. In the event Tenant

exercises its Refusal Right with respect to any 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. In the event Tenant exercises a Refusal Right, as of the date (the "Commencement Date for the applicable Refusal Space") which 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) the date seven (7) 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 Exhibit "D" attached to this Lease. Effective as of the
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Commencement Date for the applicable Refusal Space, the Base Rental and other charges payable hereunder shall be increased based upon the number of rentable square feet added to the Demised Premises. Such Refusal Space shall be deemed to be substantially completed upon the 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 Knoxville, Tennessee, area, and delivery thereof to Tenant. 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. 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.

Notwithstanding the foregoing or any other provision of this Lease to the contrary, (a) Tenant may not exercise the Refusal Right unless at least ninety (90) days shall remain in the initial Lease Term at the time of such exercise, and (b) the Construction Allowance for the Refusal Space shall be the product of the Rentable Floor Area of the applicable Refusal Space to be added to the Demised Premises, multiplied by Nine and 50/100 Dollars ($9.50).

3. PARKING.

(a) 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 four (4) spaces per one thousand (1000) usable square feet contained in the Demised Premises.

(b) Landlord may make, modify and enforce 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 use commercially reasonable efforts in good faith to cause Tenant's agents, contractors, employees, licensees, subtenants, assigns, guests and invitees 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.

(c) If the number of parking spaces available in the Building parking facilities shall be reduced as a result of a taking by condemnation, Landlord shall have the right to effect a proportionate reduction in the number of parking spaces provided to Tenant. However, in the event the number of parking spaces made available to Tenant shall be reduced for more than six (6) months to a number which is less than 3.4 parking spaces for every 1,000 usable square

feet of the Demised Premises, and provided that Landlord does not provide comparable parking to the extent of at least 3.4 parking spaces for every 1,000 usable square feet of the Demised Premises within such six (6) month period, Tenant shall have the right to terminate this Lease by giving written notice thereof to Landlord.

4. 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 (i) the receipt by Tenant of the approval of such Antenna by the tenant ("ABB") under the lease of premises in the Building to ABB Flakt, Inc. [Landlord represents to Tenant that the person or persons from whom Landlord will require such approval on behalf of such tenant are located within the United States; if requested by Tenant, Landlord shall submit Tenant's application for approval to ABB (but Tenant shall remain responsible for preparing and revising such application) and coordinate with ABB and Tenant with respect to such request for ABB's approval, however, Landlord makes no representation whether or not such approval will be granted by ABB] and the developer of CenterPoint Park, and (ii) 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 4(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 unless such painting would void the manufacturer's warranty on the Antenna.

(c) Tenant shall be responsible for procuring and paying for all certificates, licenses, permits or approvals 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. 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. 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 Special Stipulation 4 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 4.

5. YEAR 2000

Landlord agrees that any and all mechanical, digital, electronic or computerized equipment owned by Landlord which controls, operates and/or regulates equipment and services applicable to systems which service all or any one or more of the Demised Premises or the Building or common areas of the Building (including, but not limited to, elevators, security systems, lighting systems, heating, ventilating and air conditioning, plumbing, fire and sprinkler control systems) will not malfunction as a result of date changes in the year 2000 and beyond. In the event Landlord fails to properly and fully restore those services affected by a year 2000 malfunction, such malfunction shall be an

event of default by Landlord under the Lease and Tenant shall have the right to avail itself of remedies for such default, as set forth in this Lease. Furthermore, Landlord agrees to indemnify and hold Tenant harmless from loss, costs, damages and expenses (excluding consequential damages) incurred by Tenant as a result of any such equipment and/or computer systems malfunction which materially adversely affects or impacts Tenant's use and occupancy of the Demised Premises.

6. LANDLORD'S DEFAULT. If Landlord shall default in the performance of any of its obligations under 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 affect such cure), 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.

7. AIR QUALITY. Landlord agrees that the Building shall comply with all applicable provisions of the Federal Clean Air Act Amendments of 1990 (the "Act") and Landlord will

take all actions with respect to Building systems and sub-systems which are necessary to meet the applicable requirements of the Act. The costs of any modifications, replacements, or repairs to and Building systems or systems required to comply with the applicable requirements of the Act shall be included in Operating Expenses and amortized over the useful life thereof pursuant to Section 8(a)(6) of this Lease. Landlord shall have an Indoor Air Quality survey (air quality audit) performed each year by a qualified environmental engineer. The air quality audit shall test for, at a minimum, asbestos, molds, fungi, radon, carbon monoxide, carbon dioxide, HCOH, ozone, formaldehyde, and water tower contaminants, and such other tests as are recommended for office buildings by the applicable guidelines of the American Society of Heating and Air-Conditioning Engineers and the United States Environmental Protection Agency. Copies of the results of such air quality audits shall be maintained for a minimum of five years (or, if sooner, until the end of the Term). In the event Tenant shall cause or permit any activity which shall adversely affect the air quality in the Demised Premises, in the common area of the Building or in any premises within the Building, Tenant shall be responsible for all costs of remedying same.

8. LEGAL REQUIREMENTS. Landlord represents and warrants that as of the date of Substantial Completion, the "building standard" work, the common areas and exterior entrances to the Building and to the Demised Premises shall be in compliance in all material respects with all applicable Legal Requirements, including without limitation the Americans with Disabilities Act. Tenant represents and warrants that the design and furnishing of the Demised Premises shall be in compliance in all material respects with all applicable Legal Requirements, including without limitation the Americans with Disabilities Act. "Legal Requirements" shall mean (i) all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances or recommendations affecting the Demised Premises or the Building or any part

thereof, or the use thereof, including without limitation those which require repairs to or any structural changes in the Demised Premises or the Building whether or not any such statutes, laws, rules, orders, regulations, ordinances or recommendations which may hereafter be enacted involve a change of policy on the part of the governmental body enacting the same, (ii) all rules, orders and regulations of the National Board of Fire Underwriters or other bodies exercising similar functions and responsibilities in connection with the prevention of fire or the correction of hazardous conditions which apply to the Demised Premises or the Building, and (iii) the requirements of all policies of public liability, fire and other insurance which at any time may be in force with respect to the Demised Premises or the Building.

9. LIENS. Tenant shall not do or permit to be done anything which creates a lien upon the Demised Premises or the Project. Tenant shall indemnify Landlord against liability for any and all mechanics' and other liens filed in violation of the foregoing. Tenant, at its expense, shall procure the discharge of any such lien within thirty (30) days after the filing thereof against any part of the Demised Premises or Project. If Tenant fails to discharge any such lien within such thirty (30) day period, then, in addition to any other right or remedy, Landlord may discharge the same either by paying the amount claimed to be due or by deposit or bonding

proceedings. Any amount so paid by Landlord, and all costs and expenses incurred by Landlord in connection therewith, shall be payable by Tenant upon demand.

EXHIBIT "F-1"

REFUSAL SPACE

EXHIBIT "G"

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.

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 a small Underwriter's Laboratory approved microwave oven 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 common area of the Building. Except for vending machines installed in the Demised Premises solely for the use of Tenant's employees, 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. 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. Smoking shall be permitted only in identified areas outside the Building.

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. Five (5) keys for the front door and five (5) keys for the rear door will be furnished Tenant without charge. Landlord may make a reasonable charge for any additional keys. 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; provided, however, that Landlord agrees that Tenant may place an additional lock on Tenant's computer room door and need not furnish Landlord with a key to such lock but shall permit Landlord access to the computer room for the performance of Landlord's obligations under this Lease, including but not limited to repairs (further provided, however, that in the event Landlord in good faith believes an emergency exists which requires entry into the computer room, Landlord may take such action as Landlord in good faith believes necessary under the circumstances (including but not limited to breaking down the computer room door), without being liable to Tenant for the damage caused thereby). 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 a card 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 when rooms are occupied after 10:00 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. If Tenant requires wiring for a bell or buzzer system, such wiring shall be done by the electrician of the Landlord only, and no outside wiring men shall be allowed to do work of this kind unless by the written permission of Landlord or its representatives. 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 name of the Building and to change the street address of the Building, provided that in the case of a change in the street address, Landlord shall give Tenant not less than 180 days' prior notice of the change, unless the change is required by governmental authority. In the event of any such change requested by Landlord, Tenant shall deliver to Landlord a statement in reasonable detail, including invoices, showing the reasonable costs and expenses incurred by Tenant in connection with changing Tenant's address on Tenant's letterhead and business cards on account of such change requested by Landlord, and Landlord shall reimburse Tenant such reasonable costs and expenses; provided, however, that no reimbursement shall be due from or owed by Landlord in the event such change is required by governmental authority.

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 10.36

LEASE AGREEMENT

BETWEEN WELLS DEVELOPMENT CORPORATION

AND

ASSOCIATES HOUSING FINANCE, LLC

LEASE AGREEMENT

by and between

WELLS DEVELOPMENT CORPORATION,
a Georgia corporation
("Landlord")

and

ASSOCIATES HOUSING FINANCE, LLC,
a Delaware limited liability company
("Tenant")

dated

September 10, 1998

for

Suite Number 100

containing

50,000 square feet of Rentable Floor Area

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and entered into this 10 day of September, 1998, 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 Development Corporation, a Georgia corporation

(b) Landlord's Address:

Delivery:
c/o Wells Management Company, Inc.
3885 Holcomb Bridge Road

Norcross, Georgia 30092-2295

Mail:
c/o Wells Management Company, Inc.
P.O. Box 926040
Norcross, Georgia 30010-6040

(c) Tenant: Associates Housing Finance, LLC, a Delaware limited liability company

(d) Tenant's Address:

Delivery:
Associates Housing Finance, LLC
250 East Carpenter Freeway
Irving, Texas 75062
Attn: Corporate Properties

Mail:
Associates Housing Finance, LLC
c/o Associates Corporation of North America
P.O. Box 660237
Dallas, Texas 75266-0237
Attn: Corporate Properties

(e) Building Address:

CenterPoint Business Park
_____ CenterPoint Boulevard
Knoxville, Tennessee 37932

(f) Suite Number: 100

(g) Rentable Floor Area of Demised Premises:

50,000 square feet, subject to the provisions of Article 2 hereof

(h) Rentable Floor Area of Building:

71,400 square feet

(i) Lease Term: Eighty-four (84) months. The Lease Term is subject to extension as provided in Special Stipulations paragraph 1.

(j) Base Rental Rate: Twelve and No/100 Dollars ($12.00) per square foot of Rentable Floor Area of the Demised Premises for the first twenty-eight (28) months of the Lease Term, Twelve and 50/100 Dollars ($12.50) per square foot of Rentable Floor Area of the Demised Premises for the second twenty-eight (28) months of the Lease Term, and Thirteen and No/100 Dollars ($13.00) per square foot of Rentable Floor Area of the Demised Premises for the third twenty-eight (28) months of the Lease Term.

(k) Rental Commencement Date: The earlier of (x) the date which is thirty (30) days after Substantial Completion (as defined in Paragraph 1(i) of Exhibit "D" attached hereto) or (y) the date upon which Tenant takes
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possession and occupies any portion of the Demised Premises for business purposes. Occupancy of the Demised Premises for the purpose of installing voice/data communications, furniture and fixtures shall not be deemed occupancy for business purposes.

(l) Construction Allowance for initial Demised Premises: $1,500,000.00 (calculated at the rate of $30.00 per square foot of Rentable Floor Area of the initial Demised Premises).

(m) First Month's Rent: $50,000.00 (Article 39)

(n) Broker(s): Eakin & Smith, Inc. Real Estate

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 single story building (hereinafter referred to as

"Building") located or to be located on that certain tract of land (the "Land") more particularly described on Exhibit "F" attached hereto and by this reference made a part hereof, which Demised Premises comprise approximately 50,000 square feet of Rentable Floor Area of the Building and are outlined on the floor plan 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, the usable area of the Demised Premises shall be determined in accordance with the American National Standard Method of Measuring Floor Area in Office Buildings, ANSI Z65.1-1996 published by the Building Owners and Managers Association International. The Rentable Floor Area of the Demised Premises for purposes of this Lease shall be the product of the usable area of the Demised Premises multiplied by 1.05. Likewise, the Rentable Floor Area of the Building shall be the product of the usable area of the Building multiplied by 1.05. Landlord and Tenant will cause their architects to make physical measurements of the Demised Premises and the Building, and the Rentable Floor Area of the Demised Premises and the Rentable Floor Area of the Building will be adjusted based upon such physical measurements.

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. If for any reason whatsoever (other than delays caused by Tenant), Substantial Completion does not occur on or before January 1, 2000, Tenant's sole right and remedy shall be to terminate this Lease upon ten (10) days written notice to Landlord, without incurring any liability to Landlord; provided, however, that this Lease shall not terminate if Substantial Completion occurs during such ten (10) day period.

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. 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. Within thirty (30) days after the date of Substantial Completion, 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 in a commercially reasonable time, and, for a period of one (1) year following the date

of Substantial Completion, Tenant shall have the right to notify Landlord of its discovery of latent defects in the Base Building Work and Layout Work all of which shall be promptly repaired and/or completed by Landlord in a commercially reasonable time 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 set forth in 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 Base Rental Rate set forth for such Lease Year in Article 1(j) above multiplied by the Rentable Floor Area of Demised Premises set forth in Article 1(g) above. 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. Landlord's current estimate of Tenant's Forecast Additional Rental for the first calendar year or partial calendar year of this Lease is $4.50 per Rentable Square Foot per annum. If at any time it appears to Landlord that Tenant's Additional Rental for the current calendar year will vary from Landlord's estimate by more than five percent (5%), 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 prior to the beginning 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 prior to the beginning 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.

(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 seventy and 03/100 percent (70.03%), determined by dividing 50,000 square feet of Rentable Floor Area of the Demised Premises by 71,400 square feet of Rentable Floor Area of the Building. The Tenant's Share shall be 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, 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 if the Building had been fully occupied during such

calendar year. 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 (such as but not limited to taxes, insurance, landscaping, parking lot lighting and repairs, elevator service and repair, window washing and roof repair) shall not be so adjusted. Notwithstanding anything contained herein to the contrary, in no event shall Tenant's Share of Operating Expenses for the second or any succeeding calendar year during the Lease Term exceed what Tenant's Share of Operating Expenses would have been, had Operating Expenses for the first calendar year during the Lease Term (as adjusted as provided above) increased for each calendar year thereafter by five percent (5%) on a compounded annual basis; provided, however, and notwithstanding the above limitation, for purposes of determining whether or not the aforesaid limit on increases in Tenant's

Share of Operating Expenses from year to year is exceeded, the components of Operating Expenses relating to taxes and assessments attributable to the Project or its operation, utilities costs of the Project and insurance premiums relating to or payable in connection with the Project shall not be considered or taken into account in such determination, and there shall be no limit on the components of Operating Expenses relating to such taxes and assessments, utilities and insurance premiums for the Project that can be passed through by Landlord to Tenant as Operating Expenses under this Lease, except as otherwise expressly provided for in Article 8 of this Lease.

(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 written statement showing the Operating Expenses for said calendar year and a statement prepared by Landlord showing, if necessary, 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 within thirty (30) days after Tenant's receipt of the statement 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 as shown by such statement. The provisions of this Lease concerning the payment of Tenant's Additional Rental shall survive the expiration or earlier termination of this Lease.

(d) For so long as Tenant is not in default under this Lease, 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 twelve (12) months after Tenant's receipt of Landlord's

statement; provided that Tenant shall give Landlord not less than thirty (30) days' prior written notice of any such audit; further provided, however, that the accountant performing such audit shall not be paid any fee contingent in whole or in part upon the results of such audit or which is calculated or otherwise based in whole or in part upon the results of 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, certified in favor of Landlord and Tenant, 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. In the event such audit discloses an overpayment by Tenant of more than four percent (4%), then Landlord shall pay the 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 (subject to the limitations set forth below), computed on the accrual basis, directly 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 at or below the level of building manager 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 for the general benefit of tenants 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 reasonable costs of contesting any of the same), including 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, but only to the extent such costs exceed those which would normally be expected to be incurred had such space been general office space;

(3) the cost of correcting defects in construction (including, without limitation, latent defects);

(4) compensation paid to officers and executives of Landlord;

(5) the cost of any items for which Landlord is reimbursed by insurance, condemnation or otherwise, except for costs reimbursed pursuant to provisions similar to Articles 7 and 8 hereof;

(6) the cost of any additions, changes, replacements and other items which are made in order to prepare for a tenant's occupancy;

(7) the cost of repairs incurred by reason of fire or other casualty;

(8) 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;

(9) interest on debt or amortization payments on any mortgage or deed of trust and rental under any ground lease or other underlying lease;

(10) any real estate brokerage commissions;

(11) any advertising expenses incurred in connection with the marketing of any rentable space;

(12) rental payments for base building equipment such as HVAC equipment and elevators;

(13) 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;

(14) 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;

(15) Federal income taxes imposed on or measured by the income of Landlord from the operation of the Building; and

(16) 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.

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 pay the same either directly to the taxing authority or, at Landlord's option, to Landlord (in the event such taxes are paid by Tenant to Landlord, Landlord shall furnish Tenant with a copy of the paid bill or other evidence of the payment of such taxes by 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 in writing. 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.

11. Late Charges. Any Rent or other amounts payable to Landlord under this Lease, if not paid by the tenth day after receipt of written notice that such payment 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 nationally recognized industry standards applicable to such uses and the Rules and Regulations attached hereto as Exhibit "G" and made a part hereof. The occupancy rate of the Demised Premises shall in no event be more than such density as shall be permitted under the zoning, building, health and other laws, rules, ordinances and statutes applicable to the Demised Premises. 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 uniformly applicable 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. To the extent of any inconsistency between the Rules and Regulations and this Lease, this Lease shall control.

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", 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 (individually an "Alteration" and any two or more collectively "Alterations"; Alterations do not include furniture and unattached cubicles), or attach any fixtures or equipment thereto, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld; provided, however, that Tenant shall have no obligation to obtain Landlord's consent for any Alteration or related series of Alterations if such Alteration or related series of Alterations: (i) are nonstructural; (ii) do not cause any violation of and do not require any change in any certificate of occupancy applicable to the Building; (iii) do not cause any change in the outside appearance of the Building, do not weaken or impair the structure of the Building and do not materially reduce the value of the Demised Premises or the Building or the Project; (iv) do not affect the proper functioning of the Building equipment; (v) do not cost in excess of $10,000.00. Whether or not Landlord's consent is required for any Alteration or Alterations, Tenant shall give Landlord prior notice of any Alteration or related series of Alterations, and upon completion of any Alterations (other than decorations), Tenant shall deliver to Landlord three (3) copies of the "as-built" plans for such Alterations. 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.

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 (excluding the Demised Premises and other portions of the Building leased to other tenants), the Building parking facilities, the public areas, the landscaped areas, the roof of the Building, the structural floor slab, the structural portions of the interior and exterior structural walls, and the base building mechanical, electrical and plumbing systems.. Notwithstanding the foregoing obligation, to the extent not covered by insurance, the cost of any repairs or maintenance to the foregoing necessitated by the willful misconduct 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. 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.

(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, using contractors and subcontractors selected by Tenant and approved by Landlord. Tenant shall at once report, in writing, to Landlord any defective or dangerous condition known to Tenant. To the fullest extent permitted by law, Tenant shall not make repairs at the expense of Landlord or in lieu thereof vacate the Demised Premises

notwithstanding 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, afford Tenant such prior notification of an entry into the Demised Premises as shall be reasonably practicable under the circumstances. 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 shall have no 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 Landlord shall use all reasonable efforts in connection with such work to minimize the disruption of Tenant's business within the Demised Premises. Notwithstanding the foregoing to the contrary, if Landlord shall fail to use such reasonable efforts and Tenant's business is disrupted within the Demised Premises on account thereof, and Landlord fails to use such reasonable efforts within one business day after actual receipt by Landlord of written notice to Landlord from Tenant specifying such disruption in reasonable detail, then Base Rental shall abate equitably with respect to the portion of the Demised Premises affected by such disruption commencing on the second business day after such actual receipt by Landlord and continuing thereafter until Landlord shall use all reasonable efforts in connection with such work to minimize the disruption of Tenant's business within the Demised Premises.

16. Insurance.

(a) Tenant shall procure at its expense and maintain throughout the Lease Term a standard form property insurance policy commonly known as all-risk or "special form" insurance insuring 80% of 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, together with the excess value of the improvements to the Demised Premises over the Construction Allowance, and 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 commercial general liability insurance, insuring Tenant, Landlord, Landlord's managing agent and Landlord's mortgagee, if any, as additional insureds, 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 (other than the all-risk or "special form" insurance set forth above) procured and maintained by Tenant pursuant to this Article 16 shall name Landlord and any additional parties designated by Landlord as additional insured. All insurance policies procured and maintained by Tenant pursuant to this Article 16 shall be carried with companies licensed to do business in the State of Tennessee having a rating from Best's Insurance Reports of not less than A-/VII, and shall be non-cancellable and not subject to material change except after twenty (20) days' written notice to Landlord. Duly executed certificates of insurance with respect thereto 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 renewals of such policies

shall be delivered to Landlord at least thirty (30) days prior to the expiration of each respective policy term. Proof of payment of the premium therefor shall be delivered to Landlord from time to time upon written request.

(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 or "special form" (including rent loss coverage) real and personal property coverage 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 or "special form" policy of insurance available in the State of Tennessee. 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 (excluding any costs of replacing leasehold improvements in the Demised Premises in excess of the Construction Allowance, 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 approved by the Insurance Commissioner of the State of Tennessee and licensed to do business in the State of Tennessee. 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 all-risk or "special form" insurance and 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 property insurance in effect at the time of such loss or damage or would be covered by the property 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 ten (10) business days after receipt by Tenant of written notice of such failure of payment; (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 receipt by Tenant of written notice thereof; (iii) Tenant or any guarantor of this Lease shall make a general assignment for the benefit of

creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding; (iv) a proceeding is commenced against Tenant or any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed within 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 and such receiver or trustee shall not have been dismissed within sixty (60) days after the appointment thereof; (vi) Tenant shall fail to take possession of the Demised Premises or any portion thereof 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 within thirty (30) days after Tenant receives written notice of the filing thereof (whether from Landlord or from any other source whatsoever); or (viii) 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 and such failure continues uncured for ten (10) days following receipt by Tenant of written notice thereof.

(b) Upon the occurrence of any of the aforesaid events of default, 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 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, 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 fees of Landlord's 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, 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.

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 in excess of the maximum density permitted under the zoning, building, health and other laws, rules, ordinances and statutes applicable to 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 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 or would contravene the provisions of Article 12 of this Lease.

Notwithstanding the foregoing prohibition, Tenant shall have the absolute right, without the consent of Landlord but with prior notice to Landlord, to assign this Lease or sublet all or any part of the Demised Premises to an Affiliate of Tenant (as hereinafter defined), so long as such transaction is not entered as a subterfuge to avoid the restrictions relating to assignments and subletting set forth in this Lease. Tenant shall also have the absolute right,

without the consent of Landlord but with prior notice to Landlord, to assign this Lease to another entity in connection with the merger or consolidation of

Tenant and such other entity or to the purchaser or transferee of all or substantially all of the business and assets of Tenant, provided (i) that the successor entity, purchaser or transferee shall, as a result of such merger, consolidation or acquisition, be legally bound to pay the Rent and all other rentals and charges hereunder, and to observe and perform all of the other terms, covenants and provisions of this Lease on the part of Tenant to be observed or performed, (ii) that such successor, purchaser or transferee shall have a net worth, determined in accordance with generally accepted accounting principles, which is not less than the net worth of Tenant immediately prior to such transaction, and (iii) that any such transaction is not entered into as a subterfuge to avoid the restrictions relating to assignments set forth in this Lease. No assignment of this Lease or subletting of the Demised Premises shall relieve Tenant of any of Tenant's obligations or liabilities under this Lease, and Tenant shall remain fully liable for the faithful performance of all covenants, terms and conditions hereof on the Tenant's part to be performed. As used herein, the term "Affiliate of Tenant" shall mean any person, partnership, corporation, limited liability company or other form of business or legal association or entity which directly or indirectly controls Tenant or which is directly or indirectly controlled by or under common control with Tenant (the term "control" for these purposes shall mean, in the case of a corporation, the right to exercise, directly or indirectly, more than fifty percent [50%] of the voting rights attributable to the shares of the controlled corporation, and with respect to an entity that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the controlled entity).

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. The preceding sentence shall not apply to, and Tenant shall not be in default under this Paragraph 20 as a result of, an offering of voting stock to the public pursuant to a registered securities offering, the transfer of voting stock on a national securities exchange or through the NASDAQ national market system, or the transfer of voting stock to Tenant's employees pursuant to a bona fide employee stock ownership plan. If Tenant shall be a corporation whose stock is publicly traded on a nationally recognized securities exchange (including the NASDAQ over-the-counter market), then any merger, consolidation or other similar reorganization of Tenant, or the sale or transfer of a controlling interest in the voting capital stock of Tenant shall not be deemed to be an assignment of this Lease. 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 reimburse

Landlord, not in excess of $1,000.00 per assignment or sublease, for Landlord's reasonable accounting costs, and reasonable legal fees, actually 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 promptly remitted by Tenant to Landlord as additional rent hereunder and Tenant shall have no right or claim thereto as against Landlord. 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 shall be abated until the Demised Premises are repaired or rebuilt.

(b) If the Demised Premises are (i) damaged to such an extent that repairs cannot, in Landlord's judgment, be completed within one hundred eighty (180) days after the date of the casualty or (ii) damaged or destroyed as a result of a risk which is not insured under standard fire insurance policies with extended coverage endorsement, or (iii) damaged or destroyed during the last eighteen (18) months of the 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 judgment, be completed within one hundred eighty (180) days after the date of the casualty or if the Demised Premises are substantially damaged during the last eighteen (18) months of the Lease Term, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within thirty (30) days after the date of such occurrence. If the Demised Premises are damaged and this Lease is not terminated by Landlord or Tenant pursuant to this Paragraph 21(b) and the repairs to the Demised Premises on account of such damage are not completed within two hundred (200) days after the date of the casualty,

then on or before the earlier of the date such repairs are completed or the date two hundred twenty (220) days after the date of the casualty, Tenant may elect to terminate this Lease by notice in writing to Landlord. 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 subparagraph (c) below as expeditiously as possible under the circumstances.

(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 any other work or improvements which were originally performed or installed at Landlord's expense as described in Exhibit "D" hereto or with the proceeds
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of the Construction Allowance. If the cost of performing such repairs exceeds the actual proceeds of insurance paid or payable to Landlord on account of such casualty, or if Landlord's mortgagee or the lessor under a ground or underlying lease shall require that any insurance proceeds from a casualty loss be paid to it, Landlord may terminate this Lease unless

Tenant, within 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.

22. Landlord's Lien. Intentionally omitted.

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. 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 non-prevailing party, to the extent permitted by applicable law, agrees to pay the prevailing party all reasonable attorney's fees actually incurred by the prevailing party.

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 and Attornment.

(a) Existing Security Deeds or Underlying Leases. Landlord represents and warrants to Tenant that as of the date of this Lease, the Land and Building are 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 upon request from the Landlord, from the holder or proposed holder of any Security Deed or from the lessor or proposed

lessor under any underlying 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 party 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; (b) bound by any Base Rental or any other payments which the Tenant under this Lease might have paid for more than one (1) month in advance to any former landlord under this Lease; or (c) bound by any amendment or modification of this Lease made without the express written consent of the holder of the Security Deed or lessor under the underlying lease, as the case may be. 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 Knox County, Tennessee.

(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 ten (10) days after receipt of written request therefor by Landlord (including a copy of the form of estoppel certificate), Tenant agrees to

execute and return 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. In the event Tenant delivers such estoppel certificate within such time period, Landlord shall reimburse Tenant, not in excess of $1,000.00 per estoppel certificate, for Tenant's reasonable administration costs, actually incurred by Tenant as a result of executing such estoppel certificate.

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 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 125% 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. The inclusion of the preceding sentence in this Lease shall not be construed as Landlord's consent for Tenant to hold over.

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, reasonable wear and tear and insured casualty only excepted. Tenant shall remove all personalty and equipment not attached to the Demised Premises which it has placed upon the Demised Premises (including but not limited to Tenant's voice and data equipment and back-up power equipment installed by Tenant at Tenant's cost, trade fixtures and furniture), 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 (net of the net proceeds, if any, received by Landlord from the sale, if any, of such property or any portion thereof) 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 by hand delivery 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 hand 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 negligent acts or omissions 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, in Tenant's reasonable opinion, Tenant's use of the balance of the Demised Premises or (iii) that more than fifteen percent (15%) of the parking spaces for the Building were taken, unless within thirty (30) days after the date of such Taking Landlord shall notify Tenant of its intention to replace the parking spaces, and such replacement is provided within one hundred fifty (150) days of such notice. If title to so much of the Building is taken that a reasonable amount of reconstruction thereof will not in Landlord's sole discretion result in the Building being a practical improvement and reasonably suitable for use for the purpose for which it is

designed, then this Lease shall terminate on the date that the condemning authority actually takes possession of the part so condemned or purchased.

(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. 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.

34. Parties. The term "Landlord", as used in this Lease, shall include
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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 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 of Landlord's obligations to Tenant thereafter arising hereunder.

35. Liability of Tenant. 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 customers while such customers are within the Demised Premises, or otherwise occurring in connection with any default of Tenant hereunder. The provisions of this Article 35 shall survive any termination of this Lease.

36. Force Majeure. In the event of strike, lockout, 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, 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, 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 "F" 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) and to any rent derived from the Building accruing after the date of a final judgment obtained by Tenant against Landlord with respect to such default. 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, the aforedescribed rent derived from the Building accruing after the date of a final judgment obtained by Tenant against Landlord with respect to such default, 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.

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 of the Demised Premises, for the Lease

Term, without hindrance, claim or molestation by Landlord or any other person lawfully claiming under Landlord.

39. First Month's Rent. Tenant has deposited with Landlord the sum set forth in Article 1(m) above. Such amount shall be applied by Landlord to the first monthly installment(s) of Base Rental and Tenant's Forecast Additional Rental as they become due hereunder. This Lease shall be of no force or effect and the sum set forth in Article 1(m) above shall be refunded to Tenant in the event this Lease has not been executed by Landlord within fourteen (14) days after counterparts of this Lease fully executed by Tenant have been delivered to Landlord together with the sum set forth in Article 1(m) above.

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.

Landlord hereby covenants and agrees that Landlord has not caused or permitted and shall not cause or permit any Hazardous Substances to be generated, placed, held, stored, used, located or disposed of at the Project or any part thereof (excluding, however, the Demised Premises and such other portions of the Project as are from time to time leased to tenants, but including the "building

standard" work), except for Hazardous Substances as are commonly and legally used or stored as a consequence of constructing, operating, and maintaining the Project in accordance with this Lease, and using the Project 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, and so long as Landlord strictly complies or causes compliance with all applicable governmental rules and regulations concerning the use, storage, production, transportation and disposal of such Hazardous Substances. Landlord hereby agrees to indemnify Tenant and hold Tenant 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, Tenant 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 Project 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 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 Landlord's violation of the covenant contained in this Article. The obligations of Landlord 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. 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[n] 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[n] 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[n] hereinabove) claiming to have dealt with Tenant.

Landlord represents and warrants to Tenant that (except with respect to any Broker[s] identified in Article 1[n] hereinabove) no broker, agent, commission salesperson, or other person has represented Landlord 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[n] 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 Landlord. Landlord agrees to indemnify and hold Tenant harmless from all loss, liability, damage, claim, judgment, cost or expense (including reasonable attorneys' fees and court costs) suffered or incurred by Tenant as a result of a breach by Landlord of the representation and warranty contained in the immediately preceding sentence or as a result of Landlord's failure to pay commissions, fees, or compensation due to any broker who represented Landlord, 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 (including the Broker[s] identified in Article 1[n] hereinabove) claiming to have dealt with Landlord.

46. Governing Law. The laws of the State of Tennessee shall govern the validity, performance and enforcement of this Lease.

47. Special Stipulations. The special stipulations attached hereto as Exhibit "A" 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 that Tenant is a duly formed and validly existing limited liability company and is fully authorized and qualified to do business in the State of Tennessee, that the

limited liability company has full right and authority to enter into this Lease, and that each person signing on behalf of the limited liability is a manager or officer of the limited liability company and is authorized to sign on behalf of and to bind the limited liability company. 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.

49. Financial Statements. Upon Landlord's written request therefor, but not more often than once per year, Tenant shall promptly furnish to Landlord Tenant's most recent annual report (provided, however, if Tenant is not publicly traded at such time, Tenant shall deliver a financial statement with respect to Associates First Capital Corporation for its most recent fiscal year prepared in accordance with generally accepted accounting principles and certified to be true and correct by Associates First Capital Corporation, which statement Landlord agrees to keep confidential and not use except in connection with

proposed sale or loan transaction).

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day, month and year first above written.

"LANDLORD":

WELLS DEVELOPMENT CORPORATION,
a Georgia corporation

By:/s/ Leo F. Wells

Its: President

(CORPORATE SEAL)

"TENANT":

ASSOCIATES HOUSING FINANCE, LLC,
a Delaware limited liability company

By:/s/ Wayne G. Stoltzman

Name: Wayne G. Stoltzman
Its: Vice President

By:_____

Its:_____

(SEAL)

EXHIBIT "A"

SPECIAL STIPULATIONS

1. EXTENSION OPTIONS.

(a) Tenant is hereby granted options to extend the Lease Term for two (2) successive additional periods of five (5) 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 nine (9) 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 the metropolitan Knoxville, Tennessee market 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, and that Tenant's Share of Operating Expenses are subject to a cap as provided in Article 7(b) hereof. 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 an "Affiliate" (as hereinafter defined), nor may any such subtenant or assignee other than an Affiliate 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 that, prior to Tenant's exercise of the applicable option to extend, and between forty five and seventy five days prior to the date nine (9) months prior to the expiration of the initial Lease Term or the then current Extended Term, as the case may be, Tenant gives Landlord written notice requesting that Landlord provide Tenant with Landlord's good faith estimate of what the Market Rate for the Demised Premises would be if Tenant

exercised such option to extend, then, within thirty (30) days after such written notice, Landlord shall notify Tenant in writing of Landlord's good faith estimate of what the Market Rate for the Demised Premises would be if Tenant exercised such option to extend. 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 Knoxville 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 Chancery Court of Knox County, Tennessee, 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. Provided and on the condition that Tenant is not then in default and no event of default has occurred under this Lease, Tenant shall have a right of refusal (the "Refusal Right"), subject to and upon the terms and conditions set forth below, with respect to that certain space in the Building and designated on Exhibit "A-1" attached hereto and by reference made a part
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hereof (the "Refusal Space"). 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 (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, except as herein expressly provided), by giving notice thereof to Landlord within ten (10) business days after the date Tenant receives the Refusal Notice. If Tenant does not so exercise its Refusal Right within such ten (10) 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.

In the event Tenant exercises its Refusal Right with respect to any 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. In the event Tenant exercises a Refusal Right, as of the date (the "Commencement Date for the applicable Refusal Space") which 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) the date seven (7) days after the date upon which Landlord tenders such Refusal Space to Tenant after Substantial Completion of construction of such Refusal Space (as defined in Exhibit "D" attached to this Lease). Effective as of the Commencement Date
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for the applicable Refusal Space, the Base Rental and other charges payable hereunder shall be increased based upon the number of square feet of Rentable Floor Area added to the Demised Premises. 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. 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.

Notwithstanding the foregoing or any other provision of this Lease to the contrary, (a) Tenant may not exercise the Refusal Right unless at least forty-two (42) months shall remain in the initial Lease Term at the time of such exercise, (b) the Construction Allowance for the Refusal Space shall be the product of the Rentable Floor Area of the applicable Refusal Space to be added to the Demised Premises, multiplied by Thirty and No/100 Dollars ($30.00), and further multiplied by a fraction, the numerator of which is the number of months remaining in the initial Lease Term following the Commencement Date for the applicable Refusal Space and the denominator of which is eighty-four (84), and (c) the space planning allowance for the Refusal Space shall be the product of the Rentable Floor Area of the applicable Refusal Space to be added to the Demised Premises, multiplied by Three and No/100 Dollars ($3.00), and further multiplied by a fraction, the numerator of which is the number of months remaining in the initial Lease Term following the Commencement Date for the applicable Refusal Space and the denominator of which is eighty-four (84).

3. PARKING.

(a) 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 six (6) spaces per one thousand (1000) square feet of Rentable Floor Area contained in the Demised Premises.

(b) Landlord may make, modify and enforce 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 use commercially reasonable efforts in good faith to cause Tenant's agents, contractors, employees, licensees, subtenants, assigns, guests and invitees 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.

(c) If the number of parking spaces available in the Building parking facilities shall be reduced as a result of a taking by condemnation, Landlord shall have the right to effect a proportionate reduction in the number of parking spaces provided to Tenant. However, in the event the number of parking spaces made available to Tenant shall be reduced for more than six (6) months to a number which is less than 5.1 parking spaces for every 1,000 square feet of Rentable Floor Area of the Demised Premises, and provided that Landlord does not provide comparable parking to the extent of at least 5.1 parking spaces for every 1,000 square feet of Rentable Floor Area of the Demised Premises within such six (6) month period, Tenant shall have the right to terminate this Lease by giving written notice thereof to Landlord.

4. 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 (i) the receipt by Tenant of the approval of such Antenna by the developer of CenterPoint Park, and (ii) 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 4(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 unless such painting would void the manufacturer's warranty on the Antenna.

(c) Tenant shall be responsible for procuring and paying for all certificates, licenses, permits or approvals 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. 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. 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 Special Stipulation 4 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.

5. BUILDING SIGN

Tenant shall have the right to design and designate the location of one (1) monument-type sign naming the Building. Landlord shall bear $7,500 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, method of lighting and method of attachment of identification signs, 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. So long as Tenant occupies fifty percent (50%) of the Rentable Floor Area of the Building, Tenant shall have the right to place and maintain its identification sign in the top position on such monument-type sign. 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.

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 September 25, 1998. In the event the Land is not acquired by Landlord on or before September 25, 1998, Landlord and Tenant shall each have the right to terminate this Lease by notice given to the other party on or before October 2, 1998. 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.

7. YEAR 2000

Landlord agrees that any and all mechanical, digital, electronic or computerized equipment owned by Landlord which controls, operates and/or regulates equipment and services applicable to systems which service all or any one or more of the Demised Premises or the Building or common areas of the Building (including, but not limited to, elevators, security systems, lighting systems, heating, ventilating and air conditioning, plumbing, fire and sprinkler control systems) will not malfunction as a result of date changes in the year 2000 and beyond. In the event Landlord fails to properly and fully restore those services affected by a year 2000 malfunction, such malfunction shall be an event of default by Landlord under the Lease and Tenant shall have the right to avail itself of remedies for such default, as set forth in this Lease. Furthermore, Landlord agrees to indemnify and hold Tenant harmless from loss, costs, damages and expenses (excluding consequential damages) incurred by Tenant as a result of any such equipment and/or computer systems malfunction which materially adversely affects or impacts Tenant's use and occupancy of the Demised Premises.

8. LANDLORD'S DEFAULT. If Landlord shall default in the performance of any of its obligations under 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 affect such cure), 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.

9. AIR QUALITY. Landlord agrees that the Building shall comply with all applicable provisions of the Federal Clean Air Act Amendments of 1990 (the "Act") and Landlord will take all actions with respect to Building systems and sub-systems which are necessary to meet the applicable requirements of the Act. The costs of any modifications, replacements, or repairs to and Building systems or systems required to comply with the applicable requirements of the Act shall be included in Operating Expenses and amortized over the useful life thereof pursuant to Section 8(a)(6) of this Lease. Landlord shall have an Indoor Air

Quality survey (air quality audit) performed each year by a qualified environmental engineer. The air quality audit shall test for, at a minimum, asbestos, molds, fungi, radon, carbon monoxide, carbon dioxide, HCOH, ozone, formaldehyde, and water tower contaminants, and such other tests as are recommended for office buildings by the applicable guidelines of the American Society of Heating and Air-Conditioning Engineers and the United States Environmental Protection Agency. Copies of the results of such air quality audits shall be maintained for a minimum of five years (or, if sooner, until the end of the Term). In the event Tenant shall cause or permit any activity which shall adversely affect the air quality in the Demised Premises, in the common area of the Building or in any premises within the Building, Tenant shall be responsible for all costs of remedying same.

10. LEGAL REQUIREMENTS. Landlord represents and warrants that as of the date of Substantial Completion, the "building standard" work, the common areas and exterior entrances to the Building and to the Demised Premises shall be in compliance in all material respects with all applicable Legal Requirements, including without limitation the Americans with Disabilities Act. Tenant represents and warrants that the design and furnishing of the Demised Premises shall be in compliance in all material respects with all applicable Legal Requirements, including without limitation the Americans with Disabilities Act. "Legal Requirements" shall mean (i) all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances or recommendations affecting the Demised Premises or the Building or any part thereof, or the use thereof, including without limitation those which require repairs to or any structural changes in the Demised Premises or the Building whether or not any such statutes, laws, rules, orders, regulations, ordinances or recommendations which may hereafter be enacted involve a change of policy on the part of the governmental body enacting the same, (ii) all rules, orders and regulations of the National Board of Fire Underwriters or other bodies exercising similar functions and responsibilities in connection with the prevention of fire or the correction of hazardous conditions which apply to the Demised Premises or the Building, and (iii) the requirements of all policies of public liability, fire and other insurance which at any time may be in force with respect to the Demised Premises or the Building.

11. LIENS. Tenant shall not do or permit to be done anything which creates a lien upon the Demised Premises or the Project. Tenant shall indemnify Landlord against liability for any and all mechanics' and other liens filed in violation of the foregoing. Tenant, at its expense, shall procure the discharge of any such lien within thirty (30) days after the filing thereof against any part of the Demised Premises or Project. If Tenant fails to discharge any such lien within such thirty (30) day period, then, in addition to any other right or remedy, Landlord may discharge the same either by paying the amount claimed to

be due or by deposit or bonding proceedings. Any amount so paid by Landlord, and all costs and expenses incurred by Landlord in connection therewith, shall be payable by Tenant upon demand.

EXHIBIT 10.37

AMENDED AND RESTATED PURCHASE AGREEMENT

BETWEEN CARTER SUNFOREST, L.P.

AND

WELLS OPERATING PARTNERSHIP, L.P.

EXECUTION COUNTERPART

AMENDED AND RESTATED
PURCHASE AGREEMENT

between

CARTER SUNFOREST, L.P.,
as Seller

and

WELLS OPERATING PARTNERSHIP, L.P.,
as Purchaser

DECEMBER 4, 1998

Price Waterhouse Facility
Sunforest Building Park
Tampa, Florida

AMENDED AND RESTATED PURCHASE AGREEMENT

THIS AMENDED AND RESTATED PURCHASE AGREEMENT made and entered into as of DECEMBER 4, 1998 (the "Effective Date") by and between CARTER SUNFOREST, L.P., a Georgia limited partnership ("Seller") and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Purchaser"), amends and restates that certain Purchase Agreement dated as of March 30, 1998 (the "Original Agreement") by and between Seller and TriNet Corporate Realty Trust, Inc., a Maryland corporation ("TriNet").

WHEREAS, Seller and TriNet entered into the Original Agreement on or around March 30, 1998; and

WHEREAS, by the Assignment and Assumption Agreement (as hereinafter defined) TriNet assigned the Original Agreement to Purchaser; and

WHEREAS, Seller and Purchaser, as the parties to the Original Agreement following the assignment thereof to Purchaser by TriNet, wish to amend and restate the Original Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing recitals, and other good and valuable considerations, receipt and sufficiency of which are hereby

mutually acknowledged, Seller and Purchaser hereby amend and restate the Original Agreement as follows:

PRELIMINARY STATEMENT

Seller is the owner of fee simple title to the "Land" (as hereinafter defined). Seller has retained the "Architect", caused the "Plans and Specifications" to be prepared, negotiated with a certain prospective tenant for the "Building" and otherwise taken certain action preliminary to the development of the Building (all terms in quotations being hereinafter defined). Purchaser and Seller wish to enter into this Agreement to set forth the terms and conditions upon and subject to which Seller will sell, and Purchaser will purchase, the "Project" (as hereinafter defined).

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

ARTICLE 1

DEFINITIONS

1.1 DEFINITIONS. Except as otherwise herein expressly provided, the following terms shall have the respective meanings indicated below:

"Agreement" means this Amended and Restated Purchase Agreement and as the same may hereafter be amended from time to time in accordance with the provisions hereof.

"Architect" shall mean the architectural firm of Smallwood, Reynolds, Stewart, Stewart & Associates, Inc., which has been retained by Seller to prepare, and to supervise the preparation of, the Plans and Specifications, and to act as supervising architect for the construction and development of the Building on behalf of Purchaser and Seller.

"As-built Survey" shall mean the "as-built" survey required to be delivered by Seller to Purchaser pursuant to SECTION 3.4.

"Assignment and Assumption Agreement" shall mean that certain Assignment and Assumption Agreement dated December __, 1998, by and between TriNet, as assignor, and Purchaser, as assignee.

"Building" means the four-story building to be constructed by Seller on the Land, located at Sunforest Executive Center, Tampa, Florida, containing approximately 130,997 Rentable Square Feet.

"Building Equipment" shall mean all mechanical, electrical, plumbing and other fixtures and equipment owned by Seller and located, or to be located, in or about the Project, including, without limitation, all elevators, escalators, boilers and other heating, ventilating and air conditioning equipment, sprinklers, pipes, water tanks, water heaters, reservoirs, life safety systems, and other items of equipment provided for in the Plans and Specifications, whether or not the same, as a matter of law, constitutes part of the real property, together with all of those items and quantities of personal property listed in Exhibit A.

"Carter" shall mean Carter & Associates, L.L.C., doing business in Florida as Carter, L.C., a Georgia limited liability company.

"Claims" shall have the meaning set forth in SECTION 6.1.10 hereof.

"Closing" shall mean the conveyance of title to the Project in accordance with the provisions of this Agreement by delivery of the deed and other documents of title required hereunder.

"Closing Date" shall mean the date selected by Seller for the closing of the transaction contemplated hereby, by written notice from Seller to Purchaser not less than fifteen (15) days prior to such date, and which date shall not be prior to the Commencement Date (as defined in the Price Waterhouse Lease) or later than the Final Closing Date.

"Construction Lender" shall mean SouthTrust Bank, National Association, a national banking association.

"Construction Loan" shall mean the loan made by Construction Lender to Seller to finance the acquisition of the Land, the construction of the Building, the acquisition of certain Building Equipment, and the development of the Project.

"Defects" shall have the meaning set forth in SECTION 2.3 hereof.

"Deposit" shall have the meaning set forth in SECTION 2.6 hereof.

"Environmental Laws" shall mean all federal, state and local laws, ordinances, rules and regulations enacted or in force as of the date of this Agreement, and all federal and state court decisions, consent decrees and orders entered prior to the date of this Agreement interpreting or enforcing any of the foregoing, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. (S) 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. (S) 6901, et seq., and the Clean Water Act, 33 U.S.C. (S) 1251, et seq.

"Escrow" shall have the meaning set forth in SECTION 3.1 hereof.

"Excess Project Costs" shall have the meaning set forth in SECTION 2.2.3 hereof.

"Existing Collateral Documents" shall mean those certain documents and instruments executed by, among other persons or entities, Seller or Carter, or both of them, in connection with the Construction Loan, which documents and instruments are listed on Exhibit Q.

"Final Closing Date" shall mean thirty (30) days after the Outside Delivery Date (as defined in the Price Waterhouse Lease).

"General Contractor" shall mean Hardin Construction Group, Inc., which has been retained by Seller to act as general contractor for the construction of the Project.

"Good and Marketable Title" shall mean such title as is insurable by a title insurance company licensed to do business in Florida, under its standard form of ALTA owner's policy of title insurance (A.L.T.A. Form B, 1992), at its standard rates, subject to the Permitted Exceptions and to any lien of mortgages which will be released at or prior to the Closing Date.

"Hazardous Substances" shall mean any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws, and includes, without limitation, asbestos, petroleum (including, without limitation, crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste,

and chemicals which may cause cancer or reproductive toxicity.

"Initial Survey" shall have the meaning set forth in SECTION 3.4.

"Intangibles" shall mean all intangible property owned or held by Seller on the Closing Date in connection with the Project, or any business or businesses conducted on the Land or in connection with the use thereof, including, without limitation, (i) any trade style or tradename used in connection with the Project; (ii) any contract rights and agreements designated by Purchaser as hereinafter set forth; (iii) all of the estate, right, title and interest of Seller under the Price Waterhouse Lease; (iv) all of Seller's right, title and interest in, to or under all of the Plans and Specifications; (v) subject to SECTION 3.5.4 hereof, the right, title and interest of Seller under all construction contracts, architectural and engineering agreements, and other similar contracts entered into in connection with the construction of the Project; (vi) the right, title and interest of Seller in, to and under the Studies; (vii) the right, title and interest of Seller in, to and under any guarantees or warranties, including without limitation, performance and completion bonds, obtained by Seller, or otherwise pertaining to the Project; (viii) all books and records pertaining to the Project, including correspondence with suppliers; and (ix) the right, title and interest of Seller in, to and under all booklets and manuals, advertising materials, utility contracts, telephone exchange numbers, assignable licenses and governmental permits and permissions relating to the Project, and the operation thereof.

"Interest Differential" shall mean, for any month, an amount equal to the excess of (x) the sum of the Base Rent and Capital Reserve payments due and payable during such month under the Price Waterhouse Lease over (y) the amount of interest due and payable for such month under the Construction Loan or any

other loan obtained by Seller in connection with the acquisition of the Land, the construction of the Building, the acquisition of Building Equipment and the development of the Project (and excluding any project or property other than the foregoing) or the refinancing or extension of any of the foregoing, for each month from and after the commencement date of the Price Waterhouse Lease through and including the Closing (prorated for the month in which the Closing occurs).

"Land" shall mean that parcel of land located in the City of Tampa, Hillsborough County, Florida, more particularly described in Exhibit P attached hereto.

"Owner's Affidavit" shall have the meaning set forth in SECTION 3.5.6.

"Permitted Exceptions" shall mean those title exceptions and encumbrances listed on Exhibit C, together with all other title exceptions and encumbrances agreed to in writing by Purchaser pursuant to the terms of this Agreement and all other easements, covenants, restrictions, rights of way and other similar agreements or matters arising in connection with the development of the Project and which are customarily entered into in connection with the development of property similar to the Project and which do not materially impair the use of the Project for Tenant's Intended Use (as defined in the Price Waterhouse Lease), to which title to the Project may be subject on the Closing Date (including, without limitation, an access easement along the northern boundary of the Land for the benefit of the property adjacent to the Land's northern boundary).

"Plans and Specifications" shall mean the plans and specifications described in Exhibit D and plans and specifications prepared after the Effective Date, change orders and other revisions which are approved by Purchaser or otherwise made in accordance with this Agreement.

"Price Waterhouse" shall mean Price Waterhouse LLP, a Delaware limited

liability partnership.

"Price Waterhouse Lease" shall mean that certain Lease of the Land and Building from Seller to Price Waterhouse dated as of March 30, 1998.

"Project" means the Land, the Building, the Building Equipment and the Intangibles, collectively, and also all amenities located thereon or relating thereto, including provision for on-site parking for not less than the number of cars as required under the Price Waterhouse Lease (including a free standing parking garage with covered access to the Building and containing not less than the number of covered parking spaces required under the Price Waterhouse Lease) and in any event equal to at least four (4) parking spaces for every one thousand (1,000) Rentable Square Feet in the Building, and together with all easements,

rights of way, roadways, streets, sewers and sidewalks appertaining thereto, all other buildings or improvements located on or about the Land and used in connection therewith, and all of the estate, right, title and interest of Seller therein.

"Project Budget" shall mean the budget set forth in Exhibit B setting forth the Seller's estimates of all costs and expenses to be incurred in connection with the construction of the Building, and other costs in connection with the acquisition, development and financing of the Project, the purchase of Building Equipment, the anticipated costs of owning, operating and leasing the Building through the Closing Date, and the consummation of the transaction contemplated by this Agreement.

"Punch List Work" shall have the meaning set forth in SECTION 2.3.

"Purchaser" shall mean the Purchaser named on the first page hereto, or any permitted assignee hereunder.

"Purchase Price" shall mean the purchase price to be paid for the Project, calculated as set forth in SECTION 2.2.

"Regular Punch List Work" shall have the meaning set forth in SECTION 2.3.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including continuing migration, of Hazardous Substances into or through soil, surface water or groundwater.

"Rentable Square Feet" shall mean the number of square feet of floor space in the Building, determined in accordance with the Price Waterhouse Lease.

"Representation and Warranty Certification" shall mean a written certificate, executed by the party delivering such certificate and addressed to the other party to the effect that all of the representations and warranties of the certifying party contained in this Agreement are true and correct on and as of the Closing Date with the same force and effect as though made and repeated in full on and as of the Closing Date (except for matters approved or consented to by the other party) or stating the specific respects in which any of such representations or warranties is untrue or incorrect, and acknowledging that all such representations and warranties survive the Closing hereunder as set forth herein.

"Seasonal Punch List Work" shall have the meaning set forth in SECTION 2.3.

"Seller" shall mean Carter Sunforest, L.P., a Georgia limited partnership.

"Studies" shall mean all marketing, engineering, environmental, soils, feasibility, appraisal and other professional reports, studies and analysis prepared by, or at the direction of, Seller, or its affiliates, with respect to the Land or the Building.

"Title Company" shall mean Chicago Title Insurance Company.

"Title Policy" shall have the meaning set forth in SECTION 3.3.

"TriNet" shall mean TriNet Corporate Realty Trust, Inc., a Maryland corporation, as defined on the first page hereof.

"Warranty Date" shall have the meaning set forth in SECTION 6.1.17.

1.2 REFERENCES. All references in this Agreement to particular sections or articles shall, unless expressly otherwise provided or unless the context otherwise requires, be deemed to refer to the specific sections or articles in this Agreement. In addition, the words "hereof", "herein", "hereunder" and words of similar import refer to this Agreement as a whole, and not any particular section or article.

1.3 PRONOUNS. All pronouns and variations thereof used herein shall, regardless of the pronouns actually used, be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons may, in the context in which such pronoun is used, require.

ARTICLE 2

AGREEMENT FOR PURCHASE AND SALE

2.1 PURCHASE AND SALE. For the consideration and subject to the terms and conditions herein set forth, and in reliance upon the representations, warranties, covenants and undertakings herein contained, Seller hereby agrees to sell, transfer, assign, convey, set over and confirm unto Purchaser (or Purchaser's permitted assignee), and the Purchaser hereby agrees to purchase from Seller, the Project on the Closing Date, free and clear of all liens, claims, charges or encumbrances of any kind or nature whatsoever other than the Permitted Exceptions.

2.2 PURCHASE PRICE.

2.2.1 The Purchase Price for the Project shall be equal to the sum of (i) Five Hundred Thousand Dollars ($500,000), plus (ii) Twenty Million Two Hundred Fifty One Thousand One Hundred Fourteen and No/100 Dollars ($20,251,114.00); provided, however, that for each One Dollar ($1.00) that the

Agreed Total Price (as such amount is defined in the Price Waterhouse Lease) is reduced below the initially stated amount thereof in the Price Waterhouse Lease of Twenty Million Four Hundred Twenty One Thousand Nine Hundred Forty Dollars ($20,421,940), the amount payable under clause (ii) above shall be reduced as follows: (A) by Sixty Seven and 8/10 Cents ($0.678) until the amount payable under clause (ii) above is reduced to Nineteen Million Eight Hundred Ninety One Thousand Five Hundred and No/100 Dollars ($19,891,500.00), and (B) by One Dollar ($1.00) (i.e., on a Dollar for Dollar basis) thereafter. The Purchase Price, less a credit for the Deposit and subject to prorations and other adjustments as provided for in

this Agreement, shall be payable to Seller by Purchaser by wire transfer or other immediately available federal funds through the Escrow at Closing. At Closing, Purchaser shall receive a credit against the Purchase Price in the amount equal to the aggregate amount of the Interest Differential.

2.2.2 Purchaser may, provided that Purchaser satisfies the Assumption Conditions (as hereinafter defined), elect to take title to the Project subject to the Existing Collateral Documents by giving written notice of such election to Seller on or before the date ten (10) days prior to the Closing Date. In such event, Purchaser shall assume and agree to pay, in accordance with its terms, the outstanding balance of the indebtedness payable under the Construction Loan on the Closing Date and assume and agree to perform all duties and obligations of Seller and Carter arising under the Existing Collateral Documents, in accordance with the terms thereof, on or after the Closing Date. Purchaser's taking title to the Project subject to the Existing Collateral Documents shall be deemed payment of that portion of the Purchase Price equal to the outstanding balance of the indebtedness secured by the Existing Collateral Documents on the Closing Date. The remainder of the Purchase Price, subject to prorations and other adjustments as provided for in this Agreement, shall be payable to Seller by Purchaser by wire transfer or other immediately available federal funds through the Escrow at Closing. As used in this Section, the term "Assumption Conditions" shall mean (i) obtaining the written consent of the Construction Lender to, and otherwise entering into such documents as may be required by Construction Lender with respect to, the foregoing assumption and agreement to pay and perform, and (ii) causing Seller and Carter to be fully released, in writing, on the Closing Date from any and all duties, obligations, liabilities and responsibilities whatsoever under the Construction Loan and the Existing Collateral Documents, which consent and other documents and release shall be in such form as may be prescribed by Construction Lender and reasonably satisfactory to Seller. In no event whatsoever shall the satisfaction of the Assumption Conditions or Purchaser's ability to effect such assumption be deemed to be a condition precedent to the obligations of Purchaser to purchase the Project and to pay the Purchase Price, and if the Assumption Conditions are not satisfied prior to the Closing Date or if Purchaser does not effect such assumption, then Purchaser shall nonetheless purchase the Project and pay the Purchase Price in accordance with SECTION 2.2.1, above.

2.2.3 Notwithstanding the foregoing, in the event the total Project Costs (as defined in, and as such amount is determined for the purposes of, the Price Waterhouse Lease) exceed the Purchase Price (as such amount is determined in accordance with the first sentence of SECTION 2.2.1) by an amount greater than $500,000.00 (which amount in excess of $500,000.00 is herein referred to as the "Excess Project Costs"), Seller shall have the right to terminate this Agreement by giving a written termination notice to Purchaser on or before the date five (5) business days after the Lease Commencement Date ("Seller's Termination Notice Date"), which notice shall be accompanied by an amendment to this Agreement providing for an increase in the Purchase Price by an amount equal to the Excess Project Costs; provided, however, if Purchaser executes such amendment and delivers same to Seller such that Seller actually receives such executed amendment on or before the date ten (10) business days after Seller's Termination Notice Date (the "Amendment Delivery Deadline"), or if Purchaser and Seller execute and deliver such other amendment as is mutually acceptable to Purchaser and Seller, then the Purchase Price shall be increased by the Excess Project Costs or as otherwise agreed by Purchaser and Seller, Seller's written termination notice shall be deemed null and void, and this Agreement shall continue in full force and effect. In the event Seller gives its written termination notice to Purchaser pursuant to the preceding sentence, and Seller does not actually receive on or before the Amendment Delivery Deadline the aforesaid amendment executed by Purchaser, then this Agreement shall terminate as of the date of such written termination notice and the Deposit shall be returned to Purchaser.

2.3 PUNCH LIST WORK. The parties acknowledge that certain portions of the Building and the Building Equipment may not have been finally completed on the Closing Date. Accordingly, the Architect shall determine the amount (the "Punch List Amount") as may be necessary to (i) satisfactorily complete any items of construction, or to provide any items of Building Equipment, required by the Plans and Specifications which, while substantially complete, have not been finally completed or provided on the Closing Date, other than the Seasonal Punch List Work referred to below (the "Regular Punch List Work"); (ii) satisfactorily complete any landscaping required by the Plans and Specifications which cannot then be completed on account of weather or the season (the "Seasonal Punch List Work"); and (iii) correct any material defects ("Defects") in the design or construction of the Project or the materials incorporated therein (the Defects, together with the Regular Punch List Work and the Seasonal Punch List Work being collectively called the "Punch List Work"). If the Punch List Amount exceeds One Hundred Thousand Dollars ($100,000), the Closing may, at the option of Purchaser, be deferred until such time as a sufficient amount of work shall have been performed with respect to the Seasonal Punch List Work, the Defects or the Regular Punch List Work so that the Punch List Amount shall be reduced to an amount within the limit prescribed. As expeditiously and prudently as possible after the Closing Date, Seller shall complete, or cause to be completed, all of the Punch List Work. Seller's covenant to complete the

Punch List Work shall survive the Closing and any release of construction holdbacks by Price Waterhouse under the Price Waterhouse Lease.

2.4 ASSIGNMENT OF MEMORANDUM FOR RECORD. Seller and Purchaser will execute an assignment of that certain Memorandum of Agreement executed by and between Seller and TriNet in connection with the Original Agreement, which assignment shall be substantially in the form of Exhibit E and which may be recorded by Purchaser in the Office of the County Clerk for Hillsborough County, Florida for the purpose of placing third parties on notice of the interest of Purchaser in the Project as evidenced by this Agreement.

2.5 DUE DILIGENCE PERIOD. There shall be no "due diligence period" hereunder. Purchaser shall be entitled to rely upon all of the representations and warranties made by Seller hereunder notwithstanding any examinations, investigations, inspections or tests made by the Purchaser. All costs and expenses incurred by Purchaser shall be borne by Purchaser.

2.6 DEPOSIT. On or prior to the Effective Date, the sum of Five Million Dollars (US$5,000,000) (the "Deposit"), in immediately available federal funds, evidencing Purchaser's good faith to perform Purchaser's obligations under this Agreement, shall be deposited by Purchaser with the Atlanta, Georgia office of the Title Company.

2.6.1 The Deposit shall be held and disbursed by the Title Company pursuant to the terms of this Agreement. If this Agreement terminates pursuant to any express right of Purchaser to terminate this Agreement, the Deposit shall be refunded to Purchaser immediately upon request, and all further rights and obligations of the parties under this Agreement shall terminate. If the Closing under this Agreement occurs, the Title Company shall pay the Deposit to Seller and the Deposit shall be applied against the Purchase Price due Seller at Closing.

2.6.2 The Deposit shall be held in an account with Construction Lender or another interest bearing account or security approved by both Seller and Purchaser; all interest earned on the Deposit shall be deemed part of, and administered and disbursed in the same manner as, the Deposit. The Title Company shall not commingle the Deposit with any funds of the Title Company or others.

2.6.3 Seller and Purchaser mutually agree that in the event of any controversy regarding the Deposit, unless mutual written instructions are received by the Title Company directing the Deposit's disposition, the Title Company shall not take any action, but instead shall await the disposition of any proceeding relating to the Deposit or, at the Title Company's option, the Title Company may interplead all parties and deposit the Deposit with a court of competent jurisdiction in which event the Title Company may recover all of its court costs

and reasonable attorneys' fees. Whichever of Seller or Purchaser loses in any such interpleader action shall be solely obligated to pay such costs and fees of the Title Company, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

2.6.4 The parties acknowledge that the Title Company is acting solely as a stakeholder at their request and for their convenience, that the Title Company shall not be deemed to be the agent of either of the parties for such purposes, and that the Title Company shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Seller or Purchaser resulting from the Title Company's mistake of law respecting the Title Company's scope or nature of its duties with respect to the Deposit. Seller and Purchaser shall jointly and severally indemnify and hold the Title Company harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Title Company's duties hereunder with respect to the Deposit, except with respect to actions or omissions taken or made by the Title Company in bad faith, in disregard of this Agreement or involving negligence on the part of the Title Company.

ARTICLE 3

CLOSING

3.1 TIME AND PLACE FOR CLOSING. The Closing shall take place on the Closing Date. If the Closing shall not have occurred on or prior to the Final Closing Date for any reason other than the default of Purchaser hereunder (whether or not the failure to close shall be the fault of Seller or shall result from causes or circumstances beyond Seller's control), Purchaser shall have the right at any time thereafter to exercise its rights and remedies in accordance with SECTION 7.2, and until termination of this Agreement by Purchaser in accordance with SECTION 7.2 this Agreement shall continue in full force and effect. The Closing shall take place through an escrow established with the Title Company (the "Escrow") by means of a so-called New York style closing, with the concurrent delivery of Seller's deed and other documents of title, the delivery of the Title Policy (or marked title commitment) described below, and the payment of the Purchase Price.

3.2 TITLE COMMITMENT. Purchaser hereby acknowledges receipt of those certain commitments for title insurance issued by Chicago Title Insurance Company with respect to a portion of the Land (together covering all of the Land), having an effective date of February 19, 1998 (Commitment No. 209703421), February 23, 1998 (Commitment No. 209800811), and November __, 1998 (Commitment No. _____) (collectively, the "Title Commitment") and containing the commitment of said

title company to issue its ALTA Form of title insurance policy, in an amount

equal to the Purchase Price. The title commitment so issued shall be later dated to a date not more than fifteen (15) days prior to the Closing Date. Each title commitment delivered hereunder shall be conclusive evidence of Good and Marketable Title as therein shown, subject only to those exceptions as therein stated. If any later date title commitment discloses exceptions to title other than the Permitted Exceptions (whether or not the Title Company is prepared to insure over such exceptions), Seller shall have until the Closing Date to have those exceptions removed from the commitment or, in the case of exceptions which may be removed with the payment of money, deliver the undertaking of the Title Company to insure over such exceptions. If Seller fails to have any such exceptions removed (or insured over as above provided) on or prior to the Closing Date, then provided such unpermitted exceptions are not the result of a breach or default of Seller under SECTION 6.1.5 or SECTION 6.1.9 of this Agreement, Purchaser may elect (as its sole remedy for Seller's failure to have such title exceptions removed or insured over), by delivery of notice to that effect at any time within thirty (30) days after the Closing Date, either (i) to take title as it then is, with the right to deduct from the Purchase Price liens or encumbrances of a definite or ascertainable amount (in which case such exceptions shall thereafter be deemed "Permitted Exceptions"), or (ii) to terminate this Agreement, and all of the rights and remedies of the parties hereto, whereupon the Deposit shall be returned to Purchaser. If such unpermitted exceptions are the result of a breach or default of Seller under SECTION 6.1.5 or SECTION 6.1.9 of this Agreement, Purchaser shall have the rights and remedies provided for in SECTION 7.2 hereof in the event of a default of Seller hereunder.

3.3 TITLE POLICY. At the Closing and as a condition precedent to the obligations of Purchaser hereunder, Seller shall deliver, or cause to be delivered, to Purchaser a title insurance policy, or a marked final title commitment, issued by the Title Company (or, if the Title Company does not issue such policy or marked title commitment, such title insurance policy or marked final title commitment issued by Chicago Title Insurance Company) in accordance with its commitment therefor as above set forth in the amount of the Purchase Price, subject only to the Permitted Exceptions, with affirmative coverage over any inchoate mechanic's lien claims which may or could be asserted against the Project by any contractor, subcontractor or materialman furnishing labor or materials in connection with the Project, with full extended coverage over all General Exceptions, and containing the following endorsements: 3.1 zoning with parking; survey; and contiguity and access (the "Title Policy"). The costs of issuance of the title insurance policy and each of the commitments required to be delivered hereunder, and any reasonable charges made by the Title Company for the New York style closing, shall be borne and paid for entirely by Seller except to the extent that the costs thereof exceed those that would be charged by the title company delivering the Title Commitment for identical items and services.

3.4 SURVEY. Purchaser hereby acknowledges receipt of that certain boundary survey of the Land dated February 18, 1998, prepared by Polaris Associates, Inc. as Job No. 007-2346 (the "Initial Survey"). Not less than fifteen (15) days prior to the Closing,

Seller shall deliver to Purchaser a new, "as built" survey of the Land and the Building (the "As-built Survey") dated not more than thirty (30) days prior to the Closing certified to Purchaser and to the Title Company showing the boundaries and the legal description of the Land, which survey shall be made in compliance with the "Minimum Standard Detail Requirements for Land Title Surveys' established by the ALTA/ACSM and currently in effect and shall contain and disclose the matters and information set forth in Exhibit F. The As-built Survey shall disclose no encroachments or improvements from or upon adjoining properties, shall show the availability of all utility services at the perimeter of the Land, and shall otherwise be in form and content sufficient to enable the Title Company to issue its standard form of survey modification endorsement modifying the general exception for matters of survey. The costs of each survey

delivered by Seller pursuant hereto shall be borne entirely by Seller.

3.5 SELLER'S CLOSING DELIVERIES. At or prior to the Closing, and in addition to any other instruments, documents or certificates otherwise required hereunder to be delivered by Seller, Seller shall deliver, or cause to be delivered, to or at the direction of Purchaser, the following:

3.5.1 A special warranty deed, in recordable form, transferring and conveying Good and Marketable Title to the Land and the Building to Purchaser, or an entity designated by Purchaser to take title to the Land and the Building, subject only to the Permitted Exceptions.

3.5.2 A bill of sale, with special warranties of title subject only to the Permitted Exceptions, transferring to Purchaser (or its permitted assignee) the Building Equipment and the Intangibles, and all other items of personal property to be sold, transferred, assigned or conveyed to Purchaser hereunder.

3.5.3 An assignment of all of Seller's estate, right, title and interest as landlord under and pursuant to the Price Waterhouse Lease, together with all security deposits, if any, made by Price Waterhouse thereunder, free and clear of any liens, claims, charges or encumbrances of any kind or nature other than Permitted Exceptions, together with a written notice from Seller to Price Waterhouse advising of the assignment of the Price Waterhouse Lease to Purchaser and directing that Price Waterhouse make all further payments of rent or other sums due under the Price Waterhouse Lease to, or at the direction of, Purchaser. Such assignment of lease shall provide that, subject to the express provisions of this Agreement to the contrary, (i) Seller shall assume and be responsible for all obligations of the landlord under the Price Waterhouse Lease relating to the period prior to the Closing Date, (ii) Purchaser shall assume and be responsible for all obligations of the landlord under the Price Waterhouse Lease relating to the period from and after the Closing Date, (iii) without limitation on the foregoing, Seller shall indemnify, defend and hold harmless Purchaser from and against and in respect of any and all liabilities, damages, losses, costs and expenses (including reasonable attorneys' fees and disbursements) suffered,

incurred or sustained by Purchaser as a result of or by reason of the representation and warranty set forth in Section 5.2(a) of the Price Waterhouse Lease being untrue or incorrect as of the Commencement Date (as defined in the Price Waterhouse Lease), and (iv) each of Purchaser and Seller shall indemnify, defend and forever hold the other harmless from, against and in respect of any and all liabilities damages, losses, costs and expenses (including reasonable attorneys' fees and disbursements) suffered, incurred or sustained by the indemnified party as a result of or by reason of the nonperformance of nonsatisfaction of any obligation that has been assumed by and is the responsibility of the indemnifying party in accordance with clause (i) or (ii) of this sentence. The indemnification, defense and hold harmless obligations of Purchaser and Seller set forth in this SECTION 3.5.3 shall survive the Closing.

3.5.4 Assignments of all of Seller's right, title and interest in, to and under that certain Assignment Agreement and Amendment and Restatement of Registration and Commission Agreement between Carter, Seller and CLW Realty Group, Inc. dated as of the date hereof (as amended, to the extent such amendments are approved by Purchaser), all contracts, warranties and guaranties relating to the construction of the Project, all machinery and equipment included therein, and any service agreements relating to the operation or maintenance thereof including elevator, maintenance, landscaping, security and other similar services, including, without limitation, assignments of the contracts or agreements with the Architect and the General Contractor, together with a written notice from Seller to each other party to such contracts advising of the assignment thereof to

Purchaser and directing the delivery of any future notices to Purchaser. Each assignment of any contract to be assumed by Purchaser shall provide that, subject to the express provisions of this Agreement to the contrary, (i) Seller shall assume and be responsible for all obligations of the owner of the Project thereunder relating to the period prior to the Closing Date, and (ii) Purchaser shall assume and be responsible for all obligations of the owner of the Project relating to the period from and after the Closing Date, and (iii) each of Purchaser and Seller shall indemnify, defend and forever hold the other harmless from, against and in respect of any and all liabilities damages, losses, costs and expenses (including reasonable attorneys' fees and disbursements) suffered, incurred or sustained by the indemnified party as a result of or by reason of the nonperformance of nonsatisfaction of any obligation that has been assumed by and is the responsibility of the indemnifying party in accordance with clause (i) or (ii) of this sentence. The indemnification, defense and hold harmless obligations of Purchaser and Seller set forth in this SECTION 3.5.4 shall survive the Closing. In no event shall the assignment by Seller to Purchaser of any such right, title and interest transfer or assign to Purchaser any right, title or interest of Seller in or to any claim or cause of action related to any disputes with any party to any such contracts, warranties and guaranties relating to the period prior to the Closing Date. It is the intention of the parties in interpreting the assignment set forth in this SECTION 3.5.4 that Purchaser receive the benefits of the rights, titles and

interests described in this SECTION 3.5.4, but that Seller retain until final resolution of any such disputes, all other rights and remedies against any such party which are necessary or appropriate to enable Seller to resolve any such disputes. Nothing contained herein shall be interpreted or construed as a transfer or assignment of any rights, benefits or remedies of Seller which are necessary or appropriate to enable Seller to fully enforce, through litigation, arbitration or otherwise, all of Seller's rights under such contracts, warranties and guaranties in respect thereof. Upon final resolution of any such disputes, and upon request by Purchaser, Seller shall further assign to Purchaser all of Seller's rights, benefits and remedies under such contracts, warranties and guaranties. Until such time as any such disputes are finally resolved, Purchaser shall not knowingly take any action which would impair Seller's rights under such contracts, warranties and guaranties in respect of any such disputes, and Seller shall not knowingly take any action which would impair Purchaser's rights under such contracts, warranties and guaranties in respect of the assignment set forth in this SECTION 3.5.4.

3.5.5 Original executed copies of the Price Waterhouse Lease and, to the extent theretofore delivered or reasonably available to Seller, all contracts, warranties and guaranties assigned pursuant to SECTION 3.5.4 above.

3.5.6 An owner's affidavit and such other instruments, documents or certificates (collectively, the "Owner's Affidavit") as may be reasonably necessary for the issuance by the Title Company of its title insurance policy in the form hereinabove contemplated, which affidavit shall include a so-called gap undertaking required in order to effect a New York style closing and a statement that: (i) that all bills for labor and material then furnished on behalf of Seller for construction of the Project have been paid in full; (ii) that there are no mechanics or other liens or claims outstanding against the Land or the Project or any part thereof (except with respect to liens for which a title endorsement has been approved pursuant to SECTION 3.2 above); (iii) that Seller has paid for and is the owner of all of the Building Equipment, including the personal property included therein, free of any security interests, liens or encumbrances other than the Permitted Exceptions and any security interest granted in connection with the Construction Loan (except to the extent that any such Building Equipment is provided by Price Waterhouse and, pursuant to the terms of the Price Waterhouse Lease, is and remains the sole

property of Price Waterhouse), none of which shall survive Closing; and (iv) that no bankruptcy or insolvency proceedings have been instituted by or against Seller, or any partner of Seller.

3.5.7 Seller's Representation and Warranty Certification, executed by Seller in favor of Purchaser.

3.5.8 Original copies of any required real estate transfer tax declarations executed by Seller or any other similar documentation required to evidence the

payment of any tax imposed by the state, county and city on the transaction contemplated hereby.

3.5.9 An affidavit stating Seller's U.S. taxpayer identification number and that Seller is a "United States person", as defined by Internal Revenue Code Section 1445(f)(3) and Section 7701(b).

3.5.10 A certificate from the Architect setting forth the zoning classification of the Land and the number of Rentable Square Feet in the Building and stating that the Project complies with all applicable zoning laws, ordinances and regulations (including laws, ordinances and regulations prescribing requirements for parking and loading at the Project).

3.5.11 A guaranty of Carter in the form attached hereto as Exhibit O whereby Carter guaranties the payment and performance by Seller of the obligations of Seller hereunder described therein.

3.5.12 Such other instruments, documents or certificates as Purchaser shall reasonably request in order to consummate the transaction contemplated by this Agreement. At the sole discretion of Purchaser, and subject to Seller's right to defer the Closing Date in accordance with SECTION 6.3 of this Agreement, if any of the above documents or deliveries are not delivered at or prior to the Closing, Purchaser may, in addition to any other remedy it may have hereunder or at law or in equity, elect (i) to proceed with the Closing, in which event Seller shall continue to be obligated to make the delivery not made, or (ii) to defer the Closing Date from time to time, for such period of time as Purchaser may determine with respect to each such extension, until such time as such delivery is made, but in no event may Purchaser defer the Closing to a date later than twenty (20) days after the Closing Date unless Purchaser shall have, prior to such date, instituted appropriate proceeding seeking specific performance of Seller's obligations hereunder, or (iii) to terminate this Agreement, and all of the rights and remedies of the parties hereto by delivery of written notice to that effect to Seller, whereupon the Deposit will be returned to Purchaser.

3.6 PURCHASER'S DELIVERIES. At or prior to the Closing Date Purchaser shall deliver, or cause to be delivered, to Seller, or Seller's designee, in addition to each of the other instruments, documents, certificates or other deliveries required to be made hereunder, the following:

3.6.1 The Purchase Price, subject to the prorations and adjustments as provided herein.

3.6.2 The assumption of assigned contracts relating to the Project described in SECTION 3.5.4, the assumption of the Price Waterhouse Lease described in SECTION 3.5.3, and, with respect to the Price Waterhouse Lease, the

obligations with respect to any security deposits made by Price Waterhouse thereunder.

3.6.3 Purchaser's Representation and Warranty Certification, executed by Purchaser in favor of Seller.

3.7 TRANSFER TAXES. All state, county and local transfer taxes payable in connection with this transaction, if any, shall be borne and paid for exclusively by Seller notwithstanding that, under the provisions of applicable statute or ordinance, such tax is to be borne by Purchaser.

3.8 PRORATIONS. Seller and Purchaser shall make at Closing ordinary and usual prorations, which shall be made as of midnight on the day of the Closing, including prorations for accrued real estate taxes which are not the responsibility of Price Waterhouse under the Price Waterhouse Lease (which shall be tentatively prorated on the basis of the most recent ascertainable tax bill for the Project, and shall be subject to reproration after receipt of the tax bill for the year or years for which a proration adjustment is made), rent under the Price Waterhouse Lease, taxes and expenses not reimbursable by Price Waterhouse under the Price Waterhouse Lease, security deposits and other deposits by or with Seller which have not been prorated or adjusted at the Closing Date, and which have not been either paid by or previously deposited with Purchaser, any special assessments which have been confirmed against the Land or the Building to the extent the same are not reimbursable by Price Waterhouse under the Price Waterhouse Lease, any payments made or payable under any of the contracts assigned to and assumed by Purchaser hereunder to the extent such payments are not the responsibility of Price Waterhouse under the Price Waterhouse Lease, any assessments asserted against the Land or the Building by any owners' association or similar organization with control or jurisdiction over any portion of the Project not reimbursable by Price Waterhouse under the Price Waterhouse Lease (based upon a statement of such owners' organization, if any, and if such statement is not available at Closing but thereafter becomes available, the parties agree to make the necessary reprorations) and any other items which are customarily prorated with the purchase and sale of properties similar to the Project located in the vicinity of the Project to the extent that such items are not the responsibility of Price Waterhouse under the Price Waterhouse Lease.

3.9 REPORTING PERSON. The Title Company shall file the information return for the sale of the Project required by section 6045 of the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations thereunder. Seller and Purchaser hereby designate the Title Company to act as and perform the duties and obligations of the "reporting person" with respect to the transaction contemplated by this Agreement for purposes of 26 C.F.R. Section 1.6045-4(e)(5) relating to the requirements for information reporting on real estate transactions closed on or after January 1, 1991.

ARTICLE 4

Representations and Warranties

4.1 REPRESENTATIONS AND WARRANTIES OF SELLER. To induce Purchaser to execute, deliver and perform this Agreement, and to purchase the Project, Seller hereby represents and warrants to Purchaser, and each of Purchaser's successors and assigns, as follows:

4.1.1 Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Georgia and has the full right, power and authority to enter into this Agreement, and to perform all of the obligations and liabilities of Seller required to be performed hereunder.

4.1.2 This Agreement has been duly and validly executed and delivered by and on behalf of Seller and, assuming the due authorization, execution and delivery thereof by and on behalf of Purchaser, constitutes a valid, binding and enforceable obligation of Seller enforceable in accordance with its terms. The aforesaid representation and warranty is qualified to the extent the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors in general.

4.1.3 Neither the execution and delivery hereof by Seller, nor the taking by Seller of any actions contemplated hereby, will conflict with or result in a breach of any of the provisions of, or constitute a default, event of default or event creating a right of acceleration, termination or cancellation of any obligation under any instrument, note, mortgage, contract, judgment, order, award, decree or other agreement or restriction to which Seller is a party, or by which Seller, or any partner of Seller or the Project, is a party or otherwise bound.

4.1.4 To Seller's knowledge, Seller has Good and Marketable Title to the Project, subject only to the Permitted Exceptions, and the lien of mortgages which, except as provided in SECTION 2.2.2 of this Agreement, will be released at or prior to the Closing Date. Seller has no knowledge of any fact or circumstance which, if known to the Title Company, would lead the Title Company either to refuse to issue its title insurance policy as contemplated by the provisions hereof, or to make additional exceptions to its policy other than the Permitted Exceptions, or to limit its coverage to less than the amount required hereunder, or to refuse to issue any endorsements required to be issued under the provisions hereof.

4.1.5 To Seller's knowledge, the Land is properly zoned to permit construction and operation of the Building thereon as presently planned and contemplated without violating any applicable zoning or other similar land use law, statute or ordinance. To Seller's knowledge, neither the zoning nor any other

right to construct or use the Building or the Land is to any extent dependent upon or related to any real estate other than the Land.

4.1.6 The Building, if built and constructed in accordance with the Plans and Specifications: (i) will, to Seller's knowledge, conform to, and be in compliance in all material respects with, all applicable federal, state and local laws and ordinances, including, without limitation, all zoning, building, health and safety, environmental, land use and handicapped laws and ordinances; (ii) will not include any Hazardous Substances; (iii) will contain not less than the number of Rentable Square Feet required under the Price Waterhouse Lease or otherwise approved by Price Waterhouse and contain on-site parking for not less than the number of cars required under the Price Waterhouse Lease or otherwise approved by Price Waterhouse (including a free standing parking garage with covered access to the Building and containing not less than the number of covered parking spaces required under the Price Waterhouse Lease or otherwise approved by Price Waterhouse); and (iv) will not be located on or over, or otherwise materially interfere with the use of, any easements now affecting the Land. To Seller's knowledge, if constructed in accordance with the Plans and Specifications, the Building, and all caisson bells and caps, curtain walls, copings, fascia, window ledges and other architectural trim, attached thereto or incorporated in the design thereof, will be located entirely within the lot lines of the Land. Seller has not granted to any person, firm or corporation other than Price Waterhouse any possessory rights or interests in and to the Land, or any part thereof, except for rights or interests which comprise part of the Permitted Exceptions.

4.1.7 To Seller's knowledge, except as listed on Exhibit H, there are no claims, causes of action or other litigation or any judicial,

administrative or investigative proceedings pending against Seller with respect to the ownership or operation of the Project or any part thereof (including, without limitation, disputes with tenants, governmental authorities, utilities, contractors, adjoining land owners and suppliers of goods or services), except possible inchoate mechanic lien claims to be determined, and which will, at the Closing, be removed or insured over.

4.1.8 Seller is not currently in default under any mortgage, contract, lease, or other instrument or document to which Seller is a party, or by which it or any of its properties is bound, which do or could create a material adverse effect on the Project, or result in a lien or encumbrance thereon.

4.1.9 Seller is in compliance in all material respects with all permits currently in effect with respect to the Project, has obtained all permits required to be obtained by it to the date hereof, and has no knowledge or reason to believe that any permits hereafter required in connection with the ownership or operation of the Project will be unavailable or will not be obtained.

4.1.10 Seller has received no written notice of violations of any laws, ordinances, orders or requirements of any governmental authority, agency or officer having jurisdiction against or affecting the Project, or with respect to the operation thereof, which have not been previously complied with, nor does Seller have any knowledge of any fact or circumstance which, if known to the appropriate authorities, would result in the issuance of any such notice of violation.

4.1.11 Exhibit D hereto contains a complete list (to date) of all Plans and Specifications relating to the Project, including all change orders, shop drawings, bulletins and other documents varying or interpreting the architectural or other drawings. The Project, when completed in accordance with the Plans and Specifications, and when fully equipped with all of the Building Equipment, including the items of personal property referred to in Exhibit A, will be ready for use and in conformity in all material respects with all applicable laws, rules, regulations, ordinances and statutes.

4.1.12 To Seller's knowledge, all utilities and utility equipment, facilities and services required by law or necessary for the operation of the Project as contemplated by the Plans and Specifications are installed and connected pursuant to valid permits, or will be so installed and connected as contemplated by the Plans and Specifications, and are or will as of the Closing be adequate to serve the Project for Tenant's Intended Use (as defined in the Price Waterhouse Lease), which utilities include, without limitation, adequate electrical and sewer services, including storm sewers, or, if no storm sewers exist, adequate drainage is provided for the Project through public drainage facilities or on site detention facilities.

4.1.13 Except for the Price Waterhouse Lease, Seller has not entered into or assumed any lease(s) currently in effect with respect to the Project, nor has Seller made any binding offers, which are currently outstanding, for the leasing of any space in the Project. To Seller's knowledge, except for the Price Waterhouse Lease there are no leases currently in effect with respect to the Project, nor are there any binding offers, which are currently outstanding, for the leasing of any space in the Project.

4.1.14 The Price Waterhouse Lease is in full force and effect, and has not been amended or modified except for such amendments or modifications disclosed to and approved in writing by Purchaser prior to the effectiveness thereof. To Seller's knowledge, there is no existing breach or default by the landlord or by Price Waterhouse under the Price Waterhouse Lease, and to Seller's knowledge Price Waterhouse has no defenses, claims or demands against the landlord, under the Lease or

otherwise, which can be offset against rents or other charges to become due under the Price Waterhouse Lease. Seller has

received no written notice from Price Waterhouse under the Price Waterhouse Lease claiming any breach or default by Seller under the Price Waterhouse Lease. Except as expressly provided in the Price Waterhouse Lease, no money is owed to Price Waterhouse for improvements or otherwise under the Price Waterhouse Lease, and no improvement, moving, relocation or other payment or credit of any kind is presently owed, or will or could become due and payable, to Price Waterhouse under the Price Waterhouse Lease. Except as provided in Exhibit K attached hereto, Seller has not entered into any agreements requiring the payment of any leasing commissions or other commissions, fees or compensation with respect to the Price Waterhouse Lease or which could require any payment in the future upon the exercise of any right or option contained in the Price Waterhouse Lease. Seller has not assigned, transferred, pledged or encumbered in any manner the Price Waterhouse Lease or any rents or other amount payable by Price Waterhouse thereunder except to secure the Construction Loan. To the extent that any matter set forth in this SECTION 4.1.14 is expressly confirmed by the tenant estoppel certificate to be executed by Price Waterhouse and delivered to Purchaser pursuant to this Agreement, such estoppel certificate shall be deemed to be conclusive evidence of the truth of the representation and warranty set forth herein with respect to such matters.

4.1.15 Seller has no knowledge that the existing survey previously delivered or the Survey to be delivered hereunder is inaccurate or incomplete in any material respect, or fails to disclose any easements, rights-of-way, encroachments, and other similar matters known to Seller. For purposes hereof, encroachments include, without limitation, any encroachments onto the public way or onto adjoining properties by the bells or other parts of the footings, caissons or foundations of the Building.

4.1.16 The requirements of all covenants, conditions and restrictions of record relating to the development or construction of the Project, including all covenants requiring consent from any third party, have been, or on the Closing Date will be, fully satisfied and complied with in all material respects.

4.1.17 Attached hereto as Exhibit J is a complete list and description of all contracts and agreements known to Seller or to which Seller is a party relating to or affecting the Land or the development or construction of the Building thereon, including without limitation any contracts or agreements with the Architect, General Contractor, any construction manager, other professionals or specialists, or utility companies, Purchaser hereby acknowledging receipt of a copy of each such contract and agreement so listed. All such contracts or agreements listed on said Exhibit J are in full force and effect, and may be transferred and assigned without the consent or approval of any person, firm or corporation except as otherwise noted on said Exhibit. To Seller's knowledge, neither party to any such contract is in default thereunder and no event has occurred which, with the mere

passage of time or the delivery of notice or both, would constitute a default or breach thereunder.

4.1.18 Except as permitted by applicable Environmental Laws, and except as disclosed by any environmental Studies delivered to Purchaser hereunder, to Seller's knowledge no Hazardous Substances are present in, on or under the Project, and there is no present Release or threatened Release of any Hazardous Substances in, on or under the Project. Seller has never used the Project or any part thereof, and Seller has never permitted any person to use the Project or any part thereof, for the production,

processing, manufacture, generation, treatment, handling, storage or disposal of Hazardous Substances in violation of Environmental Laws. To the knowledge of Seller without independent inquiry, no underground or above-ground storage tanks are or were located in, on, under or about the Project. To Seller's knowledge, the Project and every part thereof, and all operations and activities therein and thereon and the use and occupancy thereof, comply in all material respects with all applicable Environmental Laws, and neither Seller nor any person using or occupying the Project or any part thereof is violating any Environmental Laws. Seller has not received any written notice that any claim, demand, action or proceeding of any kind relating to any past or present Release or threatened Release of any Hazardous Substances in, on or under the Project or any past or present violation of any Environmental Laws at the Project has been made or commenced or is pending against Seller, or to Seller's knowledge (without independent inquiry) is being threatened or contemplated by any person.

4.1.19 To Seller's knowledge: (i) no condemnation of any portion of the Land, (ii) no condemnation or relocation of any public roadways abutting the Land, and (iii) no denial of access to the Land from any point of public access to the Land has commenced or is contemplated by any governmental authority.

4.1.20 To Seller's knowledge, there are no donations of monies or land or payments, other than general real estate taxes, for schools, parks, fire departments or any other public facilities or for any other reason which are or will be required to be made by an owner of the Project.

4.1.21 To Seller's knowledge, there are no obligations burdening the Project created by any so-called "recapture agreement" involving refund for sewer or water extension or other improvement to any sewer or water systems, oversizing utility, lighting or like expense or charge for work or services done upon or relating to the Project which will bind the Purchaser or the Project from and after the closing.

4.1.22 The information to be furnished by Seller on which the computation of prorations is based shall be true, correct and complete in all respects.

4.1.23 Carter, or an affiliate of Carter, is the limited partner of Seller owning ninety nine percent (99%) of the partnership interests in Seller. Carter & Associates Enterprises, Inc., a Georgia corporation ("General Partner"), is the sole general partner of Seller, owning one percent (1%) of the partnership interests in Seller. The members of Carter own one hundred percent (100%) of the outstanding shares of General Partner. The members of Carter are in control of Seller and General Partner, and have the full right, power and authority to cause Seller to execute and deliver this Agreement and perform its obligations hereunder. All actions taken by General Partner in its capacity as general partner of Seller are fully binding upon, and enforceable against, Seller.

4.1.24 Wherever in this Agreement there is any reference to the "knowledge" of Seller or to any "notice" having been "received" by Seller, in any variation of such references, such references: (i) shall mean only the actual knowledge of, or notice actually received personally by Philip S. Stevenson, A. Trent Germano, Ken Mattie or Bradley D. Reese after a review of their respective files and after reasonable inquiry of relevant factual matters; (ii) shall not include any actual, imputed or constructive knowledge of any officer, agent, employee or affiliate of Philip S. Stevenson, A. Trent Germano, Ken Mattie, Bradley D. Reese, or Seller, or any other person or entity, or any notice actually or constructively received by any officer, agent, employee or affiliate of Philip S. Stevenson, A. Trent Germano, Ken Mattie, Bradley D. Reese, or Seller, or any other person or entity; and (iii) shall not be deemed to imply that Seller, Philip S. Stevenson, A. Trent Germano, Ken Mattie, Bradley D. Reese, or any other person or entity has undertaken, or has any duty or

obligation to undertake, any investigation or inquiry with respect to the subject matter thereof other than a review of their respective files and reasonable inquiry of relevant factual matters. Philip S. Stevenson, A. Trent Germano, Ken Mattie and Bradley D. Reese are the individuals responsible for the operation, management and construction of the Project and, as such, are adequately informed to make the representations and warranties herein restricted to Seller's knowledge or other similar restrictions. The foregoing representation and warranty is not limited to the knowledge of any particular individual.

4.2 REPRESENTATIONS AND WARRANTIES OF PURCHASER. To induce Seller to execute, deliver and perform this Agreement, and to sell the Project to Purchaser, Purchaser hereby represents and warrants to Seller as follows:

4.2.1 Purchaser is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, with full right, power and authority to enter into (or to assume the obligations under) this Agreement, and to perform all of the obligations and liabilities of Purchaser required to be performed hereunder.

4.2.2 Wells Real Estate Investment Trust, Inc., is (i) the sole general partner of Purchaser, and (ii) a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, with full right, power and authority to cause Purchaser to enter into (or to assume the obligations under) this Agreement and to perform all of the obligations and liabilities of Purchaser required to be performed hereunder. All actions taken by Wells Real Estate Investment Trust, Inc. in its capacity as general partner of Purchaser are fully binding upon, and enforceable against, Purchaser.

4.2.3 This Agreement has been duly and validly executed and delivered by and on behalf of Purchaser, and, assuming the due authorization, execution and delivery thereof by and on behalf of Seller, constitutes a valid, binding and enforceable obligation of Purchaser enforceable in accordance with its terms. On the Closing Date, and after acquisition of the Project by Purchaser, Purchaser will, by virtue of its assumption of the liabilities and obligations of Purchaser hereunder, become bound by all of the obligations and liabilities of Purchaser herein set forth, and the same shall constitute a valid, binding and enforceable obligation of Purchaser enforceable in accordance with its terms. The aforesaid representation and warranty is qualified to the extent the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors in general.

4.2.3 Neither the execution and delivery hereof by Purchaser, nor the taking by Purchaser of any actions contemplated hereby, will conflict with or result in a breach of any of the provisions of, or constitute a default, event of default or event creating a right of acceleration, termination or cancellation of any obligation under any instrument, note, mortgage, contract, judgment, order, award, decree or other agreement or restriction to which Purchaser, or any successor in interest to Purchaser hereunder, is a party or by which Purchaser, or any such successor in interest, is otherwise bound.

4.3 SURVIVAL. Except for (i) the representations and warranties of Seller with respect to its ownership and the condition of its title to the Project (which shall terminate concurrently with the Closing); (ii) facts or circumstances, the occurrence of which have been disclosed to Purchaser or Seller (as applicable) in writing prior to Closing; (iii) acts done or suffered to be done by Seller pursuant to and in accordance with the provisions of this Agreement; and (iv) any matters which do not materially adversely affect the rights or benefits to be acquired by Purchaser as part of the transaction

contemplated hereby, the occurrence or avoidance of which was beyond the control of Seller, the representations and warranties contained in this Article 4 shall be deemed re-made and re-published on and as of the Closing Date and shall survive the Closing hereunder and the delivery of the deed and other documents required to be delivered pursuant hereto for a period of one (1) year after the Closing.

ARTICLE 5

Conditions Precedent to Closing

5.1 CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATIONS. Satisfaction on or prior to the Closing Date of each of the following shall be a condition precedent to the obligations of Purchaser to purchase the Project and to pay the Purchase Price:

5.1.1 Seller shall have fully performed and complied, in all material respects, with all of its obligations, covenants, liabilities and undertakings (including, without limitation, its obligations, covenants, liabilities and undertakings under SECTION 3.5 of this Agreement), and shall not be in breach or default, hereunder as of the Closing Date.

5.1.2 Except for (i) facts or circumstances, the occurrence of which have been consented to or approved in writing by Purchaser, (ii) acts done or suffered to be done by Seller pursuant to and in accordance with the provisions of this Agreement, and (iii) any matters which do not materially adversely affect the rights or benefits to be acquired by Purchaser as part of the transaction contemplated hereby, the occurrence or avoidance of which was beyond the reasonable control of Seller, each of the representations and warranties of Seller contained herein shall be true and correct in all material respects on and as of the Closing Date, as though remade and republished on and as of the Closing Date.

5.1.3 There shall have been delivered to Purchaser, not less than five (5) days prior to the Closing Date, copies of (i) all building permits and other necessary governmental licenses or approvals required in connection with the development and operation of the Project (to the extent such permits are issuable as of the Closing Date); (ii) true and correct copies of the most recent real estate tax bills and notices of assessed valuation pertaining to the Project; (iii) true and correct copies of all insurance policies and certificates of insurance in Seller's possession relating to the Project or delivered to Seller by Price Waterhouse under the Price Waterhouse Lease.

5.1.4 The Project shall have been Substantially Completed (as defined in the Price Waterhouse Lease) in accordance with the Price Waterhouse Lease.

5.1.5 As of the Closing Date there shall have been no material damage or destruction to all or any portion of the Project that has not been restored to the reasonable satisfaction of Purchaser (and an appropriate holdback shall be established at the Closing to cover the estimated cost of repair of any minor items of damage). As of the Closing Date, there shall be no condemnation or eminent domain proceedings initiated or threatened which might result in the taking of any material portion of the Land or the Project. For purposes of this SECTION 5.1.5, a

"material" portion of the Land shall be deemed to be any portion which: (i) equals five percent (5%) or more of the total land area of the Project; (ii) reduces the number of parking spaces available to the Project to an amount less than four (4) parking spaces for every one thousand (1,000)

Rentable Square Feet in the Building; (iii) results in the termination of the Price Waterhouse Lease (and the Closing shall be delayed until Price Waterhouse's right to terminate the Price Waterhouse Lease on account of any such condemnation or eminent domain proceeding has been irrevocably waived); (iv) reduces the rentals payable under the Price Waterhouse Lease; (v) reduces the number of Rentable Square Feet of the Building; or (vi) materially restricts access to the Project.

5.1.6 On the Closing Date there shall have been delivered to Purchaser a copy of each certificate of occupancy issued upon completion of the Project by the appropriate governmental agency or department having authority over the issuance thereof (such certificate of occupancy to cover the so-called "shell building" and any space in the Project which has been completed for occupancy by Price Waterhouse) if such agency or department issues the same at the stage of building completion of the Building as of the Closing Date.

5.1.7 There shall be no proceeding pending before any court, quasi-judicial body or administrative or governmental agency, relating to the validity of the proposed or actual use of the Project on the Closing Date.

5.1.8 On the Closing Date the Project, and the operation thereof, will not be in material violation of any applicable federal or state law, or any ordinance, order or regulation of any governmental or quasi-governmental agency having jurisdiction over the Project, except to the extent that any such violation shall be remedied by the performance of the Punch List Work.

5.1.9 On or before the Closing Date, Seller shall deliver to Purchaser as built drawings depicting the Project as constructed, such drawings to be delivered on a CAD disk.

5.1.10 If required by applicable law, the Land shall have been properly platted and subdivided.

5.1.11 Seller shall have obtained and delivered to Purchaser an estoppel certificate of Price Waterhouse, as tenant under the Price Waterhouse Lease, in substantially the form attached hereto as Exhibit L and dated not earlier than twenty (20) days prior to the Closing Date.

5.1.12 With respect to the assignment of the contract with the General Contractor, there shall have been delivered to Purchaser, at or prior to the Closing, a written instrument from the General Contractor whereby the General Contractor consents to the assignment of its contract, warranties and guaranties.

5.1.13 Any zoning variance now in effect with respect to the Project shall, on the Closing Date, continue to be in effect and shall not have been revoked, canceled, terminated or modified.

5.1.14 As of the Closing Date, neither the Land nor any portion of the Land or the Building shall comprise part of a tax parcel which includes property other than property comprising all or a portion of the Land or the Building or both.

5.2 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER. Satisfaction in full of each of the following shall be a condition precedent to the obligations of Seller hereunder:

5.2.1 Purchaser shall have paid the Purchase Price at the Closing as herein provided, and shall have fully satisfied and performed all of its other covenants and obligations hereunder.

5.2.2 All of the representations and warranties of Purchaser

hereunder shall be true and correct on and as of the Closing Date as though remade and republished as of said date.

5.3 WAIVER. Each of the parties hereto shall have the right, in the exercise of their sole and absolute discretion, but under no circumstances shall be obligated, to waive or defer compliance by the other party with any of the above conditions precedent to the respective obligations of said party, provided, however, no waiver shall be effective unless set forth in a written instrument, executed by the waiving party and delivered to the other party. No act or circumstance, other than the delivery of a written waiver as contemplated by the preceding sentence, shall be deemed to constitute a waiver.

5.4 COVENANT TO SATISFY CONDITIONS; EFFECT OF FAILURE TO SATISFY. Seller hereby agrees to use its best efforts to cause each of the conditions precedent to the obligations of Purchaser to be fully satisfied, performed and discharged, on and as of the Closing Date, and Purchaser hereby agrees to use its best efforts to cause all of the conditions precedent to the obligations of Seller hereunder to be fully satisfied, performed and discharged on or prior to the Closing Date. If either Purchaser or Seller fails fully to satisfy, perform or discharge any of the aforesaid conditions precedent, and if the performance, satisfaction and discharge thereof is within the ability of said party to control and such failure remains uncured for a period of fifteen days after the Closing Date, the failure thereof shall constitute a default hereunder entitling the other party to have and exercise all of the rights, powers and remedies provided herein.

ARTICLE 6

SELLER'S COVENANTS PENDING CLOSING DATE

6.1 SELLER'S COVENANTS. In addition to each of the covenants, undertakings and obligations of Seller herein contained, Seller hereby covenants and agrees that, from and after the date hereof it will fully perform and comply with the following:

6.1.1 Seller agrees that it shall, with diligence and continuity, cause the Project to be completed in accordance with the Price Waterhouse Lease.

6.1.2 Attached hereto as Exhibit D is an identification of a complete set of Plans and Specifications for the Project. The Plans and Specifications shall not be modified or changed in any manner requiring the approval of any applicable governmental authorities having jurisdiction over the Project without such approval having been first obtained.

6.1.3 Seller shall cause all amendments to the Plans and Specifications to be prepared in compliance in all material respects with (x) the requirements and standards set forth in the Price Waterhouse Lease, (y) all applicable governmental requirements, and (z) all private covenants, conditions and restrictions of record that encumber all or any part of the Land. Seller shall not amend the Plans and Specifications without the prior written consent of Purchaser, except as otherwise expressly permitted herein. Purchaser's approval of the Plans and Specifications shall not constitute, and shall not be deemed to constitute, an acknowledgment by Purchaser that the Plans and Specifications comply with the requirements of the immediately preceding sentence, nor shall Purchaser's approval of the Plans and Specifications in any way constitute a waiver of (or diminish Seller's obligation to satisfy fully) the requirements of the immediately preceding sentence.

6.1.4 Seller shall not make or permit to be made any material changes in the Plans and Specifications (whether such material change is to be made

by means of change orders, architectural bulletins, shop drawings and other forms of alterations or revisions to the Plans and Specifications), or any material changes or alterations in the Project, which are not in conformity with the Plans and Specifications, without in each case the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed. If Seller or Price Waterhouse proposes any material changes in the Plans and Specifications, or in the Building, by change order or otherwise, Seller shall notify Purchaser in writing with respect thereto describing the nature of the change order, the purpose thereof, and the effect of such change order on the Project Budget. For purposes hereof a "material change" in the Plans and Specifications shall mean any change which materially affects the number of Rentable Square Feet in the Building, materially affects the quality of materials or construction used in the Building or the general design of the Building, has or could have the effect of materially

increasing the operating costs for the Project or delaying the completion of the Project by more than thirty (30) days, or requires the consent of Price Waterhouse under the Price Waterhouse Lease.

6.1.5 Seller shall not in any manner sell, convey, assign, transfer or encumber the Project or the Price Waterhouse Lease or any part thereof or interest therein (except to secure, refinance or extend the Construction Loan and except for Permitted Exceptions), or otherwise dispose of the Project or the Price Waterhouse Lease, or any part thereof or interest therein, or alter or amend the zoning classification of the Project, or otherwise perform or permit any act or deed which shall materially diminish, encumber or affect Seller's rights in and to the Project or prevent it from performing fully its obligations hereunder, nor enter into any agreement to do so.

6.1.6 Seller will cause to be maintained in full force and effect the insurance coverage described in Exhibit M, each of which liability insurance policies shall name Purchaser as an additional insured thereunder as its interest may appear. Seller will deliver to Purchaser photocopies of the original policies of insurance, and original certificates therefor.

6.1.7 Seller shall maintain, or cause to be maintained, complete books and records with respect to the Project. At all reasonable times, and upon prior notice, Purchaser shall have the right, from time to time upon request therefor, to inspect and make copies of all books and records of Seller relating to the Project, and Seller agrees to cause the same to be made available to Purchaser for such purpose during regular business hours at the principal offices of Seller located in Atlanta, Georgia or, at Seller's option after notice to Purchaser, at or in the vicinity of the Project.

6.1.8 Except as otherwise herein expressly provided, Seller shall not enter into any service, management or maintenance contract, or amend, cancel or otherwise revise any such contract or agreement currently in effect, without the prior written consent of Purchaser, except that Seller shall have the right, without the consent of Purchaser, to enter into any such contracts which are either terminable by Seller (or, after the Closing Date, by Purchaser) upon not more than thirty (30) days notice, or which, by their terms, have been fully performed, complied with or terminated (and are of no further force or effect) on or as of the Closing Date.

6.1.9 Except for the liens and encumbrances evidencing or securing the Construction Loan, Seller shall not create any liens or encumbrances of any kind or nature with respect to the Project other than the Permitted Exceptions, and, in the event any lien or encumbrance (other than a lien or encumbrance created by Purchaser or by any person, firm or corporation claiming, by, through or under Purchaser) shall at any time hereafter be filed or recorded against the Project, or

any part thereof, Seller shall (or, in the case of encumbrances, shall use its best efforts to) promptly cause the same to be released or bonded over or insured over by the Title Company.

6.1.10 At all reasonable times after Seller's acquisition of the Land, and upon the request by Purchaser, Seller shall grant to Purchaser and its engineers, architects and other agents or representatives of Purchaser, access to the Project for the purpose of making a physical inspection thereof, and each of its component parts; provided, however, all such persons shall comply with reasonable safety requirements of Seller, and Seller shall have no liability or obligation to any of such persons for any injury or loss suffered while said persons are upon the Project. Purchaser shall restore the Land to its condition existing immediately before Purchaser's entry upon the Land, and Purchaser shall indemnify and defend Seller against and hold Seller harmless from all claims, demands, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees and disbursements (collectively, "Claims"), in any manner
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arising from or caused by Purchaser in connection with entry on the Land by Purchaser pursuant to this SECTION 6.1.10; provided, however, Purchaser's foregoing obligations shall not include any obligation or duty with respect to Claims (including Claims that the Land has declined in value) arising out of, resulting from or incurred in connection with (i) the discovery or presence of any Hazardous Substances on the Land not brought on the Land by Purchaser or the Release (other than by Purchaser) of any Hazardous Substances on the Land, or (ii) the results, findings, tests or analyses of Purchaser's environmental investigation of the Land.

6.1.11 Seller shall report to Purchaser in writing, from time to time, but not less frequently than monthly, as to (i) the progress of construction of the Project (such reports to include, without limitation, an updated construction schedule, photographs of construction progress to date, a detailed description of issues adversely affecting the construction schedule or costs, and a monthly progress report of the General Contractor); and (ii) such other information with respect to the Project and its operation as Purchaser may reasonably request from time to time. Seller shall report to Purchaser in writing any construction defects or material deviations from the Plans and Specifications promptly upon Seller becoming aware of same, which notice shall describe the nature of such defect or deviation in reasonable detail. Seller's failure to fulfill any of the covenants set forth in this SECTION 6.1.11 shall not be deemed to be a default by Seller under this Agreement unless such failure materially prejudices Purchaser's rights or interests under this Agreement.

6.1.12 Seller shall deliver or cause to be delivered to Purchaser, promptly upon receipt thereof by Seller, copies of any written notices of default, or the occurrence of any event which could result in a default, under the Construction Loan or under any mortgage, lease, contract or agreement now or at any time

hereafter in effect with respect to the Project, and shall report to Purchaser, from time to time, the status of any alleged default thereunder. Seller's failure to fulfill any of the covenants set forth in this SECTION 6.1.12 shall not be deemed to be a default by Seller under this Agreement unless such failure materially prejudices Purchaser's rights or interests under this Agreement.

6.1.13 Seller shall advise Purchaser in writing, promptly upon obtaining actual knowledge of the occurrence of any event or circumstance which constitutes a breach of any of the representations or warranties or covenants of Seller herein contained, which notice shall describe the nature of such event or circumstance in reasonable detail. Seller agrees

that it will use its best efforts at all times to correct any such event or circumstance within Seller's reasonable control and, to the extent the same is within the reasonable control of Seller, to cause all representations and warranties of Seller herein contained to be true and correct on and as of the Closing Date, and to cause Seller to be in compliance with its covenants and obligations hereunder. Seller's failure to fulfill any of the covenants set forth in this SECTION 6.1.13 shall not be deemed to be a default by Seller under this Agreement unless such failure materially prejudices Purchaser's rights or interests under this Agreement.

6.1.14 Seller shall pay, or cause to be paid, all installments of general real estate taxes, special taxes or assessments, service charges, water and sewer charges, private maintenance charges, and other prior lien charges by whatever name called, which are due and payable on or prior to the Closing Date.

6.1.15 Seller shall advise Purchaser promptly in writing of the receipt, by Seller or any of its affiliates, of notice of: (i) the institution or threatened institution of any judicial, quasi-judicial or administrative inquiry or proceeding with respect to the Project; (ii) any notice of violation issued by any governmental or quasi-governmental authority with respect to the Project, (iii) any proposed special assessments, or (iv) any defects or inadequacies in the Project or any part thereof issued by any insurance company or fire rating bureau. Seller's failure to fulfill any of the covenants set forth in this SECTION 6.1.15 shall not be deemed to be a default by Seller under this Agreement unless such failure materially prejudices Purchaser's rights or interests under this Agreement.

6.1.16 With respect to any warranties or guaranties relating to the Project which are assigned, or required to be assigned, to Purchaser pursuant to SECTION 3.5.4 and which, by their terms or otherwise expire, terminate or lapse at any time prior to the date two (2) years following the Substantial Completion Date (as defined in the Price Waterhouse Lease) (the "Warranty Date"), Seller hereby assumes and agrees to pay, perform and discharge all of the liabilities and obligations of the various contractors, suppliers and others providing warranties or guarantees as above provided for the period from the date of expiration thereof to and including the Warranty Date, it being the intention of the parties hereto that

such guarantees or warranties which have expired, terminated or lapsed prior to the Warranty Date shall be extended by the provisions of this SUBSECTION 6.1.16 and shall be the liability and obligation of Seller during such extended period. The warranties and guarantees covered by the provisions of this SUBSECTION 6.1.16 shall include, but shall not be limited to, those referred to on Exhibit N hereof.

6.1.17 Between the date of this Agreement and the Closing Date, Seller shall: (i) not use, produce, process, manufacture, generate, treat, handle, store or dispose of any Hazardous Substances in, on or under the Project, or use the Project for any such purposes, in violation of any Environmental Laws, or (except in the ordinary course of the development and construction of the Project, but in no event in violation of any Environmental Law) Release any Hazardous Substances into any air, soil, surface water or groundwater comprising the Project, or knowingly permit any person using or occupying the Project or any part thereof to do any of the foregoing; (ii) give notice to Purchaser promptly after Seller obtains any information indicating that any Hazardous Substances may be present or any Release or threatened Release of Hazardous Substances may have occurred in, on or under the Project (or any nearby real property which could migrate to the Project) or that any violation of any Environmental Laws may have occurred at the Project, together with a reasonably detailed description of the event, occurrence or condition in question; and (iii) promptly furnish to Purchaser copies of all written communications received

by Seller from any person (including notices, complaints, claims or citations that any Release or threatened Release of any Hazardous Substances or any violation of any Environmental Laws has actually or allegedly occurred) or given by Seller to any person concerning any past or present Release or threatened Release of any Hazardous Substances in, on or under the Project (or any nearby real property which could migrate to the Project) or any past or present violation of any Environmental Laws at the Project. Seller's failure to fulfill any of the covenants set forth in clauses (ii) or (iii) of this SECTION 6.1.17 shall not be deemed to be a default by Seller under this Agreement unless such failure materially prejudices Purchaser's rights or interests under this Agreement.

6.2 DEFERRAL OF CLOSING DATE BY PURCHASER. Anything herein contained to the contrary notwithstanding, Purchaser, at its option, shall have the right to defer the Closing Date in any of the following circumstances:

6.2.1 Seller shall have failed to obtain any license or permit required to be obtained on or prior to the Closing Date as a result of which the Building may not be lawfully used or occupied for its intended purpose;

6.2.2 There shall have been instituted any material litigation or other judicial or quasi-judicial proceedings relating to the validity of the proposed or actual use of the Project, the Land or any part thereof;

6.2.3 The Title Company shall fail to issue the later date endorsement referred to in SECTION 3.2;

6.2.4 Seller has intentionally failed or refused to satisfy, perform or discharge any of its covenants, obligations or undertakings hereunder, it being presumed that Seller shall have acted intentionally if it shall have failed to so satisfy, discharge or perform any covenant or obligation the satisfaction or performance of which was within its reasonable control.

If Purchaser elects to defer the Closing Date, it shall so notify Seller in writing thereof, and the Closing Date shall be deferred until such time as the event or events giving rise to the deferral shall have been satisfactorily resolved in accordance with the provisions of this Agreement, or shall have been waived by Purchaser in writing.

6.3 DEFERRAL OF CLOSING DATE BY SELLER. Anything herein contained to the contrary notwithstanding, Seller, at its option, shall have the right to defer the Closing Date in any of the following circumstances:

6.3.1 Without limiting Seller's obligation to use best efforts to satisfy any conditions precedent on or prior to the Closing Date, the failure to satisfy, perform or discharge any of the conditions precedent to Purchaser's obligations under this Agreement which are within the reasonable control of Seller;

6.3.2 Purchaser has intentionally failed or refused to satisfy, perform or discharge any of its covenants, obligations or undertakings hereunder, it being presumed that Purchaser shall have acted intentionally if it shall have failed to so satisfy, discharge or perform any covenant or obligation the satisfaction or performance of which was within its reasonable control.

If Seller elects to defer the Closing Date, it shall so notify Purchaser in writing thereof, and the Closing Date shall be deferred until such time as the event or events giving rise to the deferral shall have been satisfactorily resolved in accordance with the provisions of this Agreement, or shall have been waived by Seller or Purchaser (as applicable) in writing, but in no event beyond the Final Closing Date.

6.4 PURCHASER'S OPTION TO COMPLETE CONSTRUCTION AND PAY OBLIGATIONS. If Seller fails to perform any of its covenants or obligations required to be performed by Seller on or prior to the Closing Date with respect to construction of the Project or shall otherwise fail to perform any of its other covenants or obligations hereunder, and such failure shall continue for a period of thirty (30) business days after written demand from Purchaser to Seller, and if such failure continues for an additional ten (10) business days after written demand from Purchaser to Seller setting forth Seller's failure in reasonable detail, then provided such failure is susceptible of cure, Purchaser, at its option, at any time thereafter, shall have the right to complete such construction, or pay or otherwise

satisfy any of the other obligations of Seller hereunder, either before, during or after the commencement of any other proceedings for the enforcement of the provisions of this Agreement, and may expend such sums as Purchaser in its reasonable discretion deems proper in order to complete such work or perform such obligation; provided, however, Purchaser shall have no right to complete said construction or perform said obligations if, within the aforesaid period of thirty (30) business days or within the ten (10) business days following delivery of Purchaser's second notice, Seller has fully performed or completed the same, or, with respect to any matters which, by their nature cannot be fully completed within the aforesaid period, Seller shall have, within said period, commenced to perform or complete the same and shall thereafter, with due diligence, proceed with the full performance and completion thereof. If Purchaser completes such work or performs such obligations, any amounts expended by Purchaser in connection therewith shall, in addition to any other right or remedy which Purchaser may have hereunder or at law or in equity, be set-off against any amounts which may at any time thereafter be due or owing by Purchaser to Seller, or which Purchaser is otherwise required to pay hereunder.

6.5 CASUALTY DAMAGE. If, before the Closing Date, the improvements comprising a part of the Project are damaged by any casualty and as a result of such damage Price Waterhouse terminates the Price Waterhouse Lease, Purchaser shall have the right, by giving notice to Seller within thirty (30) days after Seller gives notice of the occurrence of such casualty to Purchaser, to terminate this Agreement, in which event this Agreement shall terminate and the Deposit shall be returned to Purchaser. If, before the Closing Date, the improvements comprising a part of the Project are damaged by any casualty and Purchaser does not have the right to terminate this Agreement as provided in this SECTION 6.5, or if Purchaser has the right to terminate this Agreement pursuant to this SECTION 6.5 but Purchaser does not exercise such right, then this Agreement shall remain in full force and effect and Seller shall use its reasonable good faith efforts to complete the repair or replacement of such improvements prior to the Final Closing Date and the Closing shall be postponed until such repair or replacement is completed; provided, that Purchaser may terminate this Agreement as of the Final Closing Date (whereupon the Deposit will be returned to Purchaser) if Seller has not completed the repair or replacement work on or prior to the Final Closing Date. Seller shall give notice to Purchaser immediately after the occurrence of any damage to the improvements on the Project by any casualty.

6.6 EMINENT DOMAIN. If, before the Closing Date, proceedings are commenced for the taking by exercise of the power of eminent domain of all or any material portion of the Project, Purchaser shall have the right, by giving notice to Seller within thirty (30) days after Seller gives notice of the commencement of such proceedings to Purchaser, to terminate this Agreement, in which event this Agreement shall terminate. If Purchaser has the right to terminate this Agreement as provided in this SECTION 6.6 but Purchaser does not exercise such right, or if Purchaser does not have the right to terminate this Agreement pursuant to this SECTION 6.6, then this Agreement shall remain in full force and effect and, if the purchase and sale of the Project contemplated by

this Agreement is thereafter actually consummated, on the Closing Date, the

condemnation award (or, if not theretofore received, the right to receive such award) payable on account of the taking shall be transferred to Purchaser. Seller shall give notice to Purchaser immediately after Seller's receiving notice of the commencement of any proceedings for the taking by exercise of the power of eminent domain of all or any part of the Project. Purchaser shall have a period of thirty (30) days (or such shorter period as Purchaser may elect by giving notice to Seller) after Seller has given the notice to Purchaser required by this SECTION 6.6 to evaluate the extent of the taking and make the determination as to whether to terminate this Agreement. If necessary, the Closing Date shall be postponed until Seller has given the notice to Purchaser required by this SECTION 6.6 and the period of thirty (30) days described in this SECTION 6.6 has expired. For purposes of this SECTION 6.6, a 'material' portion of the Project shall be deemed to be any portion which: (i) equals five percent (5%) or more of the total land area of the Project; (ii) reduces the number of parking spaces available to the Project to an amount less than four (4) parking spaces for every one thousand (1,000) Rentable Square Feet in the Building; (iii) results in the termination of the Price Waterhouse Lease (and the Closing shall be delayed until Price Waterhouse's right to terminate the Price Waterhouse Lease on account of any such condemnation or eminent domain proceeding has been irrevocably waived); (iv) reduces the rentals payable under the Price Waterhouse Lease; (v) reduces the number of Rentable Square Feet of the Building; or (vi) materially restricts access to the Project.

ARTICLE 7

DEFAULT

7.1 PURCHASER'S DEFAULT. If (a) Purchaser defaults hereunder, (b) Seller is not then in default hereunder, and (c) such default remains uncured five (5) business days after written notice from Seller if such default is susceptible of cure (or, if such default is susceptible of cure but cannot reasonably be cured within such five [5] business day period and Purchaser commences to cure such default within said five [5] business day period and diligently pursues the same to completion, such default remains uncured twenty [20] business days after written notice from Seller, but in no event beyond the Final Closing Date), then Seller may, at its sole election and as its sole and exclusive remedies, terminate this Agreement, whereupon the Deposit shall be paid to Seller as liquidated damages to recompense Seller for time spent, labor and services performed, and the loss of its bargain. Purchaser and Seller agree that it would be impracticable or extremely difficult to affix damages if Purchaser so defaults and that the Deposit (including the interest thereon) represents a reasonable estimate of Seller's damages. Seller agrees to accept the Deposit as Seller's sole remedy at law if Purchaser defaults in its obligation to close hereunder.

7.2 SELLER'S DEFAULT. If (a) Seller defaults hereunder, (b) Purchaser is not then in default hereunder, and (c) such default remains uncured five (5) business days after written notice from Purchaser if such default is susceptible of cure (or, if such default is

susceptible of cure but cannot reasonably be cured within such five [5] business day period and Seller commences to cure such default within said five [5] business day period and diligently pursues the same to completion, such default remains uncured twenty [20] business days after written notice from Purchaser, but in no event beyond the Final Closing Date), then Purchaser may, at its sole election and as its sole and exclusive remedies:

7.2.1 Terminate this Agreement; or

7.2.2 Assert and seek judgment for specific performance; provided, that in connection with such specific performance remedy:

(A) Purchaser shall be entitled to recover from Seller the monetary damages incident to the remedy of specific performance under law or equity and in any event specifically including the monetary damages reasonably sustained by Purchaser due to its inability to use the Project and collect sums due under the Price Waterhouse Lease from the date that the Closing would have occurred but for Seller's default until the date on which final judgment is entered against Seller in such suit, which shall include lost interest on such sums had they been received and invested in United States Treasury obligations or similar secure, short-term money market investments, but specifically excluding consequential, exemplary or punitive damages;

(B) Seller shall not be entitled to assert any equitable defenses to such specific performance action which are not related to Seller's ability to obtain the practical realization of the rights and benefits to be obtained by Seller pursuant to the transaction contemplated by this Agreement; and

(C) If an act or omission of Seller makes the remedy of specific performance unavailable or impracticable, Purchaser shall have such other remedies as are available to it at law or in equity on account of Seller's default.

Purchaser's exercise of its remedies pursuant to the foregoing SUBSECTION 7.2.2 shall not preclude it from subsequently abandoning its pursuit of specific performance and exercising the remedy described in the foregoing SUBSECTION 7.2.1.

ARTICLE 8

DISCLAIMER

8.1 DISCLAIMER. OTHER THAN TO THE EXTENT OF ANY EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS, GUARANTIES OR OTHER

UNDERTAKINGS OR OBLIGATIONS OF SELLER SET FORTH IN THIS AGREEMENT OR INCORPORATED HEREIN BY REFERENCE (INCLUDING WITHOUT LIMITATION ANY EXHIBITS ATTACHED HERETO AND ANY DOCUMENT DELIVERED IN CONNECTION HEREWITH), SELLER DOES NOT, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, AND SELLER SHALL NOT, BY THE EXECUTION AND DELIVERY OF ANY DOCUMENT OR INSTRUMENT EXECUTED AND DELIVERED IN CONNECTION WITH THE CLOSING, MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, WITH RESPECT TO THE PROPERTY, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER MAKES, AND SHALL MAKE, NO EXPRESS OR IMPLIED WARRANTY AS TO MATTERS OF TITLE (OTHER THAN SELLER'S LIMITED WARRANTY OF TITLE SET FORTH IN THE SPECIAL WARRANTY DEED TO BE DELIVERED AT CLOSING AND OTHER THAN TO THE EXTENT OF ANY EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS OR GUARANTIES OF SELLER SET FORTH IN THIS AGREEMENT OR INCORPORATED HEREIN BY REFERENCE [INCLUDING WITHOUT LIMITATION ANY EXHIBITS ATTACHED HERETO AND ANY DOCUMENT DELIVERED IN CONNECTION HEREWITH]), ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITION, VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS, SUITABILITY OR FITNESS OF THE PROPERTY FOR ANY PURPOSE, MERCHANTABILITY, OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY OR THAT THE USE OR SALE OF THE PROPERTY WILL NOT VIOLATE THE TRADEMARK, COPYRIGHT OR PATENT RIGHTS OF ANY PERSON (HEREINAFTER COLLECTIVELY CALLED THE "DISCLAIMED MATTERS"). BUYER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITION THEREOF) AND RELY UPON SAME AND, UPON CLOSING, OTHER THAN TO THE EXTENT OF ANY EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS, GUARANTIES OR OTHER UNDERTAKINGS OR OBLIGATIONS OF SELLER

SET FORTH IN THIS AGREEMENT OR INCORPORATED HEREIN BY REFERENCE (INCLUDING WITHOUT LIMITATION ANY EXHIBITS ATTACHED HERETO AND ANY DOCUMENT DELIVERED IN CONNECTION HEREWITH) SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, THE DISCLAIMED MATTERS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INSPECTIONS AND INVESTIGATIONS. OTHER THAN TO THE EXTENT OF ANY EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS, GUARANTIES OR OTHER UNDERTAKINGS OR OBLIGATIONS OF SELLER SET FORTH IN THIS AGREEMENT OR INCORPORATED HEREIN BY REFERENCE (INCLUDING WITHOUT LIMITATION ANY EXHIBITS ATTACHED HERETO AND ANY DOCUMENT DELIVERED IN CONNECTION HEREWITH), SELLER SHALL SELL AND CONVEY TO BUYER, AND BUYER SHALL ACCEPT, THE PROPERTY "AS IS", "WHERE IS", AND WITH ALL FAULTS, AND THERE ARE

NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER OR ANY THIRD PARTY EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SECTION 8.1 SHALL SURVIVE THE CONSUMMATION OF THE PURCHASE AND SALE OF THE PROPERTY ON THE CLOSING DATE, THE DELIVERY OF THE DEED AND THE PAYMENT OF THE PURCHASE PRICE, WITHOUT REGARD TO ANY GENERAL LIMITATIONS UPON SURVIVAL SET FORTH IN THIS AGREEMENT.

ARTICLE 9

ASSIGNMENT

9.1 ASSIGNMENT BY PURCHASER. This Agreement may not be assigned by Purchaser, in whole or in part, without the prior written consent of Seller, which consent shall not be unreasonably withheld or conditioned; provided, however, that Purchaser may assign this Agreement at or prior to the Closing to an entity controlled by Purchaser or under common control with Purchaser without the prior written consent of Seller. No such assignment shall relieve Purchaser of liability for the performance of Purchaser's duties and obligations under this Agreement.

9.2 COLLATERAL ASSIGNMENT BY SELLER. This Agreement may be collaterally assigned to the Construction Lender as additional security for the Construction Loan. The form of assignment shall provide that such assignment becomes absolute only upon the Construction Lender or its designee acquiring title to the Project by foreclosure or deed in lieu of foreclosure. Seller may not assign this Agreement, in whole or in part, to any other party.

ARTICLE 10

CERTAIN ADDITIONAL AGREEMENTS

10.1 TRINET KNOWLEDGE. All knowledge of TriNet as of the Effective Date with respect to the Project, the Original Agreement, this Agreement, or otherwise with respect to the transaction that is the subject of the Original Agreement or this Agreement is hereby imputed to Purchaser such that all such knowledge shall be deemed knowledge of Purchaser and shall be binding upon Purchaser. The reference in the preceding sentence to the "knowledge" of TriNet: (i) shall mean only the actual knowledge of David Yeager and _____; and (ii) shall not include any actual, imputed or constructive knowledge of any officer, agent, employee or affiliate of TriNet other than David Yeager and _____.

10.2 TRINET CONSENT OR OTHER ACTIONS. Any consent or other actions of TriNet on or before the Effective Date, whether express or implied, with respect

to the Project, the Original Agreement, this Agreement, or otherwise with respect to the transaction that is the subject of the Original Agreement or this Agreement shall be deemed to be the consent or actions of Purchaser and shall be binding upon Purchaser.

10.3 NOVATION; RATIFICATION. This Agreement is not intended to be, nor shall it constitute, a novation of the Original Agreement. Purchaser hereby ratifies the Original Agreement, as amended and modified herein.

ARTICLE 11

MISCELLANEOUS

11.1 NOTICES. Except as otherwise provided in this agreement, all notices, demands, requests, consents, approvals and other communications required or permitted to be given hereunder, or which are to be given with respect to this Agreement, shall be in writing and shall be deemed delivered upon the personal delivery thereof, or by delivery by facsimile electronic transmission, or on the next business day following delivery to a reliable and recognized air freight delivery service for next business day delivery, or on the third (3rd) business day following deposit in the United States mail, Certified Mail, Return Receipt Requested, provided such notices shall be addressed or delivered to the parties at their respective addresses set forth below, or, if to be delivered by electronic facsimile transmission, then at their respective facsimile telephone numbers set forth below. Rejection or other refusal to accept, or inability to deliver because of changed address of which no notice was given, shall be deemed to be receipt of such notice, demand, request, consent, approval or other communication. Any party, by written notice to the others in the manner herein provided, may designate an address different from that stated below. Copies of any notices, demands, requests, consents, approvals or other communications delivered hereunder shall, concurrently with the delivery thereof, be delivered to the additional parties set forth below by the same means of delivery used for delivery thereof to the contracting parties (except in the case of personal delivery, in which case either one or more of the alternate means of delivery may be selected for the delivery of copies):

With respect to deliveries to Purchaser:

Wells Real Estate Funds
3885 Holcomb Bridge Road
Atlanta, Georgia 30092
Attn: Mr. Michael C. Berndt
Facsimile: (770) 840-7224

With a copy to:

William O'Callaghan, Jr., Esq.
O'Callaghan & Stumm, LLP
127 Peachtree Street
The Candler Building
Suite 1330
Atlanta, Georgia 30303
Facsimile: (404) 522-3080

With respect to deliveries to Seller:

Carter Sunforest, L.P.
1275 Peachtree Street
Atlanta, Georgia 30367
Attention: Mr. Philip S. Stevenson

Facsimile: 404/888-3344

with a copy to:

Kilpatrick Stockton LLP
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309-4530
Attention: M. Andrew Kauss, Esq.
Facsimile: 404/815-6555

All costs and expenses of the delivery of notices hereunder shall be borne and paid for by the delivering party, and no notice shall be deemed to have been validly delivered hereunder unless delivery charges shall have been prepaid.

11.2 ENFORCEMENT COSTS. In the event either party retains counsel for the purpose of collecting any sums required to be paid to such party under the provisions of this Agreement, or otherwise for the purpose of enforcing any of the provisions of this Agreement, the prevailing party in any such proceeding shall be entitled to reimbursement for its reasonable costs and expenses of prosecuting or defending such

proceeding, as the case may be, including, without limitation, reasonable attorneys' fees and expenses.

11.3 BROKERAGE. Seller and Purchaser each hereby represent and warrant to the other that neither has dealt with any broker or finder in connection with the sale or purchase of the Project; provided, however, each of Seller and Purchaser acknowledge that Carter is entitled to a brokerage commission as set forth in the Assignment and Assumption Agreement. Each of Seller and Purchaser agrees to indemnify, defend and hold the other harmless of and from any and all manner of claims, liabilities, loss, damage, attorneys' fees and expenses, incurred by either party and arising out of, or resulting from, any claim by any such broker or finder in contravention of its representation and warranty herein contained.

11.4 INDEMNITIES. Seller hereby agrees to indemnify, defend and hold Purchaser free and harmless of and from any and all Claims of any kind or nature, arising out of or based on any failure of Seller to perform all obligations of Seller in accordance with the Price Waterhouse Lease or any contracts or permits relating to the construction, ownership, operation, leasing of the Project (or any event by Seller or condition that, after notice or the passage of time, or both, would constitute a breach, default or violation by Seller) under any of the foregoing arising on or prior to the Closing Date, or any personal injury or property damage (other than damage to the Land, the Building or the Building Equipment) occurring in, on or about the Project before the Closing Date, except to the extent any of the foregoing shall be expressly assumed by Purchaser pursuant to the provisions hereof. With respect to any liabilities or obligations which, after the Closing Date, are the liabilities or obligations of Purchaser under the provisions of this Agreement, or which have been expressly assumed in writing by Purchaser, or which arise solely as a result of the acts of Purchaser, Purchaser shall indemnify, defend, and hold Seller, and each partner of Seller, free and harmless from any and all Claims in connection therewith.

11.5 AMENDMENTS. This Agreement may not be altered, modified, extended, revised or changed, nor may any party hereto be relieved of any of its liabilities or obligations hereunder, except by a written instrument duly executed by each of the parties hereto. Any such written instrument entered into in accordance with the provisions of the preceding sentence shall be valid and enforceable notwithstanding the lack of separate legal consideration

therefor.

11.6 FURTHER ASSURANCES. Each of the parties hereto, including Purchaser, shall, at any time after the Closing Date, or at any other relevant time, execute and deliver such further instruments, documents and certificates, and do such further acts and things, as may be required by law or which may be appropriate in order to carry out the intent and purposes of this Agreement.

11.7 GOVERNING LAW. This Agreement is made pursuant to, and shall be governed by and construed in accordance with the laws of the State of Florida.

11.8 HEADINGS. Section and article headings used herein are for convenience of reference only and shall have no legal effect.

11.9 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be one agreement.

11.10 BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors, permitted assigns, heirs and legal representatives and any person who shall have acquired any of their interests or rights of any party hereto in accordance with this Agreement.

11.11 SEVERABILITY. In the event any provision of this Agreement is held to be invalid, the remainder of this Agreement shall nevertheless be deemed to be valid and effective and fully enforceable.

11.12 ENTIRE AGREEMENT. This Agreement, and the Exhibits herein referred to, constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings.

11.13 NO THIRD PARTY BENEFICIARIES. Each of the covenants, undertakings and agreements of the parties hereto are intended solely for the benefit of the other party or parties hereto, and their successors in interest and assigns, and are not intended for the benefit of, and may not be enforced by, any third parties.

11.14 CONSTRUCTION. Seller and Purchaser acknowledge that each party and its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either party in connection with the transactions contemplated by this Agreement.

11.15 TERMS GENERALLY. The defined terms in this Agreement shall apply equally to both the singular and the plural forms of the terms defined. The term "person" includes individuals, corporations, partnerships, trusts, other legal entities, organizations and associations, and any government or governmental agency or authority. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "approval," "consent" and "notice" shall be deemed to be preceded by the word "written."

11.16 WAIVERS. No waiver of any provision of this Agreement or of any

breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving party and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other or subsequent breach of this Agreement.

11.17 CONFIDENTIALITY. Seller covenants that it shall not disclose the existence of this Agreement and its terms to any person (other than the recorded Memorandum of Agreement provided for in SECTION 2.5), except on a strictly confidential basis to (i) the Title Company, (ii) Price Waterhouse in connection with Seller's efforts to obtain the Estoppel Certificate, (iii) Seller's contractors, and (iv) Seller's directors, officers, affiliates, employees, attorneys, lenders and advisors who are directly involved in Seller's obligations under this Agreement. Prior to Closing Seller shall not make, and Seller shall use its best efforts to ensure that the foregoing third parties do not make, any public announcement of this Agreement or the transactions contemplated by this Agreement without the prior written consent of Purchaser, which consent may be withheld by Purchaser in its sole and absolute discretion, unless such public announcement is necessary to comply with applicable law. After Closing Seller shall not make, and Seller shall use its best efforts to ensure that the foregoing third parties do not make, any public announcement of this Agreement or the transactions contemplated by this Agreement for a period of five (5) business days without the prior written consent of Purchaser.

11.18 EXHIBITS. Each and every Exhibit referred to or otherwise mentioned in this Agreement is attached to this Agreement and is and shall be construed to be made a part of this Agreement by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each Exhibit were set forth in full every time it is referred to or otherwise mentioned.

11.19 CONSIDERATION FOR INDEMNITIES. Whenever there appears in this Agreement an indemnification provision within the purview of Section 725.06, Florida Statutes, the sum of $10.00 has been paid as specific consideration therefor to the indemnifying party and such party hereby acknowledges the adequacy and sufficiency of such consideration and the receipt thereof.

11.20 NON-DISCLOSURE. No information or contents of any Studies or environmental reports, nor the results of any investigation of the Project, including, but not limited to, the contents of the report issued in connection therewith, shall be disclosed by Purchaser or its agents, consultants or employees to any third party without Seller's prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed), unless and until Purchaser is legally compelled to make such disclosure under applicable laws or until Purchaser consummates its purchase of the Project pursuant to this Agreement. Notwithstanding the foregoing, Purchaser may disclose such matters to Purchaser's consultants and Purchaser's directors, officers, employees, legal counsel and lenders or prospective lenders (hereinafter collectively called the "Related Parties") who, in Purchaser's reasonable opinion, must know such information for the purpose of evaluating the same for Purchaser as a potential purchaser of the Project. Purchaser shall take commercially reasonable actions to ensure that any Related Parties to whom such documents, items or information are furnished not make the same available or disclose the contents thereof to any person. If this Agreement is terminated for any reason other than the default of Seller, Purchaser shall promptly return to Seller any and all documents, plans and other items furnished to Purchaser or any Related Parties by Seller

pursuant to this SECTION 11.20 without retaining copies thereof. The provisions of this SECTION 11.20 shall survive any termination or cancellation of this Agreement.

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

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

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

By: /s/ Leo F. Wells
Name: Leo F. Wells, III
Title: President

SELLER: CARTER SUNFOREST, L.P., a Georgia limited partnership

By: Carter & Associates Enterprises, Inc., a Georgia corporation, its general partner

By: /s/ Bradley D. Reese
Name: Bradley D. Reese
Title: Senior Vice President

INDEX OF EXHIBITS

EXHIBIT 10.38

ASSIGNMENT AND ASSUMPTION AGREEMENT

BETWEEN TRINET CORPORATE REALTY TRUST, INC.

AND

WELLS OPERATING PARTNERSHIP, L.P.

EXECUTION COUNTERPART

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "AGREEMENT") is made as of DECEMBER 4, 1998 (the "EFFECTIVE DATE"), by and between TRINET CORPORATE REALTY TRUST, INC., a Maryland corporation ("ASSIGNOR"), and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("ASSIGNEE").

RECITALS

A. Assignor and Carter Sunforest, L.P., a Georgia limited partnership ("SELLER") entered into that certain Purchase Agreement dated as of March 30, 1998 (the "PURCHASE AGREEMENT"), pursuant to which Assignor agreed to purchase, and Seller agreed to sell, certain property located in Sunforest Executive Center, Tampa, Florida to be improved with a four-story building containing approximately 132,610 Rentable Square Feet, subject to the terms and conditions set forth therein.

B. Assignor, Seller and SouthTrust Bank, National Association ("LENDER") entered into that certain TriParty Agreement dated on or about March 30, 1998 (the "TRIPARTY AGREEMENT") in connection with a mortgage loan of even date therewith from Lender to Seller secured, inter alia, by the Project.

C. Assignor desires to assign all of its rights and obligations as purchaser under the Purchase Agreement to Assignee, and Assignee desires to assume all of Assignor's rights and obligations as purchaser under the Purchase Agreement, on the terms and conditions hereafter set forth.

D. Assignor desires to assign all of its rights and obligations under the TriParty Agreement to Assignee, and Assignee desires to assume all of Assignor's rights and obligations under the TriParty Agreement, on the terms and conditions hereafter set forth.

NOW THEREFORE, in consideration of the mutual premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS. All terms used herein but not defined herein shall have the same meaning for purposes hereof as they do for purposes of the Purchase Agreement.

2. ASSIGNMENT PRICE; DEPOSIT INTO ESCROW.

(a) The price for the assignment of the Purchase Agreement and the TriParty Agreement (the "ASSIGNMENT PRICE") shall be FOUR HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($420,000.00).

(b) Within two (2) business days after the execution hereof by both parties, the parties shall establish a strict joint order escrow with the Atlanta, Georgia office of Chicago Title Insurance Company ("ESCROW HOLDER"). The terms and conditions set forth in this Agreement shall constitute both an agreement between Assignor and Assignee and escrow instructions for Escrow Holder. Assignor and Assignee shall promptly execute and deliver to Escrow Holder any separate or additional escrow instructions requested by Escrow Holder which are consistent with the terms of this Agreement. Any separate or additional instructions shall not modify or amend the provisions of this Agreement unless otherwise expressly set forth by mutual consent of Assignor and Assignee.

(c) Within two (2) business days after the execution hereof by both parties, Assignee will deposit the entire Assignment Price with the Escrow Holder. The Assignment Price shall be non-refundable to Assignee on and after the Effective Date except as expressly provided herein. The failure of Assignee to timely deposit the full Assignment Price into Escrow shall be a material breach under this Agreement entitling Assignor to terminate this Agreement by written notice to Assignee. The Assignment Price shall at all times prior to Closing be invested in United States treasury obligations, or such other interest bearing accounts or securities as are approved by Assignee and Assignor in writing; all interest earned on the Assignment Price until the Closing (or, if Assignee earlier defaults in its obligations as purchaser under the Purchase Agreement on or after the Effective Date, until the date of such default) shall be paid or credited to Assignee. All interest earned on the Assignment Price shall be paid to Assignor, at Closing, or otherwise to Assignee.

3. DUE DILIGENCE. Assignee acknowledges that, on or before the date of this Agreement, Assignor has delivered to Assignee legible copies of the following documents:

(1) Assignment Agreement and Amendment and Restatement of Registration and Commission Agreement by and among CLW Realty Group, Carter & Associates, L.L.C. and Seller with respect to the Price Waterhouse Lease;

(2) Seller's existing title insurance policy with respect to the Project, together with all documents referred to therein as exceptions to title;

(3) All existing boundary and topographical surveys with respect to the Land;

(4) All Plans and Specifications with respect to the Project;

(5) A site plan with respect to the Project;

(6) All environmental Studies with respect to the Land, including, without limitation, any wetlands Studies;

(7) The Price Waterhouse Lease;

(8) The Purchase Agreement; and

(9) The TriParty Agreement.

4. ASSIGNMENT AND ASSUMPTION.

(a) Effective as of the Release Date (as hereinafter defined), Assignor hereby assigns and transfers to Assignee all right, title and interest of Assignor in, to and under (i) the Purchase Agreement, and (ii) the TriParty Agreement.

(b) Effective as of the Release Date, Assignee hereby accepts the foregoing

assignment, and assumes and agrees to perform and discharge all of the covenants, agreements, duties and obligations in the Purchase Agreement and the TriParty Agreement to be performed by Assignor thereunder.

(c) For purposes of this Agreement, the term "RELEASE DATE" means the date on the which the latest of the following occurs, if at all: (I) the timely deposit of the Assignment Price, in good funds, in accordance with the terms of this Agreement and receipt by Seller from Escrow Holder of written confirmation of such deposit; (II) the timely deposit of the Deposit (as such term is defined in that certain Amended and Restated Purchase Agreement dated on or about the date hereof by and between Seller and Assignee (the "AMENDED AND RESTATED PURCHASE AGREEMENT")), in good funds, in accordance with the terms of the Amended and Restated Purchase Agreement and receipt by Seller from the Title Company (as defined in the Amended and Restated Purchase Agreement) of written confirmation of such deposit; and (III) the receipt by Seller of the Acknowledgment, Consent and Agreement of Lender to this Agreement, duly executed by Lender, in the form attached hereto or in such other form as may be acceptable to Seller in its sole and absolute judgment and discretion.

5. CLOSING. On the date of the Closing under the Purchase Agreement, the Escrow Holder shall pay (i) the Assignment Price, less the Commission (as hereinafter defined), to Assignor by federal funds wire transfer or other immediately available funds, and (ii) the Commission to Broker (as hereinafter defined) by federal funds wire transfer or other immediately available funds. If the Closing fails to occur because of a default by Assignee in its obligations as purchaser under the Purchase Agreement, Escrow Holder

shall pay the Assignment Price to Assignor upon demand by Assignor and neither party shall have any further liability or obligation to the other. If the Closing fails to occur because of a default by Seller in its obligations under the Purchase Agreement or the failure to satisfy a condition precedent to the purchaser's obligations under the Purchase Agreement, this Agreement shall terminate and all sums deposited with the Escrow Holder shall be refunded to Assignee upon demand by Assignee and neither party shall have any further liability or obligation to the other.

6. ASSIGNOR'S WARRANTIES; DISCLAIMER OF ADDITIONAL WARRANTIES.

(a) Assignor represents and warrants to Assignee that: (i) Assignor is not in default under the Purchase Agreement or the TriParty Agreement; (ii) to Assignor's knowledge, Seller is not in default under the Purchase Agreement or the TriParty Agreement; (iii) to Assignor's knowledge, Lender is not in default under the TriParty Agreement; and (iv) except to the extent disclosed to Assignee, Assignor has no knowledge as of the Effective Date, and has not given its consent or undertaken any other action on or before the Effective Date, whether express or implied, with respect to the Project, the Purchase Agreement, the Amended and Restated Purchase Agreement, or otherwise with respect to the transaction that is the subject of the Purchase Agreement or the Amended and Restated Purchase Agreement that would have a materially adverse effect on the Project, the Purchase Agreement, the Amended and Restated Purchase Agreement, or otherwise with respect to such transaction.

(b) Assignee warrants and acknowledges to and agrees with Assignor that, except as expressly set forth in this Agreement, Assignee is assuming the rights and obligations of Assignor under the Purchase Agreement and the TriParty Agreement specifically and expressly without any warranties, representations or guarantees, either express or implied, of any kind, nature, or type whatsoever from or on behalf of Assignor.

7. FURTHER ASSURANCES. Assignor and Assignee agree to execute such other documents and perform such other acts as may be reasonably necessary or proper and usual to effect this Assignment.

8. SUCCESSORS AND ASSIGNS. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective personal representatives, heirs, successors and assigns.

9. BROKERS. Assignor and Assignee each represent that they have dealt with no real estate brokers with respect to this Agreement other than Carter & Associates, L.L.C. ("BROKER") and, to their knowledge, no other broker initiated or participated in the negotiation of this Agreement. Assignee agrees to indemnify, defend and hold Assignor harmless from all claims from any real estate broker other than Broker for commission or fees in connection with this Agreement arising from or based upon any act or agreement of Assignee. Assignor shall be solely responsible for the payment of a commission to Broker in the amount of ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000.00)

(the "COMMISSION"). Assignor agrees to indemnify, defend and hold Assignee harmless from all claims from any real estate broker other than Broker for commission or fees in connection with this Agreement arising from or based upon any act or agreement of Assignor.

10. NOTICES. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed, hand delivered, sent by Federal Express or other recognized overnight courier service or sent by facsimile, to the parties as follows:

To Assignee:

Wells Real Estate Funds
3885 Holcomb Bridge Road
Atlanta, Georgia 30092
Attn: Mr. Michael C. Berndt
Facsimile: (770) 840-7224

With a copy at the same time to:

William O'Callaghan, Jr., Esq.
O"Callaghan & Stumm, LLP
127 Peachtree Street
The Candler Building
Suite 1330
Atlanta, Georgia 30303
Facsimile: (404) 522-3080

To Assignor:

TriNet Corporate Realty Trust, Inc.
1000 Westlakes Drive
Suite 150
Berwyn, Pennsylvania 19312
Attn: Mr. David Yeager
Facsimile: (610) 640-5829

With copies at the same time to:

TriNet Corporate Realty Trust, Inc.
One Embarcadero Center
Suite 3300
San Francisco, California 94111
Attn: James H. Ida

Facsimile: (415) 391-6259

and

Leonard X Rosenberg, Esq.
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
Facsimile: (312) 702-7711

or to such additional or other persons, at such other address or addresses as may be designated by notice from Assignor or Assignee, as the case may be, to the other. Notices by mail shall be sent by United States certified or registered mail, return receipt requested, postage prepaid, and shall be deemed given and effective two business days following posting in the United States mails. Notices by hand delivery or facsimile shall be deemed given and effective upon the delivery thereof. Notices by overnight courier shall be deemed given and effective on the first business day following the delivery thereof to Federal Express or another recognized overnight courier service.

11. ATTORNEYS' FEES. In the event of any legal action or proceeding between Assignor and Assignee arising from or based on this Agreement, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees and disbursements, incurred by such prevailing party in such action or proceeding and in any appeal in connection therewith. If such prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses and attorneys' fees and disbursements shall be included in and as a part of such judgment. Without limiting the generality of the foregoing, in the event that Assignor is the prevailing party in any such action, proceeding or appeal and is delayed in receiving the Assignment Price because of any such action, proceeding or appeal, Assignee shall also pay to Assignor interest on the Assignment price at twelve percent (12%) per annum from the date on which the Assignment Price would otherwise have been paid to Assignor hereunder until the date on which the Assignment Price, together with interest as set forth herein, is actually paid to Assignor.

12. ENTIRE AGREEMENT. This Agreement, the Acknowledgment, Consent and Agreement of Seller attached hereto, and the Acknowledgment, Consent and Agreement of Lender attached hereto represent the entire agreement among the parties hereto with respect to the subject hereof and supersede all prior negotiations, either written or oral, including but not limited to any letters of intent.

13. RECITALS INCORPORATED. The Recitals set forth in the preamble to this Agreement are incorporated herein by reference and made a part of this Agreement.

14. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be one agreement.

15. CONSTRUCTION. Assignor and Assignee acknowledge that each party and its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either party in connection with the transactions contemplated by this Agreement.

16. AMENDMENTS. This Agreement may not be altered, modified, extended,

revised or changed, nor may any party hereto be relieved of any of its liabilities or obligations hereunder, except by a written instrument duly executed by each of the parties hereto to which Seller and Lender has consented.

17. ESCROW FEES. One-half (1/2) of any escrow fees and other expenses charged by the Escrow Holder shall be borne and paid by Assignor, and the other one-half (1/2) of such fees and expenses shall be borne and paid by Assignee.

18. SURVIVAL. The provisions of this Agreement shall survive the assignment and assumption of the Purchase Agreement contemplated hereby.

19. CONDITION PRECEDENT. This Agreement and the assignments and assumptions contemplated hereby are expressly subject to the Acknowledgment, Consent and Agreement of Seller attached hereto, and the Acknowledgment, Consent and Agreement of Lender attached hereto, and this Agreement shall not be effective unless and until both such agreements are executed in full by the respective parties thereto.

[signature page follows]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first hereinabove written.

ASSIGNOR: TRINET CORPORATE REALTY TRUST INC., a Maryland corporation

By: /s/ David J. Yeager
Name: David J. Yeager
Its: Vice President

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

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

By: /s/ Leo F. Wells
Name: LEO F. WELLS, III
Its: President

EXHIBIT 10.39

AMENDED AND RESTATED LOAN AGREEMENT

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

SOUTHTRUST BANK, NATIONAL ASSOCIATION

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT is entered into as of the 31st day of December, 1998, by and between CARTER SUNFOREST, L.P., a Delaware limited partnership ("Borrower"), and SOUTHTRUST BANK, NATIONAL ASSOCIATION, a national banking association ("Lender").

R e c i t a l s:

Borrower is indebted to Lender for a loan in the original maximum principal amount of $20,251,000.00 (the "Loan"). The Loan was made available to Borrower pursuant to the terms and conditions of a Loan Agreement dated March 31, 1998 (the "Original Loan Agreement"). Borrower has requested that Lender renew and modify the Loan in several respects. Lender is willing to grant Borrower's request, and accordingly Borrower and Lender have entered into this Amended and Restated Loan Agreement (this "Loan Agreement") pursuant to which the Original Loan Agreement is amended and restated on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, agreements, and warranties hereinafter set forth and of the sum of Ten Dollars ($10.00) in hand paid by each party hereto to the other, Borrower and Lender agree that the Origional Loan Agreement is hereby amended, extended, and restated on the following terms and conditions:

ARTICLE I - DEFINITIONS OF GENERAL APPLICATION

In addition to any other terms that are defined in this Loan Agreement, the following terms shall have the following meanings unless the context hereof otherwise indicates:

"Affiliate" shall mean, as to any Person, any other Person (i) who directly or indirectly controls, is controlled by, or is under common control with such Person, (ii) who is a substantial creditor, customer, or supplier of such Person, (iii) who is a director, officer, manager, partner, member, shareholder, employee, or employer of such Person, or (iv) who is a member of the immediate family of such Person. "Control," as used in this definition, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the power to elect a majority of the directors or trustees of a corporation or trust, as the case might be.

"Applicable Interest Rate" shall have the meaning assigned to such term in the Note.

"Assignment" shall mean the Assignment of Leases and Rents dated as of March 31, 1998, executed by Borrower for the benefit of Lender with respect to the Project, as amended by the Ominbus Amendment.

"Borrower" shall have the meaning assigned to such term in

the preamble to this Loan Agreement.

"Business Day" shall mean any day that is not a Saturday, Sunday, or a legal holiday on which banks are authorized or required to be closed in Atlanta, Georgia.

"Collateral" shall mean all real and personal property now or hereafter encumbered by the Security Documents, including all after-acquired property and all other collateral from time to time given by Borrower or any other person to secure the Obligations.

"Commitment Amount" shall mean $15,500,000.00.

"Commitment Expiration Date" shall mean December 31, 2000.

"Commitment Period" shall mean the period of time commencing upon the date of this Loan Agreement and ending on the Commitment Expiration Date.

"Default Rate" shall have the meaning assigned to such term in the Note.

"Event of Default" shall have the meaning assigned to such term in Article VI hereof.

"Guarantor" shall mean any Person who at any time is a guarantor, indemnitor, surety, or endorser of all or any part of the Loan or any other Obligations.

"Guaranty Agreement" shall mean any guaranty agreement, indemnity agreement, surety agreement, or endorsement now or hereafter executed by any Guarantor with respect to the Loan and the other Obligations.

"Improvements" shall mean the buildings, structures (surface and subsurface), and other improvements and fixtures now or hereafter situated on or attached to any portion of the Land, which Improvements include a four-story office building containing approximately 130,091 rentable square feet and related improvements and amenities.

"Land" shall mean the parcel(s) or tract(s) of land lying and being in Hillsborough, Florida, more particularly described in the Mortgage.

"Lease" shall mean the Lease dated March 30, 1998, between Borrower and Tenant with respect to the Improvements, as assumed by Borrower, with all amendments to, and renewals and extensions of, the Lease, all guaranties with respect thereto, all work letter agreements, improvements agreements, and other agreements with Tenant, all default letters or notices, estoppel letters, rental adjustment notices, escalations notices, and other correspondence in regard thereto, and all credit reports and accounting records in regard thereto.

"Lender" shall have the meaning assigned to such term in the preamble to this Loan Agreement..

"Legal Requirement" or "Legal Requirements" shall mean, as the case might be, any one or more of all present and future laws, codes, ordinances, orders, judgments, decrees, injunctions,

rules, regulations, and requirements, even if unforseen or extraordinary, of every duly constituted governmental authority or agency (but excluding those which by their terms are not applicable to and do not impose any obligation on Borrower or the Project), including, without limitation, the requirements and conditions of any permits or licenses, and all covenants, restrictions, and conditions now or hereafter of record that might be applicable to Borrower or the Project or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair, or reconstruction of the Project, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the Americans with Disabilities Act and regulations promulgated thereunder) or results in interference with the use or enjoyment of the Project or (ii) requires Borrower to carry insurance other than as required by the provisions of this Loan Agreement, the Lease, and the Loan Documents.

"Loan" shall mean the loan in the maximum principal amount of $15,500,000.00 from Lender to Borrower pursuant to the terms and conditions of this Loan Agreement, as evidenced by the Note.

"Loan Account" shall mean the depositary account established by Borrower with Lender.

"Loan Agreement" shall mean this Loan Agreement, as from time to time amended, modified, supplemented, or restated pursuant to the applicable provisions hereof.

"Loan Documents" shall mean collectively this Loan Agreement, the Note, the Security Documents, the Guaranty, and any and all other documents now or hereafter executed by Borrower, Guarantor, or any other Person which evidences, secures, or otherwise relates to the Loan.

"Management Agreement" shall mean that certain Management Agreement with respect to the Project, obligating Manager to manage the Project, and any replacement management agreement for the Project hereafter approved in writing by Lender pursuant to the applicable provisions of the Loan Documents.

"Manager" shall mean Wells Management Company, Inc., who shall manage the Property pursuant to the Management Agreement, or any replacement manager of the Property hereafter approved in writing by Lender in accordance with the applicable provisions of the Loan Documents.

"Mortgage" shall mean the Mortgage and Security Agreement dated as of March 31, 1998, executed by Borrower for the benefit of Lender, as amended by the Mortgage Amendment, which encumbers the Land, the Improvements, and certain other property and rights more particularly described therein.

"Mortgage Amendment" means Amendment No. 1 to Mortgage and Security Agreement and Other Loan Documents dated as of December 31, 1998, between Borrower and Lender.

"Note" shall mean the Amended and Restated Promissory Note of even date herewith evidencing Borrower's promise to repay the Loan with interest thereon, as the same might hereafter be modified, extended, renewed, supplemented, or restated pursuant to the applicable provisions thereof.

"Obligations" shall mean the aggregate of all principal and interest owing from time to time under the Note, and all

expenses, charges, and other amounts from time to time owing under the Note, this Loan Agreement, the Lease, or any of the Loan Documents, and all covenants, agreements, and other obligations from time to time owing to, or for the benefit of, Lender pursuant to this Loan Agreement, the Lease, and the other Loan Documents.

"Obligor" shall mean Borrower, any general partner of Borrower (if Borrower is a partnership), any Person who acquires title to the Project (and any general partner of such Person, if such Person is a partnership), and Guarantor, separately and collectively, irrespective of whether the singular or plural is used and irrespective of whether, if singular, said term is modified in any particular case by the preposition "each" or by other appropriate preposition.

"Permits" shall mean all licenses, permits, certificates, approvals, authorizations and registrations obtained from any governmental or quasi-governmental authority and used or useful in connection with the ownership, rental, operation, use, or occupancy of the Project, including, without limitation, business licenses, zoning approvals and variances, food and beverage service licenses, licenses to conduct business, and all such other permits, licenses, and rights.

"Permitted Encumbrances" shall mean collectively (i) Liens at any time existing in favor of Lender, (ii) the matters affecting title to the Land described in title insurance policy issued in favor of Lender in connection with the Loan, (iii) statutory Liens incurred in the ordinary course of business for the purchase of labor, services, materials, equipment, or supplies, or with respect to workmen's compensation, unemployment insurance, or other forms of governmental insurance or benefits, which are not delinquent or are paid or bonded and removed of record in a manner satisfactory to Lender, (iv) the Lease, and (v) Liens for real property taxes, assessments, or governmental charges or levies for the current year, the payment of which is not delinquent.

"Person" shall mean any individual, corporation, partnership, joint venture, association, trust, unincorporated organization, and any government or any agency or political subdivision thereof.

"Potential Default" shall mean the occurrence of any event or circumstance that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Project" shall mean the Land and the Improvements collectively.

"Security Documents" shall mean collectively the Mortgage, the Assignment, and any and all other documents, instruments, or financing statements heretofore or hereafter executed by Borrower, Guarantor, or any other Person for the benefit of Lender as security for all or any part of the Obligations.

"Tenant" shall mean Pricewaterhouse Coopers LLP, a Delaware registered limited liability partnership, and its successors and assigns as permitted under the Lease.

"Title Company" shall mean the issuer of the mortgagee's policy of title insurance with respect to the Loan, as approved by Lender in its discretion.

ARTICLE II - DISBURSEMENT OF THE LOAN

2.1. Limitation on Advances.

1. Subject to all terms set forth herein but only during the Commitment Period and for so long as no Event of Default exists, Lender agrees, on the terms hereinafter set forth, to loan to Borrower, when requested by Borrower, principal amounts aggregating up the Commitment Amount. Within the aforesaid limit, Borrower may borrow, make payments, and reborrow under this Loan Agreement, subject to the provisions hereof. If the outstanding principal amount of the Loan at any time exceeds the Commitment Amount (an "Overadvance"), Borrower shall immediately pay Lender an amount equal to the Overadvance as a payment on the principal amount of the Loan. Without limiting the foregoing, which provision may be enforced by Lender at any time and which provision, as well as the other provisions hereof, may not under any circumstance be waived or altered by a course of dealing or otherwise, insofar as Borrower may request and Lender may be willing in its sole and absolute discretion to make Overadvances, all Overadvances shall be payable on demand, shall be secured by the Collateral, and shall bear interest as provided in the Note. Lender may in its sole discretion honor any request (or deemed request) for a advance under the Loan even though an Overadvance then exists or would exist with the making of such advance, and without regard to the existence of, and without waiving, any Potential Default or Event of Default.

2. Borrower acknowledges and agrees that (i) immediately prior to the execution and delivery of this Loan Agreement, the principal amount outstanding under the Loan was

$14,143,570.95, and (ii) concurrently with the execution and delivery hereof Borrower has paid all accrued interest on the Loan through and including December 31, 1998.

2.2. Procedures for Advances. Whenever Borrower desires an Advance, Borrower shall give Lender prior written or telecopied notice (or telephonic notice promptly confirmed in writing or by telecopy) of its request for such Advance (a "Advance Request"), such Advance Request to be given not less than five (5) Business Days prior to the date that Borrower requests that such Advance be made. Each Advance Request shall be irrevocable and shall specify the principal amount of the Advance and the date of the Advance (which shall be a Business Day). Each Advance Request shall be given by Borrower's chief financial officer, vice president-finance, director of finance or treasurer or such other Person who may be expressly and specifically designated in writing by any of such officers at such time to be a representative of Borrower with authority to give Advance Requests on behalf of Borrower. Lender shall have no liability to Borrower for refusing to honor any Advance Request given by any Person who Lender is not satisfied is so authorized to give any such notice. Each Advance shall be made at the main office of Lender in Birmingham, Alabama (or such other place as Lender may designate) and shall be made no more frequently that once each month. All Advances shall be disbursed to Borrower by depositing the same into the Loan Account.

2.3. Title Updates and Recording Taxes. Prior to any Advance, Lender shall require an endorsement to the title insurance policy insuring the lien of the Mortgage that extends the effective date of such policy to the date of the Advance with no additional exceptions added to such policy. In addition, Lender shall be entitled to deduct and withhold from any Advance an amount equal to any documentary stamps, intangibles tax, or other recording taxes due and payable with respect to such Advance.

2.4. Security for the Loan. The Loan shall be secured by, and entitled to

the benefits of, the Security Documents, the Guaranty Agreement, and the other Loan Documents.

2.5. Interest Rate and Repayment Term. Borrower's obligation to repay the Loan shall be evidenced by the Note. Interest shall accrue on the principal amount outstanding under the Note from time to time at the rate or rates provided in the Note. The principal of, and accrued interest on, the Loan shall be repaid by Borrower in accordance with the provisions of the Note.

2.6. Maximum Rate. Regardless of any provision contained in this Loan Agreement or any of the Loan Documents, in no event shall the aggregate of all amounts that are contracted for, charged, or collected pursuant to the terms of this Loan Agreement, the Note, or any of the Loan Documents and that are deemed interest under applicable law exceed the maximum rate permitted by applicable law (the "Maximum Rate"). No provision of this Agreement or in any of the Loan Documents or the exercise by Lender of any right hereunder or under any Loan Document or the prepayment by Borrower of any of the Obligations or the occurrence of any contingency whatsoever, shall entitle Lender to charge or receive, or to

require Borrower to pay, interest or any amounts deemed interest by applicable law (such amounts being referred to herein collectively as "Interest") in excess of the Maximum Rate, and all provisions hereof or in any Loan Document which may purport to require Borrower to pay Interest exceeding the Maximum Rate shall be without binding force or effect to the extent only of the excess of Interest over such Maximum Rate. Any Interest charged or received in excess of the Maximum Rate ("Excess"), shall be conclusively presumed to be the result of an accident and bona fide error, and shall, to the extent received by Lender, at the option of Lender, either be applied to reduce the principal amount of the Obligations or returned to Borrower. All monies paid to Lender hereunder or under any of the Loan Documents shall be subject to any rebate of unearned interest as and to the extent required by Legal Requirements. By the execution of this Loan Agreement, Borrower covenants that (i) the credit or return of any Excess shall constitute the acceptance by Borrower of such Excess, and (ii) Borrower shall not seek or pursue any other remedy, legal or equitable, against Lender, based in whole or in part upon contracting for, charging, or receiving any Excess, provided that such Excess has been refunded or credited to the benefit of Borrower. For the purpose of determining whether or not any Excess has been contracted for, charged, or received by Lender, all Interest at any time contracted for, charged, or received from Borrower in connection with this Loan Agreement shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread in equal parts throughout the full term of the Obligations. Borrower and Lender shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as Interest and (ii) exclude voluntary prepayments and the effects thereof. The provisions of this Section shall be deemed to be incorporated into the Note and each Loan Document (whether or not any provision of this Section is referred to therein).

ARTICLE III - CONDITIONS TO LENDING

3.7. Conditions Precedent to Effectiveness of Loan Agreement. The obligations of Lender under this Loan Agreement, including, without limitation, the obligation of Lender to make any Advance to Borrower hereunder, are subject to the satisfaction of the following conditions precedent:

3.1.1. Execution, delivery, and, when appropriate, recording or filing of this Loan Agreement, the Note, and the Mortgage Amendment;

3.1.2. Payment or reimbursement by Borrower of (i) the interest payment due under the Note on January 1, 1999, in the amount of $83,640.70,

(ii) an extension fee in the amount of $38,750.00, and (iii) all expenses incurred by or due to Lender with respect to the Loan, this Loan Agreement, the Note, the other Loan Documents, and the Project, including, but not limited to, commitment fees, tax service monitoring fees, fees and taxes on the Security Documents (including intangibles taxes and documentary stamp taxes), title insurance premiums, and fees and expenses of Lender's counsel;

3.1.3. Receipt by Lender of copies of the organizational documents for each Obligor (excluding any Obligor who is a natural Person), together with evidence that each such Obligor is qualified, registered, and in good standing the

in the state of its organization or formation and in the state where the Project is located (or evidence satisfactory to Lender and its counsel that such qualification and registration is not legally required under Legal Requirements), and certified resolutions of the governing body of each such Obligor authorizing the Loan, the execution and delivery of the Loan Documents, and the consummation or undertaking of all Obligations;

3.1.4. Receipt by Lender, without any cost or expense to Lender, such endorsements to Lender's title insurance policy, hazard insurance endorsements or certificates and other similar materials as Lender may deem necessary, all in form and substance reasonably satisfactory to Lender, including, without limitation, an endorsement or endorsements to Lender's title insurance policy insuring the lien of the Mortgage, extending the effective date of such policy to the date of execution and delivery (or, if later, the recording) of the Mortgage Amendment with no additional exceptions added to such policy and insuring that fee simple title to the Project is vested in Borrower, or, in lieu thereof, such other documents or evidence as Lender may reasonably require in order to confirm that such policy is unaffected by the transfer;

3.1.5. Receipt by Lender of a certificate from the design architect for the Improvements that states that the construction of the Improvements has been substantially completed in a good and workmanlike manner and in accordance with the plans and specifications approved by Lender (including, without limitation, the furnishing and fixturing of the Improvements and all clearing, landscaping, lighting, and paving of the Land) and in compliance with Legal Requirements, and addressing such other details concerning construction of the Improvements as Lender shall request;

3.1.6. Receipt by Lender of a current as-built survey showing the location of all the Improvements prepared in accordance with Lender's standard guidelines, which includes the certification of the surveyor that the Improvements have been constructed within the established building and property lines and in compliance with any restrictions of records or ordinances relating to the location thereof;

3.1.7. Receipt by Lender of unconditional, final certificates of occupancy for the Improvements, any required approval by the Board of Fire Underwriters or its equivalent acting in and for the locality in which the Project is situated, and any other approval required by the appropriate governmental authority to the extent that any such approval is a condition to the lawful use and occupancy of the Improvements and opening the same to the public;

3.1.8. Receipt by Lender of a duly sworn and executed affidavit from the general contractor for the Project, in form and substance acceptable to Lender and to Title Company, stating that all amounts due to contractors, subcontractors, laborers, materialmen, and all others supplying labor or materials to or performing work on the Improvements have been paid in full and which

affidavit shall be legally sufficient to dissolve all statutory and common law, existing and inchoate liens and claims of liens against the Project;

3.1.9. Receipt by Lender of an estoppel certificate from Tenant addressing such matters as Lender may reasonably request, including, without limitation, a statement from Tenant that (i) Tenant has accepted possession of its demised premises in the Improvements, (ii) Tenant has commenced payment of base rent under the Lease, and (iii) all obligations on the part of landlord under the Lease regarding the construction and equipping of the Improvements have been performed;

3.1.10. Receipt by Lender's counsel of an opinion of counsel for Obligors in form and substance satisfactory to Lender's counsel; and

3.1.11. Receipt by Lender of such additional legal opinions, certificates, proceedings, instru-ments, and other documents as Lender or its counsel may reasonably request to evidence (i) compliance by Borrower with Legal Requirements, (ii) the truth and accuracy, as of the date of this Loan Agreement, of the representations and warranties of Borrower contained herein, and (iii) the due performance or satisfaction by Borrower, at or prior to the date hereof, of all agreements required to be performed and all conditions required to be satisfied by Borrower pursuant hereto.

3.12. Conditions Precedent to Subsequent Advances. At the time of (and after giving effect to) the making of any Advance, the following conditions shall have been satisfied or shall exist:

(a) No Potential Default or Event of Default then exists;

(b) All representations and warranties of Borrower contained in this Loan Agreement or in the other Loan Documents (other than those representations and warranties which are, by their terms, expressly limited to the date made or given) shall be true and correct in all material respects with the same effect as those such representations and warranties had been made on and as of the date of such advance;

(c) No action or proceeding have been instituted or be pending before any court or other governmental authority or, to the knowledge of Borrower threatened, (i) which reasonably could be expected to have a materially adverse effect on Borrower or the intended or actual use, occupancy, or operation of the Project;

(d) The advance to be made and the use thereof shall not contravene, violate, or conflict with, or involve Lender in any violation of, any Legal Requirement;

(e) No casualty or condemnation has occurred with respect to the Project which, in Lender's determination, might result in the termination of the Lease or the abatement of rent thereunder; and

(f) No default, or event which with the giving of notice of passage of time or both would constitute a default, exists under the Lease.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender, knowing that Lender will rely on such representations and warranties as an incentive to make the Loan, that:

4.13. Borrower's Existence. Borrower is a limited partnership duly organized, validly existing, and in good standing under the laws of the State of Georgia, has the power to own its properties and to carry on its business as now being conducted, and is duly qualified to do business and is in good standing in every jurisdiction in which the character of the properties owned by it or in which the transaction of its business makes its qualification necessary, including the State of Florida.

4.2. Authority. The execution and delivery by Borrower of this Loan Agreement, the Note, and each of the other Loan Documents to which it is a party, Borrower's performance of its respective obligations thereunder, and the creation of the security interests and liens provided for in the Security Documents and the other Loan Documents to which it is a party have been duly authorized by all requisite action on the part of Borrower and will not violate any provision of any Legal Requirement, the organizational documents of Borrower, or any indenture, agreement, or other instrument to which Borrower is a party, or by which Borrower is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or (except as may be provided in the Security Documents) result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of Borrower pursuant to any such Legal Requirement, indenture, agreement, or instrument. Borrower is not required to obtain any consent, approval, or authorization from, or to file any declaration or statement with, any governmental authority or other agency in connection with or as a condition to the execution, delivery, or performance of this Loan Agreement, the Note, or any other Loan Document.

4.3. Violations or Actions Pending. No actions, suits, or proceedings are pending or, to the best of Borrower's knowledge, threatened that might adversely affect the financial condition of Borrower or impair the value of the Project. Borrower is not in violation of any agreement the violation of which might reasonably be expected to have a materially adverse effect on Borrower's business or assets.

4.4. Enforceability. Each of this Loan Agreement, the Note, the Mortgage, and the other Loan Documents executed by Borrower and delivered to Lender is an original, executed document, and each is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject to bankruptcy, insolvency and other laws of general application affecting the rights of creditors and subject to the effect of general principals

of equity regardless of whether enforcement is sought in a proceeding at law or in equity. This Loan Agreement, the Note, the Mortgage, and the other Loan Documents executed by Borrower are not subject to any right of rescission, set-off, counterclaim, or defense by Borrower, including the defense of usury, and Borrower has not asserted any right of rescission, set-off, counterclaim, or defense with respect thereto.

4.5. Financial Statements. All financial statements heretofore provided by Borrower are true and complete in all material respects as of their respective dates and fairly present the financial condition of the Borrower, and there are no liabilities, direct or indirect, fixed or contingent, as of the respective dates of such financial statements which are not reflected therein or in the notes thereto or in a written certificate delivered with such statements. The financial statements of the Borrower have been prepared in accordance with GAAP.

There has been no material adverse change in the financial condition, operations, or prospects of Borrower since the dates of such statements except as fully disclosed in writing with the delivery thereof to Lender. Borrower has filed all federal, state, and local tax returns that are required to be filed and has paid, or made adequate provision for the payment of, all taxes that have or may become due pursuant to such returns or to assessments received by Borrower.

4.6. Federal Reserve Regulation. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or by the terms and conditions of this Loan Agreement.

4.7. Fraudulent Transfer. Borrower (i) has not entered into the Loan Documents or any transaction described or contemplated therein with the actual intent to hinder, delay, or defraud any creditor, and (ii) has received reasonably equivalent value in exchange for its obligations under the Loan Documents. The fair saleable value of Borrower's assets is and shall, immediately following the execution and delivery of the Loan Documents, be greater than Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. Borrower's assets do not and, immediately following the execution and delivery of the Loan Documents shall not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it shall, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect to obligations of Borrower).

4.8. Investment Company Act. Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to any other federal or state law or regulation that purports to restrict or regulate its ability to borrow money.

4.9. Not Foreign Person. Borrower is not a "foreign person" within the meaning of (S) 1445(f)(3) of the Internal Revenue Code.

4.10. ERISA. Neither Borrower nor any member of the controlled group of Borrower for ERISA purposes has established and is a party to an "employee benefit plan" within the meaning of Section 3(3) of ERISA, or any other option or deferred compensation plan or contract for the benefit of its employees or officers, pension, profit sharing or retirement plan, redemption agreement, or any other agreement or arrangement with any officer, director or owner, members of their families, or trusts for their benefit, and the assets of Borrower do not and shall not constitute "plan assets" of one more such plans for purposes of ERISA.

4.11. Ownership. The ownership of all interests in Borrower have been accurately disclosed to Lender in writing. There are no outstanding warrants, options, or rights to purchase any ownership interests of Borrower, nor does any Person have a Lien upon any of the ownership interests of Borrower.

4.12. Chief Executive Offices. Borrower's chief executive offices are located at the address designated for notices to Borrower in the Document Protocols attached hereto.

4.13. Disclosure. All information furnished or to be furnished by Borrower to Lender in connection with the Loan or any of the Loan Documents, is, or shall be at the time the same is furnished, accurate and correct in all material respects and complete insofar as completeness may be necessary to provide the Lender a true and accurate knowledge of the subject matter.

4.14. Mortgage Liens. The Mortgage and the other Loan Documents are intended by Borrower to create a legal, valid, fully perfected, and enforceable first priority lien on the Project security for the repayment of the Loan, subject only to the Permitted Encumbrances. There are no security agreements or financing statements affecting any of the Project other than (i) as disclosed in writing by Borrower to Lender prior to the Closing Date and (ii) the security agreements and financing statements created in favor of Lender. The Project is free from delinquent water charges, sewer rents, taxes, and assessments.

4.15. Trade Names. Neither Borrower nor the Project has changed its name or been known by any other name within the last five (5) years.

4.16. Proceedings Pending. There are no proceedings pending, or, to the best of the Borrower's knowledge, threatened, to acquire any power of condemnation or eminent domain with respect to any part of the Project, or to enjoin or similarly prevent or restrict the use of the Project or the rental and operation of the Project in any manner, or to relocate the roadways providing access to the Mortgaged Project.

4.17. Condition and Compliance. The Project is in good condition, free of any material damage or waste and is free of structural defects and all building systems contained therein are in good working order subject to ordinary wear and tear. The Project complies with all Legal Requirements (including the requirements and conditions of all Permits), and all Permits required to occupy, use, maintain, and operate the Project have been obtained. The Improvements do not constitute a nonconforming structure and the rental and operation of the

Project is not a nonconforming use under current zoning, and there are no waivers of any current building code requirements for the Improvements.

4.18. Access and Utilities. The Project has adequate rights of access to public ways and is served by adequate water, electricity, natural gas, telephone, sewer, sanitary sewer, and storm drain facilities. All public utilities necessary to the continued use and enjoyment of the Project as presently used and enjoyed are located in the public right-of-way abutting the Land, and all such utilities are connected so as to serve the Project without passing over other Project. All roads necessary for the full utilization of the Project for its current purpose have been completed and dedicated to public use and accepted by all governmental authorities or are the subject of access easements for the benefit of the Land. All impact, connection, or other requisite fees for utility services have been paid.

4.19. Management Agreement. The Management Agreement is in full force and effect, has not been and will not be modified, altered, or amended except as disclosed to Lender in writing, and constitutes the complete agreement among the parties named therein with respect to the subject matter thereof. No default, event of default, or event that, but for the giving of notice or the passage of

time (or both), would constitute a default or event of default under the Management Agreement has occurred or is continuing. Borrower shall promptly notify Lender of any dispute, default, event of default, or repudiation by Manager under the Management Agreement. Except as set forth in the Management Agreement, neither Manager nor any other Person has any right or claim to any fees, commissions, compensation, or other remuneration in connection with or arising out of the use, occupancy, and operation of the Project.

4.20. Lease. The Lease is in full force and effect, has not been modified, altered, or amended except as disclosed to Lender in writing, and constitutes the complete agreement between Borrower and Tenant with respect to the subject matter thereof. No default, event of default, or event that, but for the giving of notice or the passage of time (or both), would constitute a default or event of default under the Lease has occurred or is continuing.

4.21. Year 2000 Compliance. Borrower represents and warrants that it has (i) begun analyzing Borrower's computer software applications, imbedded microchips, microprocessors, servers, mainframes, microprocessor-dependant machinery and/or appliances, and other related computer systems (collectively referred to as "Computer Operations") to ensure that Borrower's Computer Operations will be able to perform date-sensitive functions prior to and after December 31, 1999 (hereinafter referred to as "Year 2000 Compliance" or "Year 2000 Compliant"); (ii) Borrower represents and warrants that it has developed a plan for Year 2000 Compliance in a timely manner, implementation of which is on schedule in all material respects. Borrower represents and warrants that failure to become Year 2000 Compliant is not reasonably expected to have a materially adverse effect upon the financial condition of Borrower. Borrower reasonably believes that any suppliers and vendors, material to the operation of Borrower or its subsidiaries and affiliates, will be Year 2000 Compliant for their own Computer Operations, such that any failure to achieve Year 2000 Compliance is not reasonably expected to have a materially adverse effect upon the financial condition of Borrower. Borrower will promptly notify Lender in the event Borrower determines that any computer application, material to the operation of Borrower, its subsidiaries or any of its material vendors or suppliers, will not be fully Year 2000 Compliant on a timely basis and such failure to be Year 2000 Compliant will have a materially adverse effect upon the financial condition of Borrower.

ARTICLE V - COVENANTS OF BORROWER

Borrower covenants and agrees that, from the date of this Loan Agreement and so long as the Obligations remain outstanding, Borrower shall comply at all times with the following covenants:

5.1. Performance of Obligations. Borrower shall duly and punctually pay or cause to be paid the principal and interest of the Note in accordance with its terms and duly and punctually pay and perform or cause to be paid or performed all Obligations hereunder and under the other Loan Documents.

5.2. Maintain Existence. Borrower shall maintain its legal existence in the state of its formation and its license or qualification and good standing in the state where the Project is located and in each jurisdiction in which the character of the property owned by it or in which the transaction of its business makes qualification necessary. Borrower shall not amend or modify, or permit the amendment or modification of, in any material respect, the organizational documents of Borrower without obtaining the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed.

5.3. Payment of Taxes. During each fiscal year, Borrower shall pay when due all tax liabilities of all kinds (including, without limitation,

federal and state income taxes, franchise taxes, and payroll taxes), all required withholding of income taxes of employees, and all required old age and unemployment contributions.

5.4. Insurance Coverage. Borrower shall acquire and maintain in effect all insurance policies required by the Security Documents and Legal Requirements.

5.5. Inspection Rights. Borrower shall permit Persons designated by Lender to visit and inspect the Project, to examine and make excerpts from the books and records of Borrower, and to discuss the business affairs, finances, and accounts of Borrower and the Project with representatives of Borrower, as designated by Lender, all in such detail and at such times as Lender may reasonably request.

5.6. Maintain Records and Books of Account. Borrower shall maintain and keep proper records and books of account at Borrower's chief executive office or the Project that enable Borrower to issue financial statements in accordance with Section 5.7 hereof and in which full, true, and correct entries shall be made in all material respects of all its dealings and business and financial affairs. Borrower shall not change its methods of accounting, unless such change is permitted by GAAP, and provided such change does not have the effect of curing or preventing what would otherwise be a Potential Default or an Event of Default had such change not taken place. Borrower shall not change the locations at which any of the Collateral is maintained nor change its chief executive office without first giving Lender at least thirty (30) days prior written notice thereof and promptly providing Lender such information as Lender may request in connection therewith.

5.7. Financial Reports. Until the Obligations are paid in full, Borrower shall furnish or cause to be furnish to Lender within the time periods specified, the following financial reports and information:

(1) As soon as available, but in no event later that ninety (90) days after the end of each fiscal year of Borrower, audited financial statements of Borrower for the year just ended, prepared by a nationally recognized certified public accounting firm or other independent certified public accounting firm acceptable to the Lender (or with Lender's prior written approval, unaudited financial statements of Borrower for the year just ended, certified as true and correct by Borrower), prepared in accordance with GAAP, and including balance sheet, operating statement, and changes in financial position. The certification or opinion of the accountant shall not contain any material qualification or exception not satisfactory to Lender.

(2) As soon as available, but in no event later than forty-five (45) days after the end of each fiscal quarter of Borrower, a balance sheet and operating statement for such month or quarter, as the case might be, and year to date, comparison with the same month or quarter, as the case might be, and year to date in the prior fiscal year. Such quarterly financial statements and operating statements shall be certified to be correct by the chief financial officer or equivalent of Borrower.

(3) As soon as available, all financial reports and statements furnished by Tenant to Borrower pursuant to the Lease.

(4) All quarterly and annual filings made by Borrower, if any, with the Securities Exchange Commission, including, without limitation, all Forms 10K and 10Q, within ten (10) days after the filing thereof.

(5) Such additional financial information (including tax returns, detailed cash flow information, and contingent liability information) of Borrower at such times as Lender shall deem necessary.

5.10. Appraisal. Borrower shall permit Lender and its agents, employees, or independent contractors, at any time while the Obligations remain outstanding, to enter upon and appraise the Project, and Borrower shall cooperate with and provide any information requested in connection with such appraisal. Borrower shall reimburse Lender for the costs of any such appraisal. Lender agrees to limit any such appraisals to once every three (3) years, provided that Lender may obtain additional appraisals of the Project without limitation and at Borrower's expense if (i) an Event of Default occurs, (ii) the appraisal is required by any law, regulation, or rule binding upon Lender, or (iii) Lender determines, in its reasonable discretion, that the value of the Project has materially declined. In the event that any such reappraisal indicates that the ratio of the Commitment Amount to the fair market value of the Project is less than seventy-five percent (75%) (the "Maximum Loan To Value Ratio"), then Lender may, in its sole discretion, reduce the Commitment Amount to an amount at which the Maximum Loan To

Value Ratio is achieved (and Borrower shall immediately pay any Overadvance arising from such reduction in the Commitment Amount).

5.11. Reports and Notices. BORROWER SHALL NOTIFY LENDER PROMPTLY OF (I) ANY LITIGATION INSTITUTED OR THREATENED AGAINST BORROWER OR AFFECTING THE PROJECT, (II) ANY DEFICIENCIES ASSERTED OR LIENS FILED BY ANY TAXING AUTHORITY AGAINST BORROWER OR THE PROJECT, (III) ANY AUDITS OF ANY FEDERAL OR STATE TAX RETURN OF BORROWER AND THE RESULTS OF ANY SUCH AUDIT, (IV) ANY CONDEMNATION OR SIMILAR PROCEEDINGS WITH RESPECT TO THE PROJECT, (V) ANY PROCEEDING SEEKING TO ENJOIN THE INTENDED USE OF THE IMPROVEMENTS OR ANY PORTION THEREOF, (VI) ANY EVENT CAUSING A LOSS OR DEPRECIATION IN VALUE OF THE BORROWER'S ASSETS IN EXCESS OF $250,000.00 AND THE AMOUNT OF SUCH LOSS OR DEPRECIATION (EXCEPT BORROWER SHALL NOT BE REQUIRED TO NOTIFY LENDER OF DEPRECIATION RESULTING FROM ORDINARY USE THEREOF), AND (VII) ALL CHANGES IN LEGAL REQUIREMENTS, UTILITY AVAILABILITY, AND ANY OTHER MATTERS THAT COULD REASONABLY BE EXPECTED TO HAVE AN ADVERSE AFFECT ON THE PROJECT OR BORROWER'S ABILITY TO PERFORM THE OBLIGATIONS.

5.12. Conduct of Business. Borrower shall cause the operation of the Project to be conducted at all times in a manner consistent with the level of operation of the Project as of the date hereof. Without limiting the foregoing, Borrower shall (i) operate the Project in a prudent manner in compliance with Legal Requirements, (ii) maintain sufficient equipment and supplies of types and quantities at the Project to enable Borrower adequately to perform the operation of the Project and Borrower's obligations under the Lease, and (iii) keep all Improvements in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all needed and proper repairs, renewals, replacements, additions, and improvements thereto to keep the same in good condition. Borrower shall not alter or change the use of the Project except as may be required by the Lease.

5.13. Management Agreement. Borrower shall maintain the Management Agreement in full force and effect and duly observe, perform, and comply with all of Borrower's obligations thereunder and enforce performance of all obligations of Manager thereunder. Borrower shall promptly notify Lender of any dispute, default, event of default, or repudiation by Manager under the Management Agreement. Borrower shall not enter into any management agreement for the Project other than the Management Agreement, unless Borrower first notifies Lender and provides Lender a copy of the proposed management agreement, obtains Lender's written consent thereto and obtains and provides Lender with a subordination agreement in form satisfactory to Lender from such manager

subordinating to all rights of Lender. Borrower shall not enter into, terminate, amend, modify, or extend the Management Agreement, or consent to any such action on the part of Manager, without the prior written consent of Lender, which consent may be withheld or granted in Lender's sole discretion.

5.14. Transfers of Collateral. Borrower shall not sell or otherwise transfer the Collateral or any interest therein, unless the written consent of Lender is first obtained, which consent may be granted or refused by Lender in its sole discretion, provided that any utility and right-of-way easements serving the Project that are reasonably necessary for the development and operation of the Project (and Lender agrees to subordinate the Mortgage to any such easements so approved by Lender).

5.15. Liens and Encumbrances. Borrower shall keep the Project and all other assets of Borrower free from all liens and encumbrances except the Permitted Encumbrances, and pay promptly all persons or entities supplying work or materials for the construction of the Improvements; provided, however, Borrower shall have the right to contest in good faith any disputed claim so long as such contest does not adversely affect Lender's lien and security interest in the Project and, at Lender's request, Borrower posts bond or other security acceptable to Lender with respect to any lien filed against the Project relating to a claim contested by Borrower.

5.16. Lease. Borrower (i) shall observe and perform all the obligations imposed upon the lessor under the Lease and shall not do or permit to be done anything to impair the value of the Lease or any guaranty of the Lease as a security for the Obligations, (ii) shall promptly send copies to Lender of all notices of default which Borrower shall send or receive thereunder, and (iii) shall enforce all of the terms, covenants, and conditions contained in the Lease upon the part of the Tenant thereunder to be observed or performed (other than any enforcement action with respect to which Lender's prior written consent is required under the terms of this Loan Agreement or the Security Documents). Borrower (x) shall not alter, modify, or change the terms of the Lease without the prior consent of Lender, or cancel or terminate the Lease or accept a surrender thereof or approve or consent to the cancellation or termination of any guaranty with respect thereto, or convey or transfer or suffer or permit a conveyance or transfer of the premises demised by the Lease or of any interest therein so as to effect a merger of the estates and rights of, or termination or diminution of the obligations of lessee thereunder, (y) shall not consent to, reject, approve or disapprove any action or inaction requested by Tenant under the Lease, including, without limitation any assignment of or subletting under the Lease (provided, however, that Lender's consent to a subletting or assignment shall not be required if such subletting or assignment is in accordance with the terms of the Lease), which consent may be unreasonably withheld by Lender in its sole and absolute discretion, and (z) shall not pursue any remedies under the Lease or any guaranty with respect thereto without the prior written consent of Lender. Notwithstanding the foregoing, Borrower may, without the prior written consent of Lender, make minor modifications or amendments, or give consents, with respect to the Lease so long as such modification, amendment, or consent does not potentially affect the length of the term of the Lease and does not result in the reduction of the Tenant's obligations for the payment of rent, additional rent, or any other charges payable by the Tenant under the Lease, or amend or modify any provision of the Lease relating to exclusivity of use, co-tenancy rights, or kick-out rights.

5.16. Compliance with Legal Requirements. Borrower shall comply with all Legal Requirements in all respects. Without limiting the generality of the foregoing covenant, Borrower specifically agrees that the Project shall at all times strictly comply, to the extent applicable, with the requirements of the Fair Housing Amendments Act of 1988, the Americans with Disabilities Act of

1990, all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively "Access Laws"). Notwithstanding any provisions set forth herein or in any other document regarding Lender's approval of alterations of the Project, Borrower shall not alter or permit the Project to be altered in any manner which would increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender.

Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Lender. Borrower agrees to give prompt notice to Lender of the receipt by Borrower of any complaints related to violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

5.17. ERISA. Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under this Loan Agreement or any of the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under the ERISA. Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (i) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA or a "governmental plan" within the meaning of Section 3(3) of ERISA, (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans, and (iii) one or more of the following circumstances is true: (A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. (S) 2510.3-101(b)(2); (B) less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. (S) 2510.3-101(f)(2); or (C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. (S) 2510.3-101(c) or (e) or an investment company registered under the Investment Company Act of 1940.

5.18. Other Acts. At Lender's request, Borrower shall execute and deliver any mortgage, security agreements, assignments, consents, financing statements, or other instruments, in form satisfactory to Lender, as Lender may from time to time request in connection with the Project.

ARTICLE VI - EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an "Event of Default" under this Loan Agreement:

6.14. Nonpayment of Indebtedness. If Borrower fails to pay interest, principal, or other sum payable under this Loan Agreement, the Note, or any of the other Loan Documents within ten (10) days after such payment is due.

6.2. Failure of Perform Specified Covenants. If Borrower violates or does not comply with the covenants contained in Section 5.12, 5.13, or 5.14 hereof.

6.3. Termination of Lease. If the Lease is terminated or canceled for any reason without the prior written consent of Lender, which consent may be withheld or granted in Lender's sole discretion.

6.4 Failure to Perform Obligations. If Borrower fails to properly and timely to perform or observe any other covenant or condition set forth in this Loan Agreement that is not cured within any applicable cure period as set forth herein or, if no cure period is specified therefor, is

not cured within thirty (30) days of Lender's notice to Borrower thereof; provided that, if such default is not reasonably susceptible to cure within such thirty (30) days period and Borrower diligently and continuously pursues the cure of such default, then upon Borrower's written request therefor, Lender shall grant a reasonable extension of such cure period, but not exceeding sixty (60) days.

6.5 Events of Default Pursuant to Loan Documents. If a default or event of default occurs pursuant to the Note, the Security Documents, or any of the other Loan Documents.

6.6 Assignment or Transfer. If Borrower assigns or attempts to assign this Loan Agreement, any rights hereunder, or any advance to be made hereunder to any Person, or if Borrower's interest in or rights under this Loan Agreement are voluntarily or involuntarily transferred to any Person, by operation of law or otherwise, including, without limitation, such transfer by Borrower as debtor-in-possession or by a trustee for Borrower under the United States Bankruptcy Code, whether or not the obligations of Borrower under this Loan Agreement are assumed by such Person.

6.7 Voluntary Insolvency Proceedings. The filing by any Obligor of a voluntary petition in Bankruptcy or any Obligor's adjudication as a bankrupt or insolvent, or the filing by any Obligor of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for such Obligor under any present or future federal, state, or other statute, law, or regulation relating to Bankruptcy, insolvency, or other relief for debtors, or any Obligor's seeking or consenting to, or acquiescence in, the appointment of any trustee, receiver, or liquidator of such Obligor or of all or any substantial part of such Obligor's Project or of any or all of the rents, revenues, issues, earnings, profits, or income thereof, or the making of any general assignment for the benefit of creditors or the admission in writing by any Obligor of an inability to pay such Obligor's debts generally as they become due.

6.8 Involuntary Insolvency Proceedings. The entry by a court of competent jurisdiction of an order, judgment, or decree approving a petition filed against any Obligor seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal, state, or other statute, law, or regulation relating to Bankruptcy, insolvency, or other relief for debtors, which order, judgment, or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver, or liquidator of any Obligor or of all or any substantial part of such Obligor's property or of any or all of the rents, revenues, issues, earnings, profits, or income thereof, which appointment remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive).

6.9. Change in Ownership. If any change occurs in the composition, form of business association, management, or ownership of any Obligor (including, without limitation, any change occurring as the result of the death or legal incompetency of Guarantor), unless the prior written consent of Lender is obtained, which consent may be granted or refused by the Lender in its sole

discretion.

6.10. Misrepresentation. If any certificate, statement, representation, warranty, or audit, whether written or unwritten, heretofore or hereafter furnished by or on behalf of any Obligor pursuant to or in connection with this Loan Agreement, the Lease, or otherwise (including, without limitation, representations and warranties contained herein) or as an inducement to Lender to extend any credit to or to enter into this or any other agreement with Borrower proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified or to have omitted any substantial contingent or unliquidated liability or claim against any Obligor, or if on the date of execution of this Loan Agreement any materially adverse change has occurred in any of the facts previously disclosed by any such certificate, statement, representation, warranty, or audit, and such change was not disclosed to Lender at or prior to the time of the execution of this Loan Agreement.

ARTICLE VII - REMEDIES UPON DEFAULT

Upon the occurrence of any Event of Default, Lender will have the absolute right to refuse to disburse any funds hereunder and at its option and election and in its sole discretion to exercise alternatively or cumulatively any or all of the remedies set forth in this Article.

7.15. Termination. Cancel Lender's obligations pursuant to this Loan Agreement by written notice to Borrower; provided that upon the occurrence of any Event of Default described in Sections 6.6, 6.7, or 6.8 hereof, Lender's obligations pursuant to this Loan Agreement will terminate immediately and automatically without notice to Borrower.

7.16. Specific Performance. Institute appropriate proceedings to specifically enforce the performance of the terms and conditions of this Loan Agreement.

7.17. Taking of Possession. At Lender's option, take immediate possession of the Project and do anything in its sole judgment to fulfill the obligations of Borrower hereunder, including availing itself of and procuring performance of existing contracts, amending the same, or entering into new contracts with the same contractors or others and employment of watchmen to protect the Project from injury.

7.18. Receivership. Appoint or seek appointment of a receiver, without notice and without regard to the solvency of Borrower or the adequacy of the Collateral as security, for the purpose of preserving the Project, preventing waste, or to protect any and all rights accruing to Lender by virtue of this Loan Agreement and the Security Documents, and expressly to make any and all further improvements, whether onsite or offsite, as Lender determines is necessary to complete the development and construction of the Improvements. All expenses incurred in connection with the appointment of such receiver, or in protecting, preserving, or improving the Project, will be charged against Borrower and will be deemed Obligations.

7.19. Acceleration. Accelerate the maturity of the Note and any other indebtedness of Borrower to Lender and demand payment of the principal sum due thereunder, with interest, advances, costs, and reasonable attorneys' fees actually incurred, and enforce collection of such payment by foreclosure of the Security Documents, the enforcement of any lien, security title, or security interest in any other Collateral, or other appropriate action.

7.20. Other. Exercise any other right, privilege, or remedy available to Lender as might be provided by the Security Documents, the other Loan Documents, or under any applicable law.

ARTICLE VIII - GENERAL PROVISIONS

8.21. Loan Agreement Part of Note and Other Loan Documents. The Note and the other Loan Documents specifically incorporate this Loan Agreement by reference, and in the event that the Note and the other Loan Documents are duly assigned, this Loan Agreement will be considered assigned in like manner. If a conflict exists or arises between any of the provisions of this Loan Agreement and any other Loan Document, the provisions of this Loan Agreement will control.

8.22. Document Protocols. This Loan Agreement is governed by the Document Protocols attached hereto as EXHIBIT A, which is incorporated by reference herein as if fully set forth herein.

8.23. Indemnification. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties (defined below) from and against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, or punitive damages, of whatever kind or nature (including, but not limited to reasonable attorney's fees and other costs of defense) (the "Losses") imposed upon or incurred by or asserted against any Indemnified Party (but excluding Losses arising out of Lender's gross negligence or willful misconduct) and directly or indirectly arising out of or in any way relating to (i) the ownership of the Security Documents, the Project, or any interest therein, (ii) any amendment to, or restructuring of, the Loan or the Loan Documents; (iii) any and all lawful action that may be taken by Lender in connection with the enforcement of the provisions of this Loan Agreement, the Security Documents, or any of the other Loan Documents, whether or not suit is filed in connection with same, or in connection with Borrower, Completion Guarantor, and/or any member, partner, joint venturer, or shareholder of Borrower becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding, (iv) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof or adjacent parking areas, streets or ways, (v) any use, nonuse or condition in, on or about the Project or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets, or ways, (vi) any failure on the part of Borrower to perform or be in compliance with any of the terms of this Loan Agreement, the Security Documents, or any of the other Loan Documents, (vii) performance of any labor or services or the furnishing of any materials or other property in respect of the Project or any part thereof, (viii) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement or Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with the Loan, or to supply copy thereof in a timely fashion to the recipient of the proceeds of the Loan, (ix) any failure of the Project to be in compliance with any Legal Requirement, (x) the enforcement by any Indemnified Party of the

provisions of this Section, (xi) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or

agreements contained in the Lease, (xii) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan, or (xiii) any misrepresentation made by Borrower in this Loan Agreement or in any of the other Loan Documents. Any amounts payable to Lender by reason of the application of this Section shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid. For purposes of this Section, the term "Indemnified Parties" shall mean Lender and any Person who is or will have been involved in the origination or administration of the Loan, any Person in whose name the encumbrance created by the Security Documents is or will have been recorded, Persons who may hold or acquire or will have held a full or partial interest in the Loan (including, but not limited to Investors or prospective investors who hold or have held a full or partial interest in the Loan for the benefit of third parties) as well as the respective directors, officers, shareholders, members, partners, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any other Person who holds or acquires or will have held a participation or other full or partial interest in the Loan or the Project, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business.

8.24. Costs and Expenses. Borrower will bear all taxes, fees, and expenses (including reasonable fees and expenses of counsel for Lender) in connection with the Loan, the Note, the preparation and, if applicable, the recordation of this Loan Agreement and the other Loan Documents, and in connection with any amendments, waivers, or consents pursuant to the provisions hereof hereafter made and any workout or restructuring relating to the Loan. If, at any time, an Event of Default occurs or Lender becomes a party to any suit or proceeding in order to protect its interests or priority in the Project or its rights under this Loan Agreement or any of the other Loan Documents, or if Lender is made a party to any suit or proceeding by virtue of the Loan, this Loan Agreement, or the Project and as a result of any of the foregoing, Lender employs counsel to advise or provide other representation with respect to this Loan Agreement, the Project, or to collect the Obligations, or to take any action in or with respect to any suit or proceeding relating to this Loan Agreement, any of the other Loan Documents, the Project, Borrower, or any other Obligor, or to protect, collect, or liquidate any of the Project, or attempt to enforce any security interest or lien granted to Lender by any of the Loan Documents, then in any such event, all of the attorney's fees arising from such services, including fees on appeal and in any bankruptcy proceedings, and any expenses, costs, and charges relating thereto shall constitute additional obligations of Borrower to Lender payable on demand of Lender. Without limiting the foregoing, Borrower has undertaken the obligation for payment of, and shall pay, all recording and filing fees, revenue or documentary stamps or taxes, intangibles taxes, transfer taxes, recording taxes and other taxes, expenses and charges payable in connection with this Loan Agreement, any of the other Loan Documents, the Obligations, or the filing of any financing statements or other instruments required to effectuate the purposes of this Loan Agreement, and if Borrower fails to do so, Borrower agrees to reimburse Lender for the amounts paid by Lender, together with penalties or interest, if any, incurred by Lender as a result of underpayment or nonpayment. This Section shall survive repayment of the Obligations.

8.25. Assignability. Neither this Loan Agreement, nor any rights or obligations hereunder, nor any advance to be made hereunder, is assignable by Borrower. The rights of Lender under this Loan Agreement are assignable in part or wholly and any assignee of Lender will succeed to and be possessed of the rights of Lender hereunder to the extent of the assignment made, including the right to make advances to Borrower or any approved assignee of Borrower in accordance with this Loan Agreement.

8.26. Relationship of the Parties. Borrower agrees that its relationship with Lender is solely that of debtor and creditor. Nothing contained in this Loan Agreement or in any other Loan Document will be deemed to create a partnership, tenancy-in-common, joint tenancy, joint venture, or co-ownership by or between Borrower and Lender, or make Lender the agent or representative of Borrower. Lender will not be in any way liable or responsible for any debts, losses, obligations, or duties of Borrower with respect to the Project or otherwise, including, without limitation, any debts, obligations, or duties owed at any time to materialmen, contractors, craftsmen, laborers, or others for goods delivered to or services performed by them in relation to the Project, it being understood that no contractual relationship, either expressed or implied, exists between Lender and any materialmen, subcontractors, craftsmen, laborers, or any other person supplying any work, labor, or materials for the Project. Borrower, at all times consistent with the terms and provisions of this Loan Agreement and the other Loan Documents, will be free to determine and follow its own policies and practices in the conduct of its business.

8.27. Participation. Borrower acknowledges and agrees that Lender may, at its option, sell participation interests in the Loan to other participating lenders, provided, however, that Borrower shall continue to be entitled to deal with Lender as though no such participations had been sold. Borrower agrees with all present and future such participants that if an Event of Default occurs, each participant will have all of the rights and remedies of Lender with respect to any deposit due from any participant to Borrower, including, without limitation, the right to set off such deposits against Borrower's obligations hereunder. The execution by a participant of a participation agreement with Lender and the execution by Borrower of this Loan Agreement, regardless of the order of execution, will evidence an agreement between Borrower and such participant in accordance with the terms hereof.

8.9. Repair and Restoration of Property.

(a) In the event that (i) the net proceeds of insurance received by Lender as a result of damage or destruction of the Project, or in the case of condemnation, the net amount of all awards and payments received by Lender with respect to such taking, after deduction of Lender's reasonable costs and expenses (including, but not limited to, reasonable legal costs and expenses), in collecting the same, whichever the case may be (the "Net Proceeds") do not exceed $250,000.00 ("Casualty Benchmark"), (ii) the costs of completing the repair and restoration of the Project (a "Restoration"), as reasonably estimated by Lender, shall be less than or equal to the Casualty Benchmark, (iii) no Default or Event of Default shall have occurred and be continuing, (iv) the Project and the use thereof after the Restoration shall be in compliance with, and permitted under, all Legal Requirements, (v) such fire or other casualty or taking, as applicable, does not materially impair access to the Project in any respect, then Lender shall disburse the entire Net Proceeds directly to Borrower, and Borrower shall

commence and diligently prosecute to completion the Restoration to as nearly as possible the condition the Project was in immediately prior to such fire or other casualty or to such taking. Borrower shall segregate the Net Proceeds from other funds of Borrower to be used to pay for the cost of the Restoration in accordance with the terms hereof.

(b) If the Net Proceeds are greater than the Casualty Benchmark, such Net Proceeds shall be held by Lender in a segregated account to be made available to Borrower for the Restoration in accordance with the following provisions:

(1) Borrower shall commence and diligently prosecute to completion the Restoration of the Project (in the case of a taking, to

the extent the Project is capable of being restored). The Net Proceeds shall be made available to Borrower for payment of, or reimbursement of Borrower's expenses in connection with, the Restoration, subject to the following conditions: (i) no Potential Default or Event of Default shall have occurred and be continuing; (ii) Lender shall, within a reasonable period to time prior to request for initial disbursement of the Net Proceeds, be furnished with an estimate of the cost of the Restoration accompanied by a design architect's certification as to such costs and appropriate plans and specifications for the Restoration; (iii) the Net Proceeds, together with any cash or cash equivalent deposited by Borrower with Lender, are sufficient to cover the cost of the Restoration as such costs are certified by the design architect; (iv) the Lease shall not have been terminated as a result of such damage, destruction or condemnation of the Project; (v) the Restoration can reasonably be completed on or before the earlier of (A) the Commitment Expiration Date, and (B) the date required for such completion under the terms of the Lease,; (vii) the Project and the use thereof after the Restoration shall be in compliance with, and permitted under, all Legal Requirements; and (viii) such fire or other casualty or taking, as applicable, does not impair access to the Land or the Improvements to such an extent that the Project cannot be used for the purpose intended.

(b) The Net Proceeds shall be held by Lender, and until disbursed in accordance with the provisions of this Section, shall constitute additional security for the Obligations. The Net Proceeds shall be disbursed by Lender to, or directed by, Borrower from time to time during the course of the Restoration in accordance with the provisions of this Loan Agreement applicable to disbursement of proceeds of the Loan. Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and approval (not to be unreasonably withheld) by Lender and Lender's independent construction consultant. All reasonable costs and expenses actually incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Lender's consultant's fees, shall be paid by Borrower.

(c) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by Lender's consultant (the

"Casualty Consultant"), minus the Retainage as provided with respect to the Loan (the "Casualty Retainage"). The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section and that all approvals necessary for the re-occupancy and use of the Project have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence reasonably satisfactory to Lender that the costs of the Restoration have been paid in full or shall be paid in full out of the Casualty Retainage, provided, however, that Lender shall release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that the contractor, subcontractor or materialman engaged in the Restoration has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's, or materialman's contract, and the contractor, subcontractor or materialman delivers the lien waivers and evidence of

payment in full of all sums due to the contractor, subcontractor, or materialman as may be reasonably requested by Lender or by the title company insuring the lien of the Mortgage. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor, or materialman.

(d) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender, be sufficient to pay in full the balance of the costs which are estimated by the Lender's Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section shall constitute additional security for the Obligations.

(e) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Lender's Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Potential Default or Event of Default shall have occurred and be continuing.

(f) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to the preceding subsection shall be retained and applied by Lender toward the payment of the Obligations, whether or not then due and payable, in such order, priority, and proportions as Lender in its discretion shall deem proper or, at the discretion of Lender, the same shall be paid, either in whole or in part, to Borrower.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Borrower and Lender have caused this Loan Agreement to be executed by their duly authorized representatives under seal as of the date first set forth above, with the intention that this instrument take effect as an instrument under seal.

CARTER SUNFOREST, L.P., a Georgia limited partnership

By: CARTER & ASSOCIATES ENTERPRISES, INC.,
a Georgia corporation
Its Sole General Partner

By: /s/ Bradley D. Reese

Name: Bradley D. Reese

Title: Senior Vice President

[Affix corporate seal]

SOUTHTRUST BANK, NATIONAL
ASSOCIATION,
a national banking association

By: /s/ James R. Potter

Name: James R. Potter

Title: Vice President

EXHIBIT A

DOCUMENT PROTOCOLS RIDER

With respect to any Loan Document that states in substance that it is governed by the "Document Protocols," the following provisions shall govern and apply to such Loan Document:

(2) DEFINITIONS. For the purposes of this Document Protocols Rider, all capitalized terms used but not otherwise defined herein shall have the meanings provided therefor in the Loan Agreement to which this Document Protocols Rider is annexed.

(3) GENERAL RULES OF USAGE. These Document Protocols shall apply to such Loan Document as from time to time amended, modified, replaced, restated, extended or supplemented, including by waiver or consent, and to all attachments thereto and all other documents or instruments incorporated therein. When used in any Loan Document governed by these Document Protocols, (i) references to a Person are, unless the context otherwise requires, also to its heirs, executors, legal representatives, successors, and assigns, as applicable, (ii) "hereof," "herein," "hereunder" and comparable terms refer to the entire Loan Document in which such terms are used and not to any particular article, section, or other subdivision thereof or attachment thereto, (iii) references to any gender include, unless the context otherwise requires, references to all genders, and references to the singular include, unless the context otherwise requires, references to the plural, and vice versa, (iv) "shall" and "will" have equal force and effect, (v) references in a Loan Document to "Article," "Section," "paragraph" or another subdivision or to an attachment are, unless the context otherwise requires, to an article, section, paragraph, or subdivision of or an attachment to such Loan Document, (vi) all accounting terms not otherwise defined therein have the meanings assigned to them in accordance with GAAP, and (vii) "include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

(4) [RESERVED]

(5) NOTICES. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to, under or by virtue of such Loan Document (a "notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) three (3) Business Days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one Business Day after the date of delivery of such notice to a nationwide, reputable commercial courier service:

Lender: SouthTrust Bank, National Association

420 North Twentieth Street
11th Floor
Birmingham, Alabama 35203
Attention: Commercial Real Estate Loan Dept.

Borrower: Carter Sunforest, L.P.
1275 Peachtree Street
Suite 100
Atlanta, Georgia 30367
Attn: Bradley D. Reese

Guarantor: Carter & Associates, L.L.C.
1275 Peachtree Street
Suite 100
Atlanta, Georgia 30367
Attn: Bradley D. Reese

With a copy to: M. Andrew Kauss, Esq.
Kilpatrick, Stockton, LLP
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309-4530

Any party may change the address to which any notice is to be delivered to any other address within the United States of America by furnishing written notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such notice of change shall be effective unless and until received by such other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no notice of changed address was given, shall be deemed to be receipt of any such notice. Any notice to an entity shall be deemed to be given on the date specified in this Section without regard to when such notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such notice. Notices may be given on behalf of any party by such party's attorneys.

(6) SEVERABILITY. Whenever possible, each provision of such Loan Document shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of such Loan Document shall be prohibited by or invalid or unenforceable under the applicable law of any jurisdiction with respect to any Person or circumstance, such provision shall be ineffective to the extent of such prohibition, invalidity or unenforceability, without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provisions in any other jurisdiction or with respect to other Persons or circumstances. To the extent permitted by applicable law, the parties to such Loan Document

thereby waive any provision of law that renders any provision thereof prohibited, invalid or unenforceable in any respect.

(7) REMEDIES NOT EXCLUSIVE. No remedy therein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under such Loan Document, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given thereunder or now or hereafter existing at law, in equity or by statute.

(8) LIABILITY. If Borrower or Guarantor consists of more than one Person, the obligations and liabilities of each such Person under such Loan Document shall be joint and several.

(9) BINDING OBLIGATIONS; COVENANTS RUN WITH THE LAND. Such Loan Document shall be binding upon Borrower or Indemnitor, as the case may be, and the successors, assigns, heirs and personal representatives of Borrower or Indemnitor, as the case may be, and shall inure to the benefit of Lender and all subsequent holders of such Loan Document and their respective officers, directors, employees, shareholders, agents, successors and assigns. Nothing in such Loan Document, whether express or implied, shall be construed to give any Person (other than the parties thereto and their permitted successors and assigns and as expressly provided therein) any legal or equitable right, remedy or claim under or in respect of such Loan Document or any covenants, conditions or provisions contained therein. If such Loan Document is to be recorded, all of the grants, covenants, terms, provisions, covenants and conditions of such Loan Document shall run with the land.

(10) NO ORAL MODIFICATIONS. Such Loan Document, and any of the provisions thereof, cannot be altered, modified, amended, waived, extended, changed, discharged or terminated orally or by any act on the part of Borrower, Guarantor, or Lender, but only by an agreement in writing signed by the party against whom enforcement of any alteration, modification, amendment, waiver, extension, change, discharge or termination is sought. Without limiting the generality of the foregoing, any payment made by Lender for insurance premiums, impositions or any other charges affecting the Property shall not constitute a waiver of Borrower's or Guarantor's default in making such payments and shall not obligate Lender to make any further payments.

(11) ENTIRE AGREEMENT. Such Loan Document, together with the other applicable Loan Documents and this Rider, constitutes the entire agreement of the parties thereto with respect to the subject matter thereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

(12) WAIVER OF ACCEPTANCE. Borrower and Guarantor hereby waive any acceptance of such Loan Document by Lender in writing, and such Loan Document shall immediately be binding upon Borrower or Guarantor, or both, as the case may be.

(13) JURISDICTION, COURT PROCEEDINGS. EACH OF LENDER, BORROWER, AND GUARANTOR, TO THE FULLEST EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, (I) SUBMITS TO PERSONAL, NONEXCLUSIVE

JURISDICTION IN THE STATE OF GEORGIA RESPECT TO ANY SUIT, ACTION, OR PROCEEDING BY ANY PERSON ARISING FROM, RELATING TO, OR IN CONNECTION WITH SUCH LOAN DOCUMENT OR THE LOAN, (II) AGREES THAT ANY SUCH SUIT, ACTION, OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION SITTING IN THE STATE OF GEORGIA, AND (III) SUBMITS TO THE JURISDICTION OF SUCH COURTS. EACH OF BORROWER AND GUARANTOR, TO THE FULLEST EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, FURTHER AGREES THAT IT SHALL NOT BRING ANY ACTION, SUIT, OR PROCEEDING IN ANY FORUM OTHER THAN IN THE STATE OF GEORGIA (BUT NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER TO BRING ANY ACTION, SUIT, OR PROCEEDING IN ANY OTHER FORUM), AND IRREVOCABLY AGREES NOT TO ASSERT ANY OBJECTION WHICH IT MAY EVER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY FEDERAL OR STATE COURT LOCATED IN THE STATE OF GEORGIA AND ANY CLAIM THAT ANY SUCH ACTION, SUIT, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(14) [RESERVED]

(15) WAIVER OF COUNTERCLAIM. BORROWER AND GUARANTOR EACH HEREBY KNOWINGLY WAIVES THE RIGHT TO ASSERT ANY COUNTERCLAIM, OTHER THAN A COMPULSORY OR MANDATORY COUNTERCLAIM, IN ANY ACTION OR PROCEEDING BROUGHT AGAINST EITHER OF THEM BY LENDER.

(16) WAIVER OF JURY TRIAL. BORROWER, GUARANTOR, AND LENDER, TO THE

FULL EXTENT PERMITTED BY LAW, EACH HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVES, RELINQUISHES, AND FOREVER FORGOES HEREBY THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY TORT ACTION, BROUGHT BY ANY OF THEM AGAINST THE OTHER BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO OR IN CONNECTION WITH SUCH LOAN DOCUMENT, THE LOAN, OR ANY COURSE OF CONDUCT, ACT, OMISSION, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PERSON (INCLUDING, WITHOUT LIMITATION, SUCH PERSON'S DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH SUCH PERSON), IN CONNECTION WITH THE LOAN OR SUCH LOAN DOCUMENT, INCLUDING, WITHOUT LIMITATION, IN ANY COUNTERCLAIM WHICH BORROWER OR GUARANTOR MAY BE PERMITTED TO ASSERT THEREUNDER OR WHICH MAY BE ASSERTED BY LENDER AGAINST BORROWER OR GUARANTOR, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. THIS WAIVER BY BORROWER AND GUARANTOR OF THEIR RIGHT TO A JURY TRIAL IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN.

(17) NO WAIVERS BY LENDER. No delay or omission of Lender in exercising any right or power accruing upon any default under such Loan Document shall impair any such right or power or shall be construed to be a waiver of any default under such Loan Document or any acquiescence therein, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. Acceptance of any payment after the occurrence of a default under such Loan Document shall not be deemed to waive or cure such default under such Loan Document; and every power and remedy given by such Loan Document to Lender may be exercised from time to time as often as may be deemed expedient by Lender. Borrower and Guarantor hereby waive any right to require Lender at any time to pursue any remedy in Lender's power whatsoever.

(18) WAIVER OF NOTICE. Neither Borrower nor Guarantor shall be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which such Loan Document specifically and expressly provides for the giving of notice by Lender to Borrower or Guarantor, as the case may be, and except with respect to matters for which Borrower or Guarantor, as the case may be, is not, pursuant to applicable legal requirements, permitted to waive the giving of notice. Each of Borrower and Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which such Loan Document does not specifically and expressly provide for the giving of notice by Lender to Borrower or Guarantor, as the case may be. Any provision of such Loan Document which expressly provides for the giving of notice by Lender to Borrower or Guarantor shall be deemed eliminated ab initio if Lender is prevented from giving such notice by bankruptcy or other applicable law, and with respect to any provision of such Loan Document which gives Borrower or Guarantor the opportunity to cure a default within a specified period commencing upon the giving of notice by Lender to Borrower or Guarantor, then such cure period shall commence upon the occurrence of the event giving rise to such default rather than the giving of notice.

(19) OFFSETS, COUNTERCLAIMS AND DEFENSES. Any assignee of such Loan Document from Lender or any successor or assignee of Lender shall take the same free and clear of all offsets, counterclaims, or defenses that are unrelated to such Loan Document which Borrower or Guarantor may otherwise have against any assignor of such Loan Document, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower or Guarantor in any action or proceeding brought by any such assignee upon such Loan Document, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower and Guarantor.

(20) TIME OF THE ESSENCE. TIME SHALL BE OF THE ESSENCE IN THE PERFORMANCE OF ALL OBLIGATIONS OF BORROWER AND GUARANTOR UNDER SUCH LOAN DOCUMENT.

(21) GOVERNING LAW. SUCH LOAN DOCUMENT SHALL BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA, EXCEPT (I) THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS OF THE SECURITY DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH THE PROJECT IS LOCATED AND (II) TO THE EXTENT THAT THE APPLICABILITY OF ANY OF SUCH LAWS MAY NOW OR HEREAFTER BE PREEMPTED BY FEDERAL LAW, THEN IN SUCH CASE FEDERAL LAW SHALL SO GOVERN AND BE CONTROLLING.

(22) SOLE DISCRETION OF LENDER. Wherever pursuant to such Loan Document, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Lender and shall be final and conclusive, except as may be otherwise specifically provided therein. In addition, Lender shall have the right to refuse to grant its consent, approval or acceptance or to indicate its satisfaction whenever such consent, approval, acceptance or satisfaction shall be required under such Loan Document.

(23) COUNTERPARTS. Such Loan Document may be executed in any number of separate counterparts, each of which, when so executed and delivered, shall be deemed an

original, but all of which, collectively and separately, shall constitute one and the same Loan Document. All signatures need not be on the same counterpart. The failure of any party thereto to execute such Loan Document, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

(24) EXHIBITS INCORPORATED; HEADINGS. The information set forth on the cover of such Loan Document, the table of contents, the headings, and the exhibits annexed thereto, if any, shall be deemed to be incorporated therein as a part thereof with the same effect as if set forth in the body thereof. The headings and captions of the various articles, sections, and paragraphs of such Loan Document are for convenience of reference only and shall not be construed as modifying, defining, or limiting, in any way, the scope or intent of the provisions thereof.

(25) INTERPRETATION. No provision of such Loan Document shall be construed against or interpreted to the disadvantage of any party thereto by any court or other governmental or judicial authority by reason of such party's having or being deemed to have structured or dictated such provision.

(26) REMEDIES OF BORROWER AND GUARANTOR. If Borrower or Guarantor, as the case may be, shall seek the approval or consent of Lender under such Loan Document, which Loan Document expressly provides that Lender's approval shall not be unreasonably withheld, and Lender shall fail or refuse to give such consent or approval, the burden of proof as to whether or not Lender acted unreasonably shall be upon Borrower or Guarantor, as the case may be. In addition thereto, in the event that a claim or adjudication is made that Lender has acted unreasonably or unreasonably delayed acting in any case where by law or under such Loan Document it has an obligation to act reasonably or promptly, Lender shall not be liable for any monetary damages, and the remedies of Borrower and Guarantor shall be limited to injunctive relief or declaratory judgment.

(27) RELEASE OF ANY PARTY. Any one or more parties liable upon or in respect of such Loan Document may be released without affecting the liability of any party not so released.

(28) ATTORNEYS' FEES. Wherever it is provided in such Loan Document that Borrower or Guarantor pay any costs and expenses, such costs and expenses shall include, without limitation, all reasonable attorneys', paralegal and law clerk fees and disbursements, including, without limitation, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender.

(29) METHOD OF PAYMENT. All amounts required to be paid by any party to such Loan Document to any other party shall be paid in such freely transferable coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

(30) TRUE COPY. By executing such Loan Document, Borrower or Guarantor, as the case may be, acknowledges that it has received a true copy of such Loan Document.

1. SECONDARY MARKET TRANSACTIONS. Lender may (i) sell the Loan and the Loan Documents to one or more investors as a whole, (ii) participate the Loan to one or more investors, (iii) deposit the Loan Documents with a trust, which trust may sell certificates to investors evidencing an ownership interest in the trust assets, or (iv) otherwise sell the Loan or interest therein to investors (the transactions referred to in clauses (i) through (iv) are hereinafter referred to as "Secondary Market Transactions"). Borrower shall, at Lender's expense, cooperate in good faith with Lender in effecting any such Secondary Market Transaction and shall cooperate in good faith to implement all requirements reasonably imposed by the participants involved in any Secondary Market Transaction, including, without limitation, all structural or other changes to the Loan, modifications to any Loan Documents, delivery of opinions of counsel acceptable to the Rating Agency and addressing such matters as the Rating Agency may require; provided, however, that Borrower shall not be required to modify any Loan Documents that would modify (aa) the interest rate payable under the Note, (bb) the stated maturity of the Note, (cc) the amortization of principal of the Note, or (dd) any other material economic term or other operating covenants of the Loan. Borrower shall provide such information and documents relating to Borrower or the Property as Lender or any Rating Agency may reasonably request in connection with a Secondary Market Transaction. Borrower acknowledges and agrees that all information relating to the Loan, the Loan Documents, the Property, and Borrower within the possession of or later acquired by Lender or its agents, may be disclosed to prospective or actual purchasers, participants, underwriters, Rating Agencies, other loan servicers, and persons or entities acting as trustee of any trusts, investment conduits, or other entities to which the Loan may be assigned, and Borrower hereby consents to such disclosures. Borrower acknowledges that certain information regarding the Loan and the parties thereto and the Property may be included in a private placement memorandum, prospectus, or other disclosure documents.

EXHIBIT 10.40

AMENDED AND RESTATED PROMISSORY NOTE

FROM CARTER SUNFOREST, L.P.

TO

SOUTHTRUST BANK, NATIONAL ASSOCIATION

AMENDED AND RESTATED PROMISSORY NOTE

$15,500,000.00 DECEMBER 31, 1998

FOR VALUE RECEIVED, the undersigned CARTER SUNFOREST, L.P., a Georgia limited partnership, ("Borrower"), promises to pay to the order of SOUTHTRUST BANK, NATIONAL ASSOCIATION, a national banking association ("Lender), the principal sum of FIFTEEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($15,500,000.00) or so much thereof as may have been advanced to Borrower from time to time hereunder in accordance with, and subject to the conditions of, that certain Amended and Restated Loan Agreement of even date herewith between Borrower and Lender (as the same might hereafter be amended, extended, supplemented, or restated, the "Loan Agreement"), together with interest and other charges as provided herein.

1. DEFINITIONS. Capitalized terms used, but not otherwise defined, in this Note shall have the meanings given them in the Loan Agreement. In addition, the following terms shall have the following meanings:

"Adjusted LIBOR" shall mean the quotient of (i) the "London Interbank Offered Rate (LIBOR)" at which U.S. Dollar deposits for a maturity comparable to the Interest Period are offered to Lender in immediately available funds in the London Interbank Market, as quoted in the Money Rates section of The Wall Street Journal as effective for contracts entered into on the first day of the applicable Interest Period, divided by (ii) 1.00 minus any applicable Reserve Requirement for such Interest Period required by Regulation D (expressed as a decimal).

"Base Rate" shall mean the per annum rate of interest periodically designated and announced to the public by Lender as its "Base Rate". The Base Rate is not necessarily the lowest rate charged by Lender.

"Business Day" shall mean a day which is not a public holiday and on which banks in Atlanta, Georgia, are customarily open for business.

"Default Rate" shall mean a per annum rate of interest equal to two percentage points (2%) in excess of the rate of interest otherwise applicable hereunder on the date the Default Rate takes effect.

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THIS NOTE AMENDS, RENEWS, DECREASES, AND RESTATES THAT CERTAIN PROMISSORY NOTE DATED MARCH 31, 1998, PAYABLE BY BORROWER TO THE ORDER OF LENDER IN THE PRINCIPAL AMOUNT OF $20,251,000.00 (THE "ORIGINAL NOTE"). LENDER HAS PAID THE STATE OF FLORIDA DOCUMENTARY STAMP TAX IN THE AMOUNT REQUIRED BY LAW WITH RESPECT TO THE ORIGINAL NOTE AND, ACCORDINGLY, NO ADDITIONAL DOCUMENTARY STAMP TAX IS DUE WITH RESPECT TO THIS AMENDED AND RESTATED NOTE.

"Eurodollar Rate" shall mean the rate per annum (rounded upwards, if

necessary, to the nearest 0.0625%) equal to the Adjusted LIBOR plus one hundred eighty-five basis points (1.85%), which rate shall not fluctuate during each Interest Period.

"Interest Period" shall mean each successive period of one (1) Month following the date of this Note, provided that (i) no Interest Period may extend beyond the maturity of this Note, and (ii) if any such Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day.

"Maturity Date" shall mean December 31, 2000.

"Month" shall mean, with respect to an Interest Period, the interval commencing on a Scheduled Payment Date and ending on the day before the next Scheduled Payment Date, inclusive; provided that the first Month of the initial Interest Period shall commence on the date of this Note and end on the day before the first Scheduled Payment Date.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Reserve Requirement" shall mean with respect to any Interest Period, the weighted average during such Interest Period of the maximum aggregate reserve requirement (including all basic, supplemental, marginal, and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements during the Interest Period), if any, that is imposed under Regulation D and that is applicable to the class of banks of which Lender is a member on "eurocurrency liabilities," as that term is defined in Regulation D. Lender acknowledges that, as of the date hereof, the Reserve Requirement is zero, provided that the Reserve Requirement may increase from time to time during the term of this Note.

"Scheduled Payment Date" shall mean any date on which a payment of principal or interest (or both) is due under the terms of this Note.

2. PAYMENT TERMS. On the date of this Note, Borrower shall pay all interest accrued and to accrue on the outstanding principal of the Note through and including December 31, 1998. On February 1, 1999, and on the first (1st) day of each successive calendar month thereafter until the Maturity Date, Borrower shall pay to Lender (i) all accrued but unpaid interest on the outstanding principal of this Note, plus (ii) an installment of principal in the amount of $12,500.00. On the Maturity Date, Borrower shall pay to Lender the entire outstanding principal balance of this Note, together with all accrued interest thereon. All payments shall be applied, at Lender's option, first to any fees, expenses, or other costs that Borrower is obligated to pay under this Note or the

other Loan Documents, second to interest due on this Note, and third to the outstanding principal of this Note. All payments, fees, charges, and other sums due hereunder shall be remitted to Lender at the following address:

SouthTrust Bank, National Association
P. O. Box 830776
Birmingham, Alabama 35283-0776
Attn: McCracken Loan Servicing

or at such other address as Lender or any subsequent holder of this Note may from time to time designate in writing. All principal, interest, and other charges payable under this Note shall be paid in lawful money of the United States of America.

3. INTEREST RATE.

(a) The principal of this Note outstanding from time to time shall bear interest at the Eurodollar Rate. As of the commencement of each Interest Period following the initial Interest Period hereunder, the rate of interest on this Note shall increase or decrease to reflect change in the Eurodollar Rate from the Interest Period just ended.

(b) Notwithstanding anything to the contrary herein, if at any time Lender determines, in accordance with reasonable and ordinary commercial standards, that its acquisition of funds in the London Interbank Market would be in violation of any law, regulation, guideline, or order, Lender may so notify Borrower in writing or by telephone, and upon the giving of such notice, this Note will immediately cease bearing interest at the Eurodollar Rate as provided above, and the outstanding principal of this Note shall thereupon commence to bear interest at the variable per annum rate equal to the Base Rate; provided that if, as of the last day on which interest on this Note accrues at the Eurodollar Rate, the Base Rate is lower or higher than the Eurodollar Rate in effect on this Note on such date, then a spread shall be added to or subtracted from Base Rate in an amount equal to the difference between the Base Rate and the Eurodollar Rate in effect on this Note (the "Base Rate Spread"), and principal of this Note shall thereafter bear interest at the variable rate equal to the Base Rate Spread plus the Base Rate. For example, if on such day the Eurodollar Rate is 6.75% and the Base Rate is 6.25%, then the Base Rate Spread shall be 0.50%. If on such day the Base Rate is 7.50%, then the Base Rate Spread shall be -0.75%. At all times while this Note bears interest at a rate determining by using the Base Rate as a reference, such rate shall be adjusted to reflect changes in the Base Rate, with such adjustments being effective of the date that the Base Rate changes. Notwithstanding the fact that Lender has based the interest rate applicable hereunder upon Lender's cost of funds in the London Interbank Market, Lender shall not be required actually to obtain funds from such source at any time.

(c) Upon the occurrence of any Event of Default hereunder, the principal amount of this Note shall automatically, without notice to or demand upon Borrower, bear interest at the Default Rate. Borrower agrees that the Default Rate represents a fair and reasonable estimate by Borrower and Lender of a fair average compensation for the risk of loss that Lender will experience due to the occurrence of an Event of Default and for the cost and expenses that might be incurred by Lender by reason of the occurrence of an Event of Default, with the parties agreeing that the

damages caused by such increased risk and extra cost and expenses are impracticable or extremely difficult to ascertain or estimate. The payment by Borrower of interest at the Default Rate will not prejudice the rights of Lender to collect any other amounts required to be paid by Borrower hereunder or under any of the other Loan Documents.

(d) All interest on the principal of this Note, whether calculated using the Eurodollar Rate, the Base Rate, or the Default Rate as a reference, shall be calculated on the basis of a 360-day year by multiplying the outstanding principal amount by the applicable per annum rate, multiplying the product thereof by the actual number of days elapsed, and dividing the product so obtained by 360.

4. PREPAYMENT. Borrower may prepay the outstanding principal of this Note, or any part thereof, at any time and from time to time. Partial prepayments will be applied to principal installments coming due under this Note in their inverse order of maturity. Amounts prepaid may reborrowed in accordance with the provisions of the Loan Agreement.

5. LATE CHARGES. Borrower will pay to Lender a late charge equal to five percent (5%) of the amount of any payment that is not received by Lender within ten (10) days after the date such payment is due under the terms of this Note.

In no case will any such late charge be less than $0.50 or more than the maximum amount allowed by applicable law. Collection or acceptance by Lender of such late charge will not constitute a waiver of any rights or remedies of Lender provided in this Note or in any other Loan Document. The late charge provided for herein represents a fair and reasonable estimate by Borrower and Lender of a fair average compensation for the loss that might be sustained by Lender due to the failure of Borrower to make timely payments hereunder, the parties recognizing that the damages caused by such extra administrative expenses and loss of the use of funds is impracticable or extremely difficult to ascertain or estimate.

6. COLLECTION COSTS. Lender shall be entitled to recover all costs of collecting, securing, or attempting to collect or secure this Note, or defending any action seeking the avoidance or rescission of any payment of or security for this Note, including, without limitation, court costs and reasonable attorneys' fees actually incurred, including attorneys' fees on any appeal by either Borrower or Lender.

7. LOAN DOCUMENTS. This Note evidences borrowings under, and is the "Note" referred to in, and is issued pursuant to, the Loan Agreement and is entitled to all of the benefits and security of the Loan Agreement, the Guaranty, the Security Documents, and the other Loan Documents (as such terms are defined in the Loan Agreement). This Note amends, extends, decreases, and restates that certain Promissory Note dated March 31, 1998, payable by Borrower to the order of Lender in the principal amount of $20,251,000.00 (the "Original Note"). The execution and delivery by Borrower of this Note shall not be construed or interpreted as a payment, satisfaction, or novation, in whole or in part, of the Original Note; rather this Note is strictly amendatory in nature.

8. EVENTS OF DEFAULT. The occurrence or existence of an Event of Default pursuant to, and as defined in, the Loan Agreement, including, without limitation, Borrower's failure to pay any installment of principal or interest on this Note or any other sum due hereunder on the due date

thereof, which failure continues beyond any cure period and notice requirement set forth in the Loan Agreement, will constitute an event of default under this Note (an "Event of Default"). Lender, at its option, upon or at any time after the occurrence of an Event of Default, may (i) declare the then outstanding principal amount of this Note, together with all accrued interest thereon and all other agreed or permitted charges owing by Borrower hereunder, to be, and the same will thereupon become, immediately due and payable without notice to or demand upon Borrower, all of which Borrower hereby expressly waives, and (ii) pursue all rights and remedies available under the Loan Documents and at law or in equity. All rights and remedies of Lender under the terms of this Note and the other Loan Documents and applicable statutes or rules of law will be cumulative and may be exercised successively or concurrently.

9. USURY. It is the intent of Borrower and Lender in the execution of this Note and all other Loan Documents to contract in strict compliance with the usury laws governing the loan evidenced by this Note. In furtherance thereof, Lender and Borrower stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws governing the loan evidenced by the Note. Borrower or any guarantor (including Guarantor), endorser, or other party now or hereafter becoming liable for the payment of the Note shall never be liable for unearned interest on the Note and shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws governing the loan evidenced by the Note, and the provisions of this paragraph shall control over all other provisions of the Note and any other instrument executed in connection herewith which may be in apparent conflict herewith. In the event any holder of the Note shall collect monies that are deemed to constitute interest and that would otherwise increase the effective interest rate on the Note to a rate in

excess of that permitted to be charged by the laws governing the loan evidenced by the Note, all such sums deemed to constitute interest in excess of the legal rate shall be applied to the unpaid principal balance of the Note and if in excess of such balance, shall be immediately returned to the Borrower upon such determination. All sums paid or agreed to be paid for the use, forbearance or detention of money payable under this Note shall, to the extent allowed by applicable law, be amortized, prorated, allocated and spread throughout the full term of this Note.

10. TIME OF ESSENCE. Time is of the essence with respect to this Note and the performance of all obligations contained herein.

11. WAIVER. Borrower, and all guarantors (including Guarantor), endorsers, and sureties of this Note, hereby waives, to the fullest extent permitted by applicable law, (i) all rights of exemption of property from levy or sale under execution or other process for the collection of debts under the Constitution or laws of the United States or any state thereof, (ii) demand, presentment, protest, notice of dishonor, notice of non-payment, diligence in collection, and all other requirements necessary to charge or hold the Borrower liable on any obligations hereunder, and (iii) any further receipt for or acknowledgment of any collateral now or hereafter deposited by Borrower as security for the obligations hereunder.

12. BINDING EFFECT. Lender will not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies under this Note or the other Loan Documents,

and no waiver of any kind will be valid unless in writing and signed by Lender. The provisions of this Note will be construed without regard to the party responsible for the drafting and preparation hereof. Any provision in this Note that might be unenforceable or invalid under any law will be ineffective to the extent of such unenforceability or invalidity without affecting the enforceability or validity of any other provision hereof. This Note and the obligations of Borrower hereunder shall be binding upon and enforceable against Borrower and its successors and assigns and will inure to the benefit of Lender and its successors and assigns, including any subsequent holder of this Note. Borrower agrees that, without releasing or impairing Borrower's liability hereunder, Lender may at any time release, surrender, substitute, or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

13. DOCUMENT PROTOCOLS. This Note is governed by the Document Protocols set forth in Exhibit A attached to the Loan Agreement, which are incorporated by reference into this Note as if fully set forth herein.

IN WITNESS WHEREOF, Borrower has executed this Note, or has caused this Note to be executed by its duly authorized representative, on the day and year first above written, with the intention that this Note to take effect as an instrument under seal.

CARTER SUNFOREST, L.P., a Georgia limited partnership

By: CARTER & ASSOCIATES ENTERPRISES, INC.,
a Georgia corporation
Its Sole General Partner

By: /s/ Bradley D. Reese

Name: Bradley D. Reese

Title: Senior Vice President

[Affix corporate seal]

EXHIBIT 10.41

AMENDMENT NO. 1 TO MORTGAGE AND SECURITY AGREEMENT

AND OTHER LOAN DOCUMENTS

BETWEEN CARTER SUNFOREST, L.P.

AND

SOUTHTRUST BANK, NATIONAL ASSOCIATION

This instrument prepared by:
Gary W. Farris, Esq.
Burr & Forman LLP
One Georgia Center - Suite 1200
600 West Peachtree Street
Atlanta, Georgia 30308
Telephone: (404)815-3000

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AMENDMENT NO. 1 TO MORTGAGE AND
SECURITY AGREEMENT AND OTHER LOAN DOCUMENTS

THIS AMENDMENT NO. 1 TO MORTGAGE AND SECURITY AGREEMENT AND OTHER LOAN DOCUMENTS (this "Amendment") is effective as of the 31st day of December, 1998, by and among CARTER SUNFOREST, L.P., a Georgia limited partnership (hereinafter referred to as "Borrower"), and SOUTHTRUST BANK, NATIONAL ASSOCIATION, a national banking association (hereinafter referred to as "Lender").

RECITALS:

Borrower is indebted to Lender for a loan in the principal amount of $20,251,000.00 (the "Loan"), which was advanced pursuant to the terms and conditions of a Loan Agreement dated as of March 30, 1998, between Borrower and Lender (the "Original Loan Agreement") and is evidenced by Promissory Note dated as of March 30, 1998 (the "Original Note"), is said principal amount payable by Borrower to the order of Lender. The proceeds of the Loan were used by Borrower to acquire and construct a 130,997 square foot office building and related improvements on certain real estate located in Tampa, Hillsborough County, Florida, more particularly described in EXHIBIT A (collectively, the "Property"). As security for the Loan, Borrower granted a first lien and security interest in the Property and certain other collateral pursuant to the following instruments:

(1) Mortgage and Security Agreement dated as of March 30, 1998, from Borrower to Lender, as recorded on April 6, 1998, with the County Clerk of Hills borough County, Florida, at Deed Book 8980, Page 370 (the "Mortgage");

(2) Assignment of Leases and Rents dated as of March 30, 1998, from Borrower to Lender, as recorded on April 6, with the County Clerk of Hillsborough County, Florida, at Deed Book 8980, Page 392 (the "Assignment"); and

(3) UCC-1 Financing Statement naming Borrower as debtor and Lender as secured party, as filed on April 6, 1998, with the County Clerk of Hillsborough County, Florida, as instrument #98091481.

The Original Loan Agreement, the Original Note, the Mortgage, the Assignment, and the other documents, certificates, and instruments executed in connection with the Loan are collectively referred to as the "Loan Documents".

Lender has agreed, at the request of Borrower, to several modifications of the terms and conditions of the Loan, including modifications which will extend the term of the Loan for a period of approximately twenty-four (24) months, reduce the maximum principal amount of the Loan to $15,500,000.00 and permit borrowings under the Loan on revolving basis. To evidence such modifications, Borrower and Lender have entered into an Amended and Restated Loan Agreement (the "Amended Loan Agreement") and an Amended and Restated Promissory Note (the "Amended Note") dated of even date herewith, pursuant to which the Original Loan Agreement and the Original Note respectively are modified and restated in their entirety. Borrower and Lender have entered into this Amendment for the purpose of amending the Mortgage, the Assignment, and other Loan Documents.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. MODIFICATIONS TO LOAN DOCUMENTS. Borrower and Lender hereby agree that the Mortgage, the Assignment, and the other Loan Documents are hereby amended and modified in the following respects;

(a) The following provision is inserted at the end of Article VI of the Mortgage, titled "Defeasance":

> "Notwithstanding the foregoing, Borrower acknowledges and agrees that the Secured Indebtedness is revolving in nature and pursuant to the Loan Agreement the principal amount of the Secured Indebtedness might, periodically and from t ime to time, be reduced to zero. Borrower agrees that, although the Secured In debtedness might be fully repaid at any time or from time to time, for so long as the Loan Agreement remains in effect and has not been terminated pursuant to the terms thereof, this Mortgage shall not be extinguished, discharged, nullified, impaired, or otherwise adversely affect, by operation of law or otherwise, but shall remain in full force and effect as to all amounts that Borrower might subsequently

> borrow and owe to Lender under the Loan Agreement and the Note or otherwise constitute Secured Obligations."

(b) All references to the "Loan" in the Mortgage, the Assignment, and the other Loan Documents shall henceforth refer to the Loan as decreased to the maximum principal amount of $15,500,000.00. Accordingly, all references in the Mortgage, the Assignment, and the other Loan Documents to the words and figures "Twenty Million Two Hundred Fifty-One Thousand and No/100 Dollars" and "$20,251,000.00" are hereby deleted and the words and figures "Fifteen Million Five Hundred Thousand and No/100 Dollars" and "$15,500,000.00" are substituted in lieu thereof.

(c) All references to the "Loan Agreement" and the "Note" in the Mortgage, the Assignment, and the other Loan Documents shall henceforth refer to the Amended Loan Agreement and the Amended Note respectively, as the same might hereafter be amended, extended, restated, replaced, or

consolidated.

2. DOCUMENT PROTOCOLS. This Amendment shall be governed by the Document Protocols attached as Exhibit A to the Amended Loan Agreement, which are incorporated herein by reference in their entirety.

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written, with the intention that this Amendment take effect as an instrument under seal.

CARTER SUNFOREST, L.P., a Georgia limited partnership

By: CARTER & ASSOCIATES ENTERPRISES, INC.,
a Georgia corporation
Its Sole General Partner

By: /s/ Bradley D. Reese

Name: Bradley D. Reese

Title: Senior Vice President

[Affix corporate seal]

STATE OF GEORGIA)
COUNTY OF FULTON)

The foregoing Amendment No. 1 To Mortgage and Security Agreement and Other Loan Documents was acknowledged before me by Bradley D. Reese, as Senior Vice President of Carter & Associates Enterprises, Inc., a Georgia corporation, as sole general partner of Carter Sunforest, L.P., a Georgia limited partnership, on behalf of said corporation as such sole general partner, and who is personally known to me and who did not take an oath.

Given under my hand and official seal this 5/th/ day of January, 1998.

/s/ Judy L. Grayheal

Notary Public
My commission expires: Feb 16, 2003

[Affix notarial seal]

[EXECUTIONS AND ACKNOWLEDGEMENTS CONTINUED ON NEXT PAGE]

SOUTHTRUST BANK, NATIONAL ASSOCIATION,
a national banking association

By: /s/ James R. Potter

Name: James R. Potter

Title: V.P.

STATE OF GEORGIA)
COUNTY OF FULTON)

The foregoing Amendment No. 1 To Mortgage and Security Agreement and Other Loan Documents was acknowledged before me by James R. Potter, as Vice President of SouthTrust Bank, National Association, a national banking association, on behalf of said national banking association and who is personally known to me and who did not take an oath.

Given under my hand and official seal this 5 day of January, 1998.

/s/ [SIGNATURE ILLEGIBLE]

Notary Public
My commission expires:_____

[Affix notarial seal]

[END OF EXECUTIONS AND ACKNOWLEDGEMENTS]

EXHIBIT 10.42

LEASE

BETWEEN WELLS OPERATING PARTNERSHIP

AND

PRICE WATERHOUSE LLP

Lease

BETWEEN

CARTER SUNFOREST, L.P., a Georgia Limited Partnership

as Landlord

AND

PRICE WATERHOUSE LLP, a Delaware Registered Limited Liability Partnership

as Tenant

Effective Date:
March 30, 1998

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LEASE

THIS LEASE ("Lease"), made as of the "Effective Date" (as defined in Section 22.24), by and between CARTER SUNFOREST, L.P., a Georgia limited partnership ("Landlord"), and PRICE WATERHOUSE LLP, a Delaware Registered Limited Liability Partnership ("Tenant").

WITNESSETH:

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, subject to the conditions and limitations hereinafter expressed, that parcel of land situated in the Sunforest Office Park, in the City of Tampa, the County of Hillsborough 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"), the Building (as hereinafter defined), together with all other Improvements (as hereinafter defined). The term "Improvements" means: (a) a four-story building of approximately 130,000 square feet of "Rentable Area" (as such term is defined in Section 3.5) (the "Building"), (b) parking

areas containing approximately 455 parking spaces, including a free standing parking garage, with covered access to the Building, containing approximately 200 covered parking spaces (the "Garage"), and (c) all other improvements, machinery, equipment, fixtures and other property, real, personal or mixed (except Tenant's trade fixtures) installed or located on the Land or within the Building and Garage, together with all additions, alterations and replacements thereof. The Land and the Improvements are hereinafter referred to as the "Demised Premises." The Demised Premises are subject only to the easements, restrictions, reservations and other encumbrances (the "Existing Encumbrances") set forth in said Exhibit "B", true and complete copies of which Landlord has
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furnished to Tenant prior to the execution and delivery hereof, and will be subject on the Commencement Date to (i) the Existing Encumbrances, (ii) all easements, covenants, restrictions, rights of way and other similar matters created or arising in connection with Landlord's development and construction of the Base Building Improvements and Tenant Improvements which do not materially interfere with the use of the Demised Premises hereunder for Tenant's Professional Development Center, training facilities, and educational facilities for Tenant's employees ("Tenant's Intended Use"), (iii) an access easement along the northern boundary of the Land for the benefit of the property adjacent to the Land's northern boundary, and (iv) subject to Section 18.1 below, any institutional first mortgage executed by Landlord encumbering the Demised Premises (collectively, the "Permitted Encumbrances"). Without limiting Tenant's permitted uses of the Demised Premises as set forth in this Lease, Landlord and Tenant acknowledge that Tenant's intended primary use of the Demised Premises will be for 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 Landlord has the full right and authority to lease to Tenant the Demised Premises 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.

1. TERM OF LEASE

1.1 Initial Term of Lease

(a) Commencement Date. This Lease shall be for an initial term of ten (10) years (the "Initial Term") commencing on the "Commencement Date" (as hereinafter defined). Except as otherwise expressly provided for in the Pre-Occupancy and Construction Agreement attached hereto as Exhibit "C" (the
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"Pre-Occupancy Agreement"), the "Commencement Date" shall be December __, 1998 (the "Commencement Date"). (All terms defined in the Pre-Occupancy Agreement and used in this Lease shall have the meanings ascribed to them in the Pre-Occupancy Agreement.) The parties shall confirm the Actual Substantial Completion Date and the Commencement Date in writing as provided in Section 18 of the Pre-Occupancy Agreement.

(b) Lease Year. For the purposes of this Lease, the term "Lease Year" shall be defined as follows. The first Lease Year shall begin on the Commencement Date and, if the Commencement Date occurs on the first day of the month, the first Lease Year shall end twelve (12) months thereafter. If the commencement Date occurs on other than the first day of a calendar month, the first Lease Year will end on the last day of the twelfth (12th) calendar month after and excluding the calendar month in which the Commencement Date occurred. For example, if the Commencement Date occurs on December 6, 1998, the first Lease Year ends on December 31, 1999. 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) Subject to the terms, covenants and conditions of this Section 1.2, the Term of this Lease may be extended, at the option of Tenant, for two (2) successive periods of five (5) years each. Each such period is sometimes called a "Renewal Term". Each Renewal Term shall be upon the same terms, covenants and conditions contained in this Lease, except for the payment of Base Rent (which shall be determined in accordance with Subsection 1.2 (b)). Any reference in this Lease to the "Term" shall be deemed to include any Renewal Term and apply thereto, unless otherwise expressly provided herein. Tenant shall have no renewal options beyond the aforesaid two consecutive five-year renewal options. Any termination of this Lease during the initial Term of this Lease, or during a Renewal Term, shall terminate all of Tenant's rights under this Section 1.2.

(b) Base Rent during the first Lease Year of a Renewal Term for any space then constituting a portion of the Demised Premises shall be at a rate equal to the greater

of (i) ninety percent (90%) the Market Rent Rate for such space multiplied by the Rentable Area of the Demised 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 of a 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 thereof 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 (if such be the case) that the total Base Rent paid during such Renewal Term is equal to the total Base Rent that would have been paid during such Renewal Term if the Base Rent therefor 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.

(c) For purposes of this Lease, Market Rent Rate shall be determined as follows:

(i) Within five (5) days after Tenant delivers its Non-Binding Notice (defined below), Landlord and Tenant shall commence negotiations to agree upon the Market Rent Rate. If Landlord and Tenant are unable to reach agreement on the Market Rent Rate within thirty (30) days after the date on which Tenant delivered its Non-Binding Notice, then the Market Rent Rate shall be determined in accordance with clause (ii) of this Subsection 1.2(c).

(ii) If Landlord and Tenant are unable to reach agreement on the Market Rent Rate within said 30-day period, then within seven (7) days, Landlord and Tenant shall each simultaneously submit to the

other in a sealed envelope its good faith estimate of the Market Rent Rate. 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 Landlord or Tenant may submit the question to arbitration in accordance with clause (iii) of this Subsection 1.2(c).

(iii) If the Market Rent Rate cannot be established by exchange of estimates as provided in clause (ii) of this Subsection 1.2(c), then either party may, by written notice to the other within five (5) days after the exchange of good faith estimates pursuant to said clause (ii), request to resolve the dispute by arbitration. Within seven (7) days after the receipt of such request, the parties shall select as an arbitrator a mutually acceptable independent appraiser who is a Member of the Appraisal Institute ("MAI"), with experience in real estate appraisal, including at least five (5) years experience in appraising properties similar to the Demised Premises in Hillsborough County, Florida (a "Qualified Appraiser"). If the parties

cannot agree on a Qualified Appraiser, then, within a second period of seven (7) days, each shall elect a Qualified Appraiser and within ten (10) days thereafter the two appointed Qualified Appraisers shall select a third Qualified Appraiser and the third Qualified Appraiser shall be the arbitrator and shall determine the Market Rent Rate. If one party shall fail to make such appointment within said second seven (7) day period, then the Qualified Appraiser chosen by the other party shall be the sole arbitrator.

(iv) Once the arbitrator has been selected as provided in clause (iii) of this Subsection 1.2(c), then, as soon thereafter as practicable but in any case within twenty-one (21) days, the arbitrator shall select one of the two estimates of the Market Rent Rate submitted by Landlord and Tenant pursuant to clause (ii) of this Subsection 1.2(c), which shall be the one that is closer to the fair market net rental value as determined by the arbitrator. The value so selected shall be the Market Rent Rate. The decision of the arbitrator as to the Market Rent Rate shall be submitted in writing to, and be final and binding on, Landlord and Tenant. If the arbitrator believes that expert advice would materially assist him, he may retain one or more qualified persons, including but not limited to, legal counsel, brokers, architects or engineers, to provide such expert advice. Except as expressly provided to the contrary in Subsection 1.2(e), the parties shall split evenly the costs of the arbitrator and of any experts retained by the arbitrator. Except as expressly provided to the contrary in Subsection 1.2(e), any fees of any counsel or expert engaged directly by Landlord or Tenant shall be borne by the party obtaining such counsel or expert.

(d) Each option to renew shall be exercised by Tenant delivering an initial non-binding written notice to Landlord no earlier than eighteen (18) months and no later than fifteen (15) months prior to the expiration of the Initial Term or the then current Renewal Term, as the case may be (the "Non-Binding Notice"). Thereafter, the Market Rent Rate for the Renewal Term shall be determined pursuant to Subsections 1.2(b) and 1.2(c).

Tenant shall give Landlord final binding written notice of intent to exercise an option to renew no later than twelve (12) months prior to the expiration of the Initial Term or the then current Renewal Term, as the case may be (the "Binding Notice"). If Tenant fails to give its Non-Binding Notice or its Binding Notice when due as provided in this Section 1.2(d) Tenant will be deemed to have waived such option to renew.

(e) Tenant's right to exercise a particular option to renew this Lease pursuant to this Section 1.2 is subject to the conditions that on the date Tenant delivers its Non-Binding Notice or its Binding Notice, no Event of Default has occurred and is continuing past pertinent notice and cure periods. Notwithstanding anything contained herein to the contrary, if Tenant delivers its Non-Binding Notice with respect to any option to renew, but does not deliver its Binding Notice with respect to such option, Tenant shall pay: (i) the fees and costs of all arbitrators, if any, used to determine the Market Rent Rate in

connection with such option; (ii) the fees and costs of any experts retained by such arbitrators; and (iii) the reasonable fees and costs of any counsel or expert engaged by Landlord or Tenant to assist in determining the Fair Market Rent Rate for such option.

(f) "Market Rent Rate" means the rental rate per square foot of "Rentable Area" at which tenants entering into new leases lease comparable space with comparable tenant improvements in place as of the commencement of the applicable Renewal Term (or adjusting the rental rate as appropriate for differences in the existing tenant improvements and term commencement), taking into consideration (and appropriately adjusting the rental rate for differences in) the location, quality and age of the building and tenant improvements, as the case may be, with respect to which such rental rates are computed, rent concessions or other allowances, abatements, lease assumptions or take-overs and other tenant concessions and benefits such as new carpeting, paint and wall coverings for the Demised Premises, differences in terms and provisions of the applicable leases such as pass-throughs of operating expenses and taxes, moving expenses, brokerage commissions, parking rights and costs therefor, the term of the lease under consideration, and the extent of services provided thereunder, applicable distinctions between "gross" leases and "net" leases, base year or expense stop figures for escalation purposes, and any other relevant term or condition in making such evaluation. For this purpose, "comparable space" shall be office space in comparable buildings within the Westshore submarket of Tampa that is comparable in size, location, and quality to the Demised Premises and leased for a term comparable to the applicable Renewal Term.

2. DESIGN AND CONSTRUCTION OF IMPROVEMENTS.

Landlord shall design the Base Building Improvements (as defined in the Pre-Occupancy Agreement) and Tenant shall design the Tenant Improvements (as defined in the Pre-Occupancy Agreement), and Landlord shall construct the Base Building Improvements and the Tenant Improvements, all in accordance with the provisions of the Pre-Occupancy Agreement. The "Demised Premises" for the purposes of this Lease shall include all Tenant Improvements.

3. RENT.

3.1 Base Rent. In consideration of the leasing of the Demised Premises and the construction of the Base Building Improvements and the Tenant Improvements, Tenant shall pay to Landlord, and 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 fixed base rental ("Base Rent") for the Initial Term of this Lease, as follows:

(a) The Base Rent for the first Lease Year of the Initial Term shall be at the annual rate determined by multiplying by 9.4102% the Agreed Total Price.

(b) The Base Rent for each Lease Year of the Initial Term after the first Lease Year thereof shall be one hundred three percent (103%) of the Base Rent for the immediately preceding Lease Year.

Base Rent shall be payable in equal monthly installments, in advance, together with any Federal, State, local or other jurisdictional sales or use taxes. If the Term commences on other than the first day of a calendar month, or ends on other than the last day of a calendar month, Base Rent for such partial calendar month shall be prorated.

3.2 Operating Expenses/Impositions. The parties each acknowledge that the Base Rent specified in Section 3.1 does not include Operating Expenses (as hereinafter defined) or Impositions (as hereinafter defined); accordingly, during the Term of this Lease, and any extension(s) thereof, Tenant shall pay to Landlord Operating Expenses (plus any applicable tax) and Impositions in accordance with the terms of this Lease, which payments shall be deemed Additional Rent.

3.3 Capital Reserve. Tenant shall pay a "Capital Reserve" for each Lease Year during the Term of this Lease in an amount equal to Ten Cents ($0.10) per square foot of Rentable Area in the Demised Premises, which payment shall be deemed Additional Rent. The Capital Reserve payable for each Lease Year shall be paid in twelve (12) equal monthly installments, paid in advance not later than the first (1st) day of each and every calendar month. If the Commencement Date is other than the first (1st) day of a month, then the Capital Reserve for such initial month shall be prorated for such fractional period.

3.4 Delinquent Rental Payments. All payments of Base Rent and Additional Rent (collectively referred to herein as "Rent") shall be payable without previous demand therefor and without any right of abatement, setoff or deduction, except as expressly provided in this Lease, and in case of nonpayment of any item of 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 or by law in the case of nonpayment of 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. Tenant shall pay a late charge of two percent (2%) of any installment of Rent or any other charges payable by Tenant under the provisions of this Lease which shall not be paid within ten (10) days after the date the same is due; provided, however, that the late charge shall not be assessed in respect of the first late payment occurring in any twelve (12) month period. Any installment of Rent or any other charges payable by Tenant under the provisions of this Lease which shall not be paid within ten (10) days after the date the same is due shall also bear interest at the Maximum Rate of Interest.

3.5 Rentable Square Feet. For the purposes of this Lease, "Rentable Area" or "Rentable Square Feet" shall be calculated in accordance with the methods of

measuring rentable

area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Managers Association (BOMA) International. On or before the Actual Substantial Completion Date, Landlord shall submit to Tenant a statement in writing, certified to both Landlord and Tenant as being true and correct by the Landlord Architect, of the exact number of Rentable Square Feet contained in the Building.

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 Tenant's Intended Use and such other office type uses as may be lawfully carried on in and about the Demised Premises. Tenant shall not use or occupy the same, or 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 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 contained and no action or 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 the use and occupancy of the Demised Premises during the term of this Lease, Tenant shall comply at all times and in all material respects, and shall cause its subtenants and Tenant's and its subtenants' agents, employees, contractors, licensees and invitees to comply at all times and in all material respects, 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, at its own expense, shall 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 initially obtaining normal sanitary sewer permits and authorizations with respect to the Demised Premises). Except as installed in the Demised Premises or 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 material respects, handle, treat, deal with and manage any and all such Hazardous Materials in, on, under or about the Demised Premises in 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 or its subtenants, or any of their respective agents, employees, contractors, licensees and invitees, to be removed from the Demised Premises and transported for use, storage or disposal in accordance 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, 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 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 or its subtenants, or any of their respective agents, employees, contractors, licensees and invitees; 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 ten (10) 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, 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.

(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: (i) from the presence or discharge of Hazardous Materials, in, on, under, upon or from the Demised Premises placed or installed thereon by Tenant or its subtenants, or any of their respective agents, employees or contractors, licensees and invitees; or (ii) from the transportation or disposal of any Hazardous Materials by Tenant, to or from the Demised Premises, whether knowingly or unknowingly; or (iii) the violation or alleged violation of Hazardous Materials Laws 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, 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. For purposes of the indemnity provided herein, any acts or omissions of Tenant and its assignees and subtenants, and their respective employees, agents, customers, assignees, contractors or sub-contractors (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant.

5.2 Landlord's Covenants Regarding Hazardous Substances.

(a) Landlord covenants, warrants and represents, to the best of its present knowledge: (i) that the Demised Premises will be at the Commencement Date free from any Hazardous Materials (other than those incorporated therein in accordance with the Base Building Plans and the Tenant Plans and in compliance with Hazardous Materials Laws) and shall comply in all material respects with all applicable Hazardous Materials Laws; (ii) that the Base Building Improvements and Tenant Improvements will be at the Commencement Date free of Hazardous Materials (other than those incorporated therein in accordance with the Base Building Plans and the Tenant Plans and in compliance with Hazardous Materials Laws), including without limitation, 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; and (iv) that, except for use or discharge in accordance and conformity with all applicable laws in all material respects, 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 Demised Premises.

(b) In connection with Landlord's ownership, development, operation, management and maintenance and replacement of the Demised Premises (such status of Landlord as owner, developer, operator and manager of the Demised Premises, and such activity by or at the bequest of Landlord and/or its affiliate being hereinafter collectively called the "Landlord's Activities"), Landlord shall comply at all times and in all material respects with all Hazardous Materials Laws.

(c) Landlord, at its own expense, shall 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 Demised Premises. 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 placed or installed on the Demised Premises either prior to the Effective Date or in connection with Landlord's Activities, 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. Landlord shall in all material respects, handle, treat, deal with and manage any and all such Hazardous Materials in, on, under or about the Demised Premises in 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, 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 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 Demised Premises; (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 Demised Premises or with respect to any Hazardous Materials removed from the Demised Premises, 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 Demised Premises 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: (i) from the presence or discharge of Hazardous Materials, in, on, under, upon or from the Demised Premises either prior to the Effective Date or to the extent resulting from or related to Landlord's Activities, other than those incorporated into the Base Building Improvements and Tenant Improvements in accordance with Hazardous Materials Laws; or (ii) from the transportation or disposal of Hazardous Materials to or from the Demised Premises to the extent resulting from or related to Landlord's Activities; or (iii) the violation or alleged violation of Hazardous Materials Laws by Landlord, 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 Demised Premises or the Landlord's Work, 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. For purposes of the indemnity provided herein, any acts or omissions of Landlord, or its employees, agents, 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. Tenant shall pay to Landlord as "Additional Rent" actual Operating Expenses for each Lease Year in accordance with Section 3.2.

6.2 Definition of Operating Expenses. Subject to the exclusions set forth in Section 6.3, for the purposes of this Lease, the term "Operating Expenses" shall mean the total cost or expense incurred by Landlord in connection with the operation, repair or maintenance of 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 or Landlord's management company's employees at or below the level of building manager 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 Landlord's management company, or any affiliate of Landlord);

(b) the cost of insurance required by Article 8 and other insurance obtained by Landlord in respect of the Demised Premises that is then reasonable and customary in respect of comparable buildings in the Westshore submarket of Tampa;

(c) charges (including applicable taxes) for all utilities not directly billed to Tenant (if any) required in the operation of the Demised Premises (including the tenanted areas thereof), including water, sewer, electricity and gas;

(d) amounts paid by Landlord, or charged to Landlord by independent contractors, for services (including full or part-time labor), materials and supplies;

(e) amounts paid by Landlord, or charged to Landlord by independent contractors, for window cleaning, janitorial, rubbish removal, snow and ice removal, porter services, security, and pest control;

(f) amounts paid by Landlord, or charged to Landlord by independent contractors, for cleaning, operating and maintaining the Demised Premises, including operating, maintaining and repairing the heating, air conditioning and electrical systems servicing the Building and the elevators in the Building;

(g) repairs and maintenance (except as expressly excluded from Operating Expenses or as such costs are expressly imposed on Landlord);

(h) costs of supplies, materials, tools and equipment;

(i) maintenance of the Land and exterior Improvements (including water retention areas), including costs of landscaping, gardening and planting;

(j) the cost of telephone service, postage, office supplies, maintenance and repair of office equipment and similar charges related to operation of the Building management office located in the Building;

(k) the cost of licenses, permits and similar fees and charges for the operation of the Building, but not including any franchise fees or any fee for the issuance of the initial, permanent, or temporary certificate of occupancy for the Building or any space therein;

(l) reasonable, market fees for the management of the Demised Premises; and

(m) amortization of capital improvements made to the Demised Premises after the Commencement Date which are undertaken primarily for the purpose of reducing Operating Expenses, but only to the extent of the lesser of (i) the annual amortized amount of such improvements over the useful life thereof, and (ii) the actual annual cost savings.

In calculating Operating Expenses, Operating Expenses shall be reduced by all cash, trade or quantity discounts to the extent actually received by Landlord in the purchase of any goods, utilities or services in connection with the Demised Premises. All Operating Expenses shall be accounted for with the utilization of generally accepted accounting principles consistently applied.

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, the following shall be excluded from Operating Expenses:

(i) leasing commissions;

(ii) subject to Subsection 6.2 (m) and Tenant's obligation to make "Tenant's Compliance Contribution" pursuant to Section 11.1, any depreciation or amortization on the Demised Premises;

(iii) subject to Subsection 6.2 (m) and 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 the Internal Revenue Code and generally accepted accounting principles;

(iv) costs, fines or penalties incurred due to a violation by Landlord of any of the terms and conditions of this Lease, or of any Laws;

(v) interest on debt or amortization payments on any mortgage or any other debt for borrowed money, or increases in principal or interest on debt;

(vi) rental under any ground or underlying lease;

(vii) repairs and any other work occasioned by fire, windstorm or other casualty required under this Lease to be covered by insurance (other than to the extent of reasonable and customary deductible amounts under Landlord's insurance policies), or repairs required as a result of eminent domain exercise;

(viii) fines, penalties or late charges incurred because of Landlord's failure to promptly pay an obligation;

(ix) any cost or expense which is already passed on to Tenant (or reimbursed to Landlord) pursuant to some other term or provision of this Lease, or any expense billed to and paid directly by Tenant on its own account or on behalf of Landlord;

(x) the cost of constructing the Base Building Improvements and Tenant Improvements; and

(xi) Landlord's general overhead and other administration costs.

(b) Tenant's Direct Obligations. Except as included within 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 business licenses or similar permits pertaining to Tenant's use and occupancy of the Demised Premises (but not certificates 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 which would result in a lien against the Demised Premises if not timely performed or paid, Landlord may, but shall not be obligated to, pay the same. In the event Landlord makes any such payment, Tenant shall immediately reimburse Landlord therefor 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(b). Tenant, upon thirty (30) days' prior

notice to Landlord, may elect to purchase directly any services, materials or utilities included in Operating Expenses under Section 6.2. In that event, Landlord shall fully cooperate in shifting such obligation to Tenant. The calculation of Operating Expenses and determination of Estimated Operating for preceding Lease Years shall be appropriately adjusted to account for Tenant's assumption of such costs. Tenant shall initially contract and pay directly for the following utilities and services:

(i) utilities including but not limited to electricity, water and sewer;

(ii) Impositions as set forth in Article 7;

(iii) janitorial service; and

(iv) 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.

6.4 Estimated Operating Expenses.

(a) To implement Tenant's obligation to pay the Operating Expenses, Tenant shall pay Landlord on or before the first day of each calendar month during the Term one-twelfth (1/12) of the amount of the estimated Operating Expenses for the then current Lease Year ("Estimated Operating Expenses") which shall not exceed the greater of (i) 104% of the actual Operating Expenses for the immediately preceding Lease Year, or (ii) that amount determined by applying to the actual Operating Expenses for the immediately preceding Lease Year the percentage increase in Operating between such immediately preceding Lease Year and the next preceding Lease Year. Landlord's good faith initial Estimated Operating Expenses for the first Lease Year is $8.00 per Rentable Square Foot. Landlord shall deliver to Tenant no later than the Actual Substantial Completion Date its revised estimate of that figure, together with all back-up documentation. There shall be an annual reconciliation between what Tenant paid and what Tenant should have paid, and Landlord shall deliver to Tenant a certified statement reflecting such reconciliation with a reasonably detailed statement of actual Operating Expenses for the preceding Lease Year, with appropriate back-up data (together, the "Reconciliation Statement"), within ninety (90) days following the end of each Lease Year. Any amount paid by Tenant which exceeds the actual Operating Expenses due shall be refunded to Tenant simultaneous with the delivery to Tenant of the Reconciliation Statement. If Tenant has paid less than the correct amount due, Tenant shall pay the balance within thirty (30) days of receipt of written notice from Landlord. Landlord's and Tenant's obligation to pay the

adjustments described in this Section 6.4 shall survive the expiration or earlier termination of this Lease.

(b) Tenant shall have ninety (90) days after receipt of a Reconciliation Statement to notify Landlord of its election to audit the preceding year's Operating Expenses. Upon such notice, 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. If there is a timely written objection by Tenant, 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 notice of audit, then Tenant shall immediately thereafter pay Landlord what Landlord claims is due. Tenant, at its sole election, may submit the dispute 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 10 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 10 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 10 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 three percent (3%) 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 was paid to Landlord until the same shall be repaid to Tenant, 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 three percent (3%) 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 three percent (3%) the Estimated Increases. Subject to the foregoing, the arbitrators shall have the power to award reasonable attorney's fees and reasonable expenses and costs.

7. PAYMENT OF TAXES AND ASSESSMENTS.

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 assessments and expenses imposed on the Demised Premises under 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. Within ten (10) days after receipt, Landlord shall deliver to Tenant any Imposition bill or statement sent by the pertinent governmental agency or utility to Landlord. Tenant shall be able to take advantage of all applicable discounts for early payment of Impositions. Neither the Impositions nor any other charge passed on to 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, including without limitation impact fees, utility connection, inspection or impact fees; and building fees. Tenant shall pay all special (or similar) assessments for public improvements or benefits which, during the Term shall be 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, 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 pertain to the Term. Landlord shall pay all real estate taxes which pertain to the period 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, 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. 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,

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 otherwise expressly provided. Nothing in this Lease 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 ad valorem tax or special assessment (or at Landlord's request, any other Imposition or 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 the event that Tenant under Section 7.2, elects not 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 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 Installment Payments. To the extent permitted by law, Tenant may pay any real estate tax and special assessments in annual installments. If Tenant elects to pay such tax or assessment on an installment basis, then Tenant shall pay only those installments which become due and payable during the Lease Term. Any such installment due and payable in the year in which the Lease commences or terminates shall be prorated.

8. INSURANCE.

8.1 Landlord's Casualty Insurance. Landlord agrees to obtain and continuously maintain in full force and effect during the Term, policies of insurance covering all Improvements constructed, installed or located on the Demised Premises naming 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 a twenty four (24) 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 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 Building, 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 Improvements on Builder's Risk or other comparable coverage. Landlord and Tenant shall require any contractor, subcontractor, sub-subcontractor, supplier, or laborer 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 Casualty Insurance Coverage. Tenant agrees to obtain and
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continuously maintain in full force and effect during the Term, policies of insurance covering all of Tenant's furniture, fixtures, equipment and other personal property located on the Demised Premises ("Tenant's FF&E"), naming Landlord 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) rental value insurance for at least an twenty-four (24) 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 Tenant's FF&E. "Full Replacement Cost" shall be interpreted to mean the cost of replacing Tenant"s FF&E without deduction for depreciation or wear and tear.

8.3 Tenant's Liability Insurance Coverage. During the Term, Tenant, at its
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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 Demised Premises, 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 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. Where possible, such insurance shall specifically insure (by contractual liability endorsement) Tenant's obligations under Section 21.1.

8.4 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 Demised Premises, 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 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. Where possible, such insurance shall specifically insure (by contractual liability endorsement) Landlord's obligations under Section 21.2.

8.5 Extended Coverage Insurance Provisions. All policies of insurance required by Section 8.1 shall provide that the 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, 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.

8.6 General Insurance Requirements. Each policy required under Sections 8.1, 8.2, 8.3 and 8.4 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.

8.7 Waiver of Subrogation. Landlord and Tenant hereby waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, to their respective property, the Building or its contents, Tenant's FF&E or to other portions of the Demised Premises, arising from any risk generally covered by the "extended coverage" property insurance, and each party, on behalf of its respective insurance companies insuring its property against any such loss, waives any right of subrogation that they may have against the Landlord or the Tenant, as the case may be. 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.

8.8 Unearned Premiums. Upon expiration or sooner termination of the Term, the unearned premiums upon any insurance policies required by this Article 8 the cost for which has been passed on to Tenant as an Operating Expense shall be payable to Tenant.

8.9 Blanket Insurance Coverage. Nothing in this Article 8 shall prevent Landlord or Tenant from obtaining insurance of the kind and in the amount provided for under this Article 8 under a blanket insurance policy or policies (evidence thereof reasonably satisfactory to the other party shall be delivered to the other party by the insuring party) which may cover other properties owned or operated by the insuring party 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 the insuring party shall furnish the other party 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.

9. SERVICES.

9.1 Services. Landlord shall furnish the following services, the cost of which shall be an Operating Expense, all of the standard of a first class office building and office park in the

Westshore submarket of Tampa, through and consistent with the capacity of the systems described in the Base Building Plans.

(a) Elevator service for passenger and delivery needs;

(b) Heating, ventilation and air-conditioning as required to maintain temperature and humidity levels as hereinafter provided, and to maintain fresh air levels in the Building consistent with prevailing ASHRAE Standard 62-1989 "Ventilation of Acceptable Indoor Air Quality" and all applicable laws, regulations and codes, and to maintain air quality at such levels to protect all occupants of the Building from harmful or adverse exposure to chemical contaminants, bacteria, mold, mildew, dust, ozone, and other allergens or contaminants. Subject to applicable mandatory federal and local energy conservation regulations, Landlord shall use its best efforts to maintain the usable area within the Building at a constant temperature between 70 Degrees F and 75 Degrees F during Standard Building Hours, and at humidity levels between 37 and 60 percent, unless the outside temperature is below 40 Degrees F or above 95 Degrees for at least 3 hours each day for five consecutive days. If the outside temperature is below 40 Degrees or above 95 Degrees for at least 3 hours each day for five consecutive days, Landlord will use its best efforts to maintain the Building between 72 Degrees F and 78 Degrees F, with humidity levels between 25 and 60 percent, regardless of the outside temperature. Landlord

shall maintain the Building envelope, roof, and systems and components to prevent moisture intrusion into the Building.

(c) Hot and cold running water for all restrooms, lavatories and kitchens;

(d) Electric power, including electric power for lighting and receptacles;

(e) Replacement of light bulbs and ballasts for interior and exterior electric lighting; and

(f) General management of the Demised Premises, including supervision, inspections and management functions.

The services described above shall be provided 24 hours per day, 7 days per week, 52 weeks a year, every day during the Term.

9.2 Standards; Interruption. Landlord shall exercise due care in furnishing adequate and uninterrupted services and in restoring any interrupted service as quickly as possible; but Landlord shall not be liable for any damages directly or indirectly resulting from the interruption or failure to furnish any of services referred to herein, unless due to Landlord"s gross negligence or willful misconduct. Tenant shall promptly notify Landlord in the event any service which Landlord is obligated under this Lease to provide is not provided. Notwithstanding the foregoing provisions of this Section 9.2, in the event a service which Landlord is obligated to provide in the Demised Premises is not provided for reasons within the reasonable control of Landlord for

a period of three (3) consecutive business days and, as a result of the failure to provide such service, Tenant is unable to reasonably operate its business in a material portion of the Demised Premises during such three (3) consecutive business day period, and if Landlord does not commence to cure such situation within five (5) days after receipt of written notice from Tenant and thereafter diligently prosecute such cure to completion, then Tenant shall be entitled equitably abate its Rent for the period commencing at the time Tenant notifies Landlord of the interruption of service which causes Tenant to be unable to reasonably operate its business in that portion of the Demised Premises until such service is resumed in a manner such that Tenant is able to reasonably conduct its business therein. In addition, Tenant may, at its election, cure such situation and set off against, and deduct from, the Rent next due under this Lease the costs and expenses incurred by Tenant in connection therewith, together with an administrative charge of five percent (5%) of such costs and expenses. The remedies set forth in this Section 9.2 are in addition to Tenant's other remedies for Landlord's default.

10. REPAIRS

10.1 Landlord's Repairs. In addition to the Guarantee provided in paragraph 12.1 of Exhibit "C", during the Term, Landlord, at its sole cost and expense (and not as a component of Operating Expenses pursuant to Section 6.1), shall maintain and repair in first-class condition the roof and structural elements (which, for the purposes of this Lease shall mean load bearing walls, foundation, roof system and glazing and curtain wall systems of the Building and Garage, excluding items of a cosmetic nature). Except to the extent maintained by Tenant in accordance with Section 10.2, Landlord, at its initial cost,

recoverable as an Operating Expense pursuant to Section 6.1 (except as excluded under Section 6.3), shall make and perform all other routine maintenance of the Demised Premises and all necessary repairs to every portion and element of the Demised Premises, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description, including without limitation, repairs to electricity, water, sewer, and other utility lines and connections, roadways, driveways and paved parking areas. When used in this Article 10, "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, 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 in the Westshore submarket of Tampa, Florida, provided that Landlord shall in any event make all repairs necessary to avoid any structural damage or other damage or injury to the Improvements.

10.2 Tenants Repairs. Tenant, at its sole cost and expense, throughout the Term, shall take good care of the non-structural, interior surfaces of the Building 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 10, "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, 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 in the Westshore submarket of Tampa, Florida, provided that Tenant shall in any event make all repairs necessary to avoid any damage or injury to the Improvements. Notwithstanding the foregoing, at Tenant's election, Landlord shall perform the repairs described in this Section 10.2, and costs so incurred by Landlord shall be included in Operating Expenses.

10.3 Exterior Maintenance. Except to the extent otherwise set forth in Section 10.1 or 10.2, Landlord shall take good care of and maintain in first-class condition all exterior areas of the Demised Premises, and keep all exterior areas of the Demised Premises in first class condition, free of dirt, rubbish, debris and unlawful obstructions, and the cost of such maintenance shall be included in Operating Expenses (except as excluded under Section 6.3).

10.4 Standards. All work performed by Landlord and 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.

10.5 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

11. COMPLIANCE WITH LAWS AND ORDINANCES.

11.1 Compliance with Laws and Ordinances. As used in this Lease, 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 planning, design and construction of the Improvements and operation and maintenance of 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 exercising authority with respect to the use or manner of use of the Demised Premises, including, without limitation, the Americans with Disabilities Act and the Florida Accessibility Code. 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. Landlord and Tenant mutually acknowledge that amendments to existing Laws, new interpretations of 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 the Improvements (physical alterations or improvements to the Improvements that are required to be made during the 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 the failure of

the design or construction of the Base Building Improvements or the construction (but not the design) of the Tenant Improvements to comply with all existing Laws, which improvements shall be performed by Landlord at its sole cost and expense. The term "Future Compliance Improvements" also shall not include any improvements necessary due to the failure of the design of the Tenant Improvements to comply with all existing Laws, which improvements shall be performed by Tenant at its sole cost and expense. Because the cost of making the Future Compliance Improvements is unforeseeable as of the Effective Date of this Lease 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 the Demised Premises for the purposes permitted under this Lease, subject only to Tenant's obligation to pay Landlord "Tenant's Compliance Contribution."

(b) Except to the extent otherwise elected by Tenant or Landlord 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 cost of the Future Compliance Improvements constructed or made by Landlord, amortized on a debt service basis over the useful life of such Future Compliance Improvements as reasonably determined under generally accepted accounting principles, using an interest rate of 9.4102%. ("Tenant's Compliance Contribution"). As conditions precedent to Landlord's right to receive 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. Notwithstanding the foregoing, in the event that the cost of any Future Compliance Improvements is reasonably estimated by Landlord to exceed $2,500,000, then either

Landlord or Tenant shall have the right to terminate this Lease within thirty (30) days after the date of Landlord's notice to Tenant of the pending Future Compliance Improvement. If either party so elects to terminate, the other party shall have the right to cancel such termination by giving written notice to the other party to the effect that, (i) if Landlord has terminated, Tenant agrees to pay in cash the full cost of constructing of such Future Compliance Improvement in excess of $2,500,000.00, or (ii) if Tenant has terminated, Landlord agrees to proceed with such Future Compliance Improvement without the requirement of Tenant's Compliance Contribution as to amounts in excess of $2,500,000.00.

(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 the terms and provisions of the Permitted Encumbrances or any agreements, contracts, easements, restrictions, reservations or covenants, 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 the terms of the Permitted Encumbrances as aforesaid, the parties acknowledge and agree that Tenant is not a party to or otherwise bound by any of the Permitted Encumbrances and that nothing in this Lease is intended or shall be deemed or construed to impose upon Tenant the duties, obligations or liabilities of Landlord or of any other party under the Permitted Encumbrances (except for Tenant's covenant to Landlord not to violate such documents as provided in this Section 11.2), and except for Tenant's agreement to pay an expense deemed an Imposition or Operating Expense hereunder.

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 under the terms of 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, that 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 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.

12. CONSTRUCTION LIENS AND OTHER LIENS.

12.1 Freedom from Liens.

(a) Tenant shall not suffer or permit any construction 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 construction 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 construction 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, 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 construction lien or other lien.

(b) All materialmen, contractors, artisans, mechanics, laborers and any other persons 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 construction 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 construction 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 Base Building Improvements and the Tenant Improvements, 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 construction lien or other lien.

12.3 Removal of Liens. Except as otherwise provided for in this Article 12, 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. INTENTIONALLY OMITTED.

14. DEFAULTS.

14.1 Event of Default. Any one or more of the following events are deemed an "Event of Default" in the singular and "Events of Default" in the plural;

(a) If Tenant fails to pay when due any installment of Rent payable under this Lease or if Tenant fails to pay any other amount 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 breach shall continue for a period of ten (10) days after written notice thereof given by Landlord to Tenant in accordance with Section 22.3, provided, however, that Landlord shall be obligated to provide Tenant notice and opportunity to cure pursuant to this Subsection 14.1(a) on only two (2) occasions in any twelve (12) month period, and any subsequent failure to pay occurring during such twelve (12) month shall constitute an Event of Default without the requirement of any notice to Tenant or opportunity to cure.

(b) If Tenant in fails to keep, observe or perform any of the terms contained in this Lease, other than those referred to in Subsection (14.1)(a), and such breach 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 which cannot with due diligence and in good faith be cured within thirty (30) days, 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 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).

14.2 Landlord's Remedies. Upon an Event of Default by Tenant, Landlord may at its option at any time thereafter without notice or demand of any kind except as provided in this Article 14, exercise one or more of the following

described remedies, in addition to all other rights and remedies provided herein, and at law or equity:

(a) Landlord may terminate this Lease, in which event Landlord may forthwith repossess the Demised Premises in accordance with law, and be entitled to recover from Tenant all Rent accrued and unpaid for the period up to and including the date of termination.

(b) Landlord may terminate Tenant's right of possession without terminating this Lease, and may repossess the Demised Premises by forcible entry or detainer suit or otherwise, in which event Landlord shall use reasonable good faith efforts to relet the Demised Premises for the account of Tenant, for such rent and upon such terms as Landlord in its reasonable discretion shall determine. For the purpose of such reletting, Landlord is authorized to decorate and make any repairs, changes, or alterations in or to the Demised Premises that may be necessary or appropriate, and Tenant shall, upon written demand, pay the cost thereof. If the Demised Premises are relet and a sufficient sum shall not be realized from such reletting to pay all of the costs and expenses (i) of such decoration, repairs, changes, alterations and additions, (ii) of such termination and reletting (including, without limitation, all brokerage, advertising, and legal expenses), and (iii) of the collection of the rent accruing therefrom, and to satisfy the Rent provided for in this Lease, then Tenant shall satisfy and pay any such deficiency upon demand therefor from time to time, or at Landlord's discretion, in a lump sum equal to the present value of such sum discounted over the remaining Term at a rate equal to the prime rate from time to time announced by NationsBank, N.A. or its successors. Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Section 14.2 from time to time and that no suit or
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recovery of any portion due Landlord hereunder shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Landlord.

(c) Landlord may enter upon the Demised Premises and do whatever Tenant is obligated to do under the terms of this Lease and Tenant covenants and agrees to reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease together with interest at the Maximum Rate, and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action, unless caused by the negligence of Landlord, its agents, employees or contractors.

14.3 Landlord's Default. In the event of Landlord's defaults in its
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performance of any covenant or obligation in this Lease, 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,
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with due diligence and in good faith, be remedied within such thirty (30) day period, Landlord and/or the 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. Notwithstanding the foregoing, in the event Landlord's default hereunder results in an immediate threat of bodily harm to Tenant's employees, agents or invitees, or damage to Tenant's property, Tenant may proceed to cure the default without prior notice to Landlord provided, however, that in that
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event Tenant shall give written notice to Landlord as soon as possible. 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 14.3, together
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with interest at the Maximum Rate of Interest, within fifteen (15) days of written demand by Tenant. If Landlord fails to timely reimburse Tenant for such costs or expenses, Tenant may deduct such amounts from subsequent payments of Rent. Nothing herein shall provide any extension or cure right with respect to the time frames for design and construction of the Base Building Improvements and the Tenant Improvements set forth in the Pre-Occupancy Agreement.

14.4 No Waiver. No failure by Landlord or by Tenant to insist upon the performance of any of the terms of this Lease 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. None of the terms of this Lease 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, but each of the terms of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach of this Lease. No waiver of any default of Landlord or Tenant herein shall be implied from any omission by non-defaulting party 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 or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

14.5 Remedies Cumulative. In the event of any breach or threatened breach by either party of any of the terms contained in this Lease, the non-breaching party shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right or remedy allowed at law or in equity or by statute or otherwise as though entry, reentry, summary proceedings and other remedies were not provided for in this Lease. Each remedy or right of either party provided for in this Lease shall be cumulative and shall be in addition to every other

right or remedy provided for in this Lease, 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.

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 and diligently proceed with the adjustment of Landlord's insurance claims in respect thereof within a period of six (6) months after the date of the damage or destruction and, thereafter, if and to the extent required by this Article 15, promptly commence, and diligently prosecute to completion, the restoration, repair, replacement and rebuilding of the same. The Demised Premises (including Tenant Improvements, and Tenant's changes and alterations made pursuant to Section 20.1), 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) 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.

15.2 Application of Insurance Proceeds. All insurance monies recovered by Landlord or Tenant shall be held by Landlord for the mutual benefit of Landlord and Tenant 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. Any insurance proceeds in excess of the cost of Restoration shall be the property of Landlord.

15.3 Continuance of Tenant's Obligations. Except as provided for in Section 15.5, 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 or shall relieve Tenant from its liability to pay to Landlord the Rent and Additional Rent payable under this Lease or from any of its other obligations under this Lease, and Tenant waives any rights now or hereafter conferred upon Tenant by present or future law or otherwise to quit or surrender this Lease 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 15 apply only to damage or destruction of the Improvements by fire, casualty or other cause occurring after the

Commencement Date. During all periods of construction, Landlord shall obtain and maintain builder's risk insurance coverage referred to in Article 8. 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. Section 15.5(c) shall apply if such insurance proceeds are insufficient to complete the Restoration of the Improvements.

15.5 Adjustment of Rent and Termination of Lease.

(a) In the event of damage to or destruction of the Improvements, in whole or in part, under Section 15.1, the Base Rent payable hereunder for the perio 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, parking and access reasonably able to be utilized by Tenant after such damage or destruction.

(b) If Landlord fails to complete the Restoration of the Demised Premises required under this Lease within twenty four (24) months after the date of the damage or destruction, 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 the Lease, except to the extent otherwise provided under this Section 15.5.

(c) If the Improvements shall be destroyed or damaged to such an extent that the Restoration thereof will cost an amount in excess of the net proceeds of the insurance required to be and maintained by Landlord, Landlord shall contribute up to Two Hundred Fifty Thousand Dollars ($250,000.00) over and above the net proceeds of insurance towards the cost of Restoration ("Landlord's Contribution"). In such event, then, commencing upon the completion of the Restoration and for the balance of the Term, the annual Base Rent payable under this Lease shall be increased by an amount determined by multiplying the total amount of the Landlord's Contribution expended by Landlord by 10%, which amount shall be subject to escalation in subsequent Lease Years in accordance with the provisions of this Lease governing escalations of Base Rent . If the Improvements shall be destroyed or damaged to such an extent that the Restoration thereof will cost an amount in excess of net proceeds of insurance and Landlord's Contribution, (the amount of such excess hereinafter referred to as the "Excess Funds"), 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, or (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, subsequent to Tenant's election not to make such expenditure, elects by written notice to Tenant ("Landlord's Second Notice") not to expend the Excess Funds, then Tenant shall have the option, within thirty (30) days after receipt of Landlord's Second Notice, to either expend the Excess Funds or terminate this Lease 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 other charges hereafter specified in this Section 15.5. 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 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 carried hereunder.

(d) 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, after the Restoration thereof, there cannot reasonably be anticipated to remain at least twelve (12) months in the Term of this Lease, then either Landlord or Tenant shall have the right to terminate this Lease by giving the other written notice to the other party within thirty (30) days after the damage or destruction. Upon the giving of such notice, the Term shall cease and come to an end on a day to be specified in the termination notice, which date shall not be more than thirty (30) days after the delivery of such notice. In such event Landlord shall be entitled to the proceeds of all insurance carried hereunder.

(e) In the event of any termination of this Lease under this Section 15, Landlord shall refund to Tenant any prepaid Rent pertaining to that period after the date of such termination, and that portion of insurance proceeds received in the proportion that Tenant's actual out-of-pocket unamortized contribution to the cost of Tenant Improvements ("Tenant's Contribution") bears to the cost of the Building.

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 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, except as hereinafter provided in Subsection 16.1(b).

(b) In any taking of the Demised Premises, or any portion thereof, whether or not this Lease is terminated as in this Subsection 16.1(b)
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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, 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, improvements funded by Tenant, the damage to Tenant's business and for Tenant's relocation costs, and moving expenses and reestablishment costs in connection therewith and for Tenant's Contribution.

16.2 Partial Condemnation/Termination of Lease. If, during the Initial Term, or any extension or renewal thereof, less the entire Demised Premises, shall be taken in any such Proceedings and the portion taken constitutes a "Material Partial Condemnation" (as defined below), this Lease shall terminate as to the portion of the Demised Premises so taken 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 portion of the Demised Premises so taken; and either Landlord or Tenant may, at their option, terminate this Lease 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 neither Landlord nor Tenant elects to terminate this Lease 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.

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 either (a) the portion taken is not a Material Partial Condemnation, or (b) the portion taken is a Material Partial Condemnation but this Lease is not terminated as provided in Section 16.2, (in either event, a "Minor Partial Condemnation"), this Lease 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 portion of the Demised Premises so taken, 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 as 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. Landlord agrees 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 in any such Proceedings for physical damage to the Improvements as a result of such taking to the costs of such restoration work; provided however, that in no event shall Landlord be obligated to expend in respect of the Restoration work any amount in excess of the net amount of any award received by Landlord at the date of vesting of title (after deduction of all costs and expenses including attorneys' fees). Tenant, at its option, may elect to (but shall not be required to) expend such additional sums as is necessary to complete the Restoration. Upon such election by Tenant, Landlord shall assign to Tenant all of its claims in connection with the Minor Partial Condemnation and all of its rights and interests in the Proceeding, and shall thereafter fully cooperate with Tenant (at Tenant's reasonable expense) in Tenant's prosecution of such claims in the Proceeding.

16.4 Continuance of Obligations. In the event of any termination of this Lease, 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 shall have terminated justly apportioned to the date of such termination, and Landlord shall refund to Tenant any Rent paid pertaining to that portion of the Demised Premises for the period after the date of such termination. In the event this Lease is not terminated in accordance with the terms of this Article 16, then this Lease shall remain unmodified and in full force and effect, except that, 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 portion of the Demised Premises so taken, Tenant shall continue to pay Rent and other charges payable hereunder, as in this Lease provided, to be paid by Tenant subject to an abatement of a just and proportionate part of the Base Rent according to the extent and nature of such taking, which shall be based upon the relationship between the rental value of the Demised Premises after such taking and after the same has been restored to a complete architectural unit, to the rental value of the Demised Premises prior to such taking.

16.5 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 this 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 14 of the Pre-Occupancy Agreement, except that the

MAI shall be instructed to determine whether the applicable condemnation constitutes a "Material Partial Condemnation" or a "Minor Partial Condemnation" as defined in this Article 16 (not Market Rate Rent).

17. ASSIGNMENT, SUBLETTING.

17.1 Restriction on Transfer (Transfer Requiring Landlord Consent). Except with respect to Affiliate Transfers (as described in Section 17.2), Tenant shall Tenant shall not sublet the Demised Premises, or any portion thereof, nor assign, mortgage, pledge, transfer or otherwise encumber or dispose of this Lease, 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 (collectively, a "Transfer") without obtaining Landlord's prior written consent in each and every instance, which consent shall not be unreasonably withheld, delayed or conditioned.

17.2 Transfers.

(a) Notwithstanding anything in this Lease 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 or in, to or under the Demised Premises to an "Affiliate" (as such term is hereinafter defined) (any such transaction or event being herein called an "Affiliate Transfer"), provided that such Affiliate assumes Tenant's obligations under the Lease. For the purposes of this Subsection 17.2(a), 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 Subsection 17.2(a); 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.

(b) In the case of any Transfer under this Article 17 other than an Affiliate Transfer, Tenant's notice to Landlord of the proposed Transfer shall include information regarding the identity and financial condition of the proposed transferee. Landlord shall have thirty (30) days after receipt of such notice and information to notify Tenant of its approval or disapproval of the proposed Transfer. Any notice of disapproval shall contain the reasons for such disapproval. Landlord's failure to notify Tenant of its approval or disapproval of such proposed Transfer within such thirty (30) day period shall be deemed an approval. Tenant shall reimburse Landlord for reasonable costs incurred in reviewing Tenant's request for Landlord's consent to a proposed Transfer, including without

limitation, attorneys' fees for outside counsel), up to a maximum amount of Two Thousand Five Hundred and No/100 Dollars ($2,500.00).

17.3 Conditions to all Assignments and Sublettings. Any assignment or subletting (regardless of whether Landlord's approval is required hereunder) shall be subject to the following terms and conditions: (a) Tenant shall provide Landlord with at least fifteen (15) days prior written notice of such assignment or subletting (excluding Affiliate Transfers, in which event Tenant shall provide Landlord with written notice within fifteen (15) days after such assignment or subletting); (b) at the time of the assignment or subletting, this Lease shall be in full force and effect, no Event of Default shall be subsisting under this Lease, and Landlord shall not have given Tenant notice of any matter which, with the passage of time, would become an Event of Default under this Lease which remains uncured; (c) any assignee (but not any subtenant) shall by written instrument assume and agree to perform, and become directly liable to Landlord for, the performance of all of Tenant's duties and obligations under this Lease from and after the date of such assignment; and (d) any assignment or sublease shall provide that such assignment or sublease is subject to the terms, covenants, conditions, requirements, restrictions and provisions of this Lease.

17.4 Excess Consideration. Except in respect of an assignment or sublease to an Affiliate of Tenant, in the event of any assignment or subletting under this Lease (regardless of whether the approval of Landlord is required hereunder), Landlord shall receive one-half (1/2) of all consideration paid by any assignee or subtenant for such assignment or subletting (after deduction for any reasonable expenses of subletting incurred by Tenant, including, without limitation, brokerage commissions, legal fees, and tenant improvement work); provided, however, that Tenant may receive one hundred percent (100%) of the amount of any rent and other charges paid by any subtenant under any sublease which does not exceed the Base Rent and Additional Rent payable under this Lease multiplied by a fraction, the numerator of which is the number of square feet of Rentable Area in such subleased portion of the Demised Premises and the denominator of which is the total number of square feet of Rentable Area in the Demised Premises.

17.5 Tenant's Liability. No assignment or subletting shall relieve Tenant of its obligations under this Lease, and after any assignment or subletting Tenant shall continue to remain liable for all obligations of the "Tenant" under this Lease, which liability shall be primary liability (and not liability as a surety) and shall not be affected, impaired or released by any action, course of conduct or dealing by Landlord with any assignee of, or subtenant under, this Lease, and Tenant hereby waives any suretyship or other similar defenses at law or in equity which might otherwise be available to Tenant upon any such assignment of, or subletting under, this Lease.

18. SUBORDINATION, NONDISTURBANCE, NOTICE TO MORTGAGEE AND ATTORNMENT.

18.1 Subordination and Attornment by Tenant. This Lease and all rights of Tenant herein, and all interest or estate of Tenant in the Demised Premises, or any portion thereof, shall be 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. 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: (i) such ground lessee or mortgagee will at all times fully recognize Tenant's rights under this Lease, and in the event of a termination of or foreclosure under any such ground lease or mortgage, such holder shall not disturb Tenant's possession of the Demised Premises, provided that Tenant 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; and (ii) that upon mortgagee acquiring title to the Demised Premises, Tenant shall attorn directly to said mortgagee or its purchaser. Tenant shall agree to such other terms and conditions in the SNDA as may be reasonably required by said mortgagee provided that such terms and conditions do not affect Tenant's rights, nor increase or alter any of Tenant's obligations, under this Lease.

19. SIGNS.

19.1 Tenant's Signs. Tenant, at its sole cost, shall have the exclusive right to erect signs on the exterior or interior of the Building (including the roof) or on the Land, provided that such sign or signs: (i) do not cause any structural damage or other damage to the Building; and (ii) do not violate Laws. Tenant shall have the right to include any such sign in the Tenant Improvements and apply the Tenant Construction Allowance to the cost thereof.

20. CHANGES AND ALTERATIONS.

20.1 Tenant's Changes and Alterations. Subject to the terms and conditions of this Article 20, Tenant shall have the right at any time, and from time to time during the term of this Lease, 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 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 do 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 (i) alteration of a structural component of the Building, or alteration of the electrical, plumbing or HVAC systems constructed as part of the Basic Building Improvements, (ii) 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), (iii) non-structural alterations to the interior of the Building with an estimated cost of more than One Hundred Thousand and No/100 Dollars ($100,000.00); or (iv) roof-top antennas or satellite dishes (collectively, "Restricted Alterations"), Tenant shall: (A) furnish Landlord with detailed

plans and specifications of the proposed change or alteration; (B) obtain Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed or conditioned; (C) 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 (D) 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, (1) Landlord shall not unreasonably withhold, condition or delay its approval of Restricted Alterations of the type described in clauses (iii) or (iv)), above, and (B) Landlord may withhold its approval of structural Restricted Alterations of the types described in clauses (i) or (ii), above 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 materially reduce the utility of the Demised Premises or the Building for Tenant's Intended Use or general office use below its utility for such use immediately before such change or alteration, nor shall such change or alteration materially reduce the area or cubic content of the Building 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 Force Majeure 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 Two Million Dollars ($2,000,000.00) in the event of injury to one person, Two Million Dollars ($2,000,000.00) 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) Removal of Improvements. Tenant's business and trade fixtures, machinery and equipment, whether or not attached to the Demised 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 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 Landlord's Improvements, unless: (i) such alteration, installation, or improvement does not constitute a normal office or training facility alteration, installation, addition or improvement; and (ii) Landlord, at that time it grants its approval to such alteration, installation or improvement, notifies Tenant in writing that the same must be removed at the end of the Lease Term.

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; or

(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; or

(c) any injury to or the death of persons or damage to property occurring during the term of this Lease in any manner arising out of, by reason of or in connection with the use, non-use or occupancy of the Premises, or resulting from the condition of the Premises or of adjoining sidewalks, streets, roads or ways for which Tenant is responsible under this Lease; or

(d) any other provision of this Lease 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 after the Commencement Date; or

(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; or

(c) any injury to or death of persons or damage to property occurring during the term of this Lease in any manner arising out of or in connection with, or resulting from the conditions of any portion of the Demised Premises for which Landlord is responsible under this Lease; or

(d) any other provision of this Lease 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 (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, 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 21, 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 21 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, 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 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 shall not be thereby affected in any manner whatsoever, except that Rent shall equitably abate to the extent that Landlord's activities materially interfere with Tenant's use of such portion of the Demised Premises. Tenant may require that a representative of Tenant accompany Landlord or its agents on their entry into the Demised Premises under this Section 22.1 or Section 22.2.

22.2 Exhibition of Demised Premises. Upon prior appointment 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, Landlord shall be entitled to display on the Land, in a location reasonably acceptable to Tenant, 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 Land and that Landlord may exhibit the Demised Premises to prospective Tenants during said period as set forth above.

22.3 Notices. All notices which are required or permitted hereunder must 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:	Carter Sunforest, L.P. 1275 Peachtree St., N.E. Atlanta, GA 30367 Attention: Mr. Bradley D. Reese
With a copy to:	Kilpatrick Stockton LLP 1100 Peachtree St., Suite 2800 Atlanta, GA 30309-4530 Attention: M. Andrew Kauss
To Tenant:	Price Waterhouse LLP 3109 West Dr. M. L. King, Jr. Blvd. Tampa, Florida 33607-6215 Attention: David L. Jarman
With a copy to:	Holland & Knight 400 N. Ashley Dr., Suite 2300 Tampa, FL 33602 Attention: Richard D. Eckhard

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, represents and warrants that it has full right and power to execute and perform this Lease, that its general partner is validly formed and in good standing and has full right and power to execute this Lease, and has full right and power to grant the estate demised herein and that Tenant, on payment of Rent and other charges payable by Tenant pursuant to this Lease and performance of the covenants and agreements hereof, shall peaceably and quietly have, hold and enjoy the Demised Premises and all rights, easements, appurtenances and privileges belonging in or otherwise appertaining thereto during the Lease Term without molestation or hindrance of any person whomsoever claiming by, through or under Landlord, but not otherwise. Landlord further covenants that it will not hereafter terminate or amend any existing easements or covenants or the Permitted Encumbrances in a manner that, in

Tenant's reasonable opinion, would adversely affect Tenant or Tenant's Intended Use and Landlord covenants to, if necessary in Tenant's reasonable opinion and on request of Tenant, enforce any such existing easements or covenants for Tenant's behalf.

Landlord shall, without expense to Tenant, furnish to Tenant (i) promptly following the execution hereof, an American Land Title Association Policy for leasehold title insurance in the amount of _____, and (ii) promptly following Substantial Completion, an ALTA/ACSM as-built survey by a licensed surveyor of the land described in Exhibits "A" certified to Tenant which shall plot all easements and exceptions noted in the American Land Title Association Policy.

22.5 Landlord's Continuing Obligations. The term "Landlord," as used in

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this Lease, 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 and a copy of the agreement evidencing Landlord's assignment and the grantee's assumption of all Landlord's obligations hereunder, accruing after such transfer) 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 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 shall be paid to Tenant. The covenants and obligations contained in this Lease on the part of Landlord shall, subject to the aforesaid, be binding on Landlord's successors and assigns, during their respective successive periods of ownership. Nothing herein contained shall be construed as relieving the original Landlord of its obligations under the Pre-occupancy 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
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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 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 Subsection 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, 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 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 factual 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
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Landlord, Tenant or the Demised Premises. The form of estoppel certificate to be delivered by Tenant is attached hereto as Exhibit D.

22.7 Short Form. Upon not less than ten (10) days prior written request by
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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;

(b) The parties to this Lease;

(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.

22.8 Severability. If any covenant, condition, provision, term or agreement of this Lease shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Lease shall not be affected thereby, but each covenant, condition, provision, term or agreement of this Lease shall be valid and in force to the fullest extent permitted by law. This Lease shall be construed and be enforceable in accordance with the laws of the state in which the Demised Premise are located.

22.9 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 Article 17).

22.10 Captions. The caption of each Section of this Lease is for convenience and reference only, and in no way defines, limits or describes the scope or intent of such or of this Lease.

22.11 Relationship of Parties. This Lease 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.

22.12 Entire Agreement. All preliminary and contemporaneous negotiations are merged into and incorporated in this Lease. This Lease 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.

22.13 No Merger. There shall be no merger of this Lease or the leasehold estate created by this Lease 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 or the leasehold interest created by this Lease 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 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.

22.14 No Surrender During Lease Term. No surrender to Landlord of this Lease or of the Demised Premises, or any portion thereof, or any interest therein, prior to the expiration of the term of this Lease 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.

22.15 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 condemnation or fire or other casualty excepted as provided in this Lease, 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. 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. 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 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 the Demised Premises to good order, condition and repair.

22.16 Holding Over. In the event Tenant remains in possession of the Demised Premises after expiration of this Lease, 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 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.

22.17 Attorneys' Fees. In the event of any litigation or judicial action in connection with this Lease 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.

22.18 Landlord's Limited Liability. Tenant agrees to look solely to Landlord's interest in this Lease, the Demised Premises, and all profits, rents and sales proceeds arising therefrom for recovery of any monetary judgment from Landlord, it being agreed that Landlord, so long as it owns the Demised Premises (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. Notwithstanding the foregoing, Landlord shall be personally liable for failure to fully and timely perform its obligations under this Lease from the Effective Date until Substantial Completion, and after the date of Substantial Completion, Landlord shall be personally liable for the payment of any funds in Landlord's control or possession to which Tenant has

express rights under this Lease or which are required to be expended for Tenant's benefit, including without limitation, insurance proceeds, condemnation awards, and overpayment of Operating Expenses.

22.19 Tenant's Limited Liability. No partner of Tenant shall have any personal liability for breach of any covenant or obligation of Tenant under this Lease, and no recourse shall be had or be enforceable against the assets of any partner of Tenant for any payment of any sums due to Landlord or for enforcement of any other relief based upon any claim made by Landlord for the breach of any of Tenant's covenants or obligations under the Lease.

22.20 Sunforest Declaration. During the Term, Tenant shall exercise all rights and remedies accorded the "Owner" of the Demised Premises under the Declaration described in Exhibit "B" hereto. Landlord shall fully cooperate with Tenant to ensure Tenant the benefit of this Section 22.20.

22.21 Broker's Commissions. All negotiations relative to this Lease 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 CLW Realty, Inc. (the "Broker"). Landlord, pursuant to separate agreements or arrangements with the Broker, shall be responsible for any and all fees or commissions due and payable to the Broker arising out of this Lease in any way and Tenant shall have no liability therefor. Except with respect to the fees and commissions of the Broker 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 or the demise of the Demised Premises by reason of their respective dealings, negotiations or communications. Landlord and Tenant (except with respect to the Broker 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 or the demise of the Demised Premises.

22.22 Covenants, Representations and Warranties.

(a) Landlord. Landlord represents and warrants to Tenant, and covenants and agrees with Tenant, the following:

(i) Landlord is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Georgia.

(ii) All material information and data furnished to Tenant by Landlord or its agents with respect to the Demised Premises is true, correct, complete and not misleading in any material respect.

(iii) Landlord, and the undersigned signatories executing this Lease on behalf of Landlord, are duly authorized and empowered to enter into this Lease with Tenant.

(b) Tenant. Tenant represents and warrants to Landlord, and covenants and agrees with Landlord, the following:

(i) Tenant is a limited liability partnership 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 on behalf of Tenant, are duly authorized and empowered to enter into this Lease 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.

22.23 Permission, Consent or Approval. Whenever in this Lease 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 the party whose permission, consent or approval is requested 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.

22.24 Counterparts; Expiration of Lease; "Effective Date". This Lease 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. Subject to the immediately preceding sentence, the 'Effective Date' of this Lease shall mean the later of the two dates set forth below the respective signatures of Landlord and Tenant.

22.25 Guaranty. Attached to this Lease as Exhibit "E" is the form of Guaranty of Lease ("Guaranty") to be executed by Carter & Associates, L.L.C., a Georgia limited liability company, and delivered to Tenant within five (5) days after the Effective Date. Landlord's failure to cause the properly executed Guaranty, together with instruments evidencing the guarantor's corporate power and authority to Tenant's reasonable satisfaction, to be delivered to Tenant within five (5) days after the Effective Date shall constitute Landlord's default under this Lease.

22.26 Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department .

23. EXPANSION OPTION.

23.1 Exercise of Option. Tenant shall have the option (the "Expansion Option") to cause Landlord to construct the Expansion Improvements (as defined below) on the terms and conditions set forth in this Section 23. Subject to and in accordance with the terms of this Section 23, Tenant may exercise the Expansion Option by delivering written notice to Landlord (the "Expansion Notice") at any time during the Initial Term of the Lease after all applicable land use and

zoning approvals have been obtained if, at the time of Tenant's delivery of the Expansion Notice: (a) Tenant's net worth shall be equal to or greater than Tenant's net worth as of the Effective Date of this Lease and there shall have been no material adverse change in the financial condition of Tenant, (b) this

Lease shall not have been terminated and shall be in full force and effect, and (c) no Event of Default by Tenant exists under the Lease. If Tenant 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 and be of no further force or effect. Upon Tenant's delivery of the Expansion Notice and commencement of construction of the Expansion Improvements in accordance with the terms of this Section 23, 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 Improvements, without further action by either Landlord or Tenant. If Tenant duly exercises the Expansion Option, then on the date of substantial completion of the Expansion Improvements, the Expansion Improvements (as defined below) shall become part of the Demised Premises and shall be subject to the terms and conditions of this Lease, except as expressly set forth in this Section 23.

23.2 Landlord's Decision Not To Make the Expansion Improvements. During the first five Lease Years, and subject to the terms of this Section 23, Landlord shall be obligated to construct the Expansion Improvements if Tenant delivers the Expansion Notice in accordance with this Section 23. Any provision of this Section 23 to the contrary notwithstanding, Landlord and Tenant agree that Landlord shall not be obligated to construct the Expansion Improvements if Tenant delivers the Expansion Notice after the end of the fifth Lease Year and, following delivery of the Expansion Notice, Landlord determines not to construct the Expansion Improvements based on the Base Rent it would receive for the Expansion Improvements in accordance with this Section 23 and Landlord notifies Tenant in writing of such determination within thirty (30) days after Landlord's receipt of the Expansion Notice. If Landlord fails to timely deliver notice of such determination to Tenant, it shall be deemed to have elected to proceed with the construction of the Expansion Improvements in accordance with the terms of this Section 23.

23.3 Expansion Improvements; Expansion Improvement Costs. The "Expansion Improvements" shall be located on the land approximately as depicted on Exhibit "F" attached hereto and shall mean a three (3) or four (4) story building containing up to 132,000 square feet of Rentable Area ("Building Two"), an addition to the Garage containing a sufficient number of parking spaces such that, inclusive of surface parking, the total number of parking spaces equals at least four (4) parking spaces per one thousand (1,000) square feet of Rentable Area in the Building and Building Two, covered access from Building Two to the expanded Garage, and all other improvements, machinery, equipment, fixtures and other property, real or personal, to be installed or located on the land on which the Expansion Improvements are to be constructed. The Expansion Improvements shall be of a quality which is equal to or better than the Building and will be similar thereto in appearance, building materials, use, access, performance specifications and functionality (the "Expansion Parameters"). Landlord agrees to fund the costs (the

"Expansion Improvement Costs") of the design, development and construction of the Expansion Improvements (which costs shall include, without limitation, developer's and contractor's fees at market rates) up to a maximum of One Hundred Fifty and No/100 Dollars ($150.00) per square foot of Rentable Area in Building Two (as such amount shall be increased by increases in the Consumers Price Index - All Consumers - All Categories published by the United States Department of Labor, Bureau of Labor Statistics [or in the event the United States Department of Labor no longer publishes such Consumer Price Index, a comparable general price index acceptable to Landlord and Tenant] between the Effective Date and the date of Tenant's delivery of the Expansion Notice) (such amount, as adjusted, is referred to herein as the "Maximum Expansion Costs"). Tenant shall be responsible for the payment of any Expansion Improvement Costs in excess of the Maximum Expansion Costs, which excess costs shall be paid by Tenant to Landlord in cash and not added to the Expansion Improvement Costs upon

which the Base Rent for the Expansion Improvements shall be calculated.

23.4 Plans and Specifications. Within sixty (60) days after Landlord's receipt of the Expansion Notice, Tenant shall submit to Landlord preliminary plans and specifications for the Expansion Improvements. Within thirty (30) days after receipt and review of the preliminary plans and specifications, Landlord shall produce a Preliminary Master Schedule to construct the Expansion Improvements, which shall describe pre-development and development tasks necessary to construct the Expansion Improvements. The tasks set forth in the Preliminary Master Schedule shall include the selection of the development team, including the architect, engineers, construction manager and other necessary parties; determining a preliminary budget; and determining the schedule for design, design review by Tenant and Landlord, approvals and construction. Any suggested revisions to the Preliminary Master Schedule by Landlord or Tenant shall be made with reasonable diligence and in good faith in accordance with the Expansion Parameters, and, after the approval of such changes by both Landlord and Tenant, the schedule as revised shall become the Master Schedule for the design and construction of the Expansion Improvements. Landlord and Tenant shall use best efforts to limit the period from the date of Tenant's delivery of the Expansion Notice to the estimated date of substantial completion of the Expansion Improvements as set forth in the Master Schedule to no more than eighteen (18) months. If Landlord shall fail to proceed in good faith or to use reasonable diligence in fulfilling its obligations under this Section 23, Tenant, in addition to its other remedies set forth in this Lease, shall have the right to exercise the Purchase Option in accordance with and subject to the terms of Section 23 of this Lease.

The Master Schedule shall include a deadline to produce finalized plans and specifications. Once the finalized plans and specifications have been delivered and approved by the parties in accordance with the Master Schedule, Landlord shall select a general contractor (the "Contractor") reasonably acceptable to Tenant. Landlord shall enter into an agreement or agreements with the Contractor for construction of the Expansion Improvements on an "open-book" cost (with such costs in accordance with generally recognized construction industry standards) plus a reasonable market fee with a guaranteed maximum price basis, such agreement(s) to be subject to Tenant's reasonable approval and in standard form(s) and which may (but shall not be required to) include provisions regarding liquidated damages for construction delays.

23.5 Base Rent. Effective on the thirtieth (30th) day after substantial completion of the Expansion Improvements, the Base Rent per square foot of Rentable Area of Building Two due and payable by Tenant under the Lease in the first Lease Year for the Expansion Improvements shall be an amount equal to the product of (a) the Expansion Improvement Costs per square foot of Rentable Area multiplied by (b) the sum of three hundred (300) basis points plus the weekly average yield on United States Treasury obligations (adjusted for constant average maturity of ten [10] years), as published in the most recent issue of the Federal Reserve Statistical Release H-15 as of the date of the Expansion Notice (the "Treasury Rate"), amortized on an annual basis over a period of twenty (20) years (an example of the calculation of Base Rent pursuant to this Section 23 is set forth in the immediately following grammatical paragraph). 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. Base Rent for the space initially demised under this Lease shall continue to increase in accordance with Section 3.1(b) of this Lease.

By way of example only, if the Treasury Rate is 5.75%, then adding 300 basis points would result in an interest rate of 8.75%. Amortized on an annual basis over a period of twenty (20) years, the resulting rate is 10.7602%. In this example, Base Rent for the Expansion Improvements in the first Lease Year would be equal to the product of 10.7602% multiplied by the Expansion Improvement Costs.

24. PURCHASE OPTION. Landlord hereby grants to Tenant an option to purchase the Demised Premises (the "Purchase Option"), subject to the terms and conditions of this Section. Tenant may exercise the Purchase Option only upon the conditions set forth in Section 23 above. Tenant may exercise the Purchase Option only by giving Landlord written notice of such exercise within thirty (30) days after Landlord's election not to proceed with the construction of Building Two in accordance with Section 23 above, delivered to Landlord in accordance with the notice provisions of this Lease Agreement (a "Purchase Option Notice") and by simultaneous delivery of the Deposit (as defined below) in accordance with the Terms of Sale and Purchase (as defined below). Subject to the terms of this Section and the Terms of Sale and Purchase, Tenant shall have the right to exercise the Purchase Option at any time during the Term beginning on the first day of the sixth Lease Year and ending on the last day of the tenth Lease Year (the "Option Term"). If Tenant fails to timely deliver the Purchase Option Notice or the Deposit to Landlord, the Purchase Option shall automatically expire and terminate. Exhibit "G" attached hereto and made a part hereof sets forth the Terms of Sale and Purchase (the "Agreement"). If Tenant properly exercises the Purchase Option in accordance with this Section, automatically and immediately upon delivery of the Purchase Option Notice and the Deposit to Landlord (and without the requirement that the parties execute any additional documents or take any additional actions) a fully enforceable and legally binding contract containing the terms of the Agreement shall be deemed to have been formed. Landlord and Tenant acknowledge that the Purchase Option has been granted and accepted as a material part of the consideration for entering into this Lease and that such consideration has been received by both parties and is adequate for all purposes. Unless expired or terminated, any purchaser of the Demised Premises shall in writing delivered to Tenant fully recognize Tenant's rights under the Purchase Option. Landlord hereby

consents to Tenant assigning the Purchase Option to a third party purchaser (without assignment of Tenant's interest under the Lease); provided, that such assignment is made for the purpose of the construction of Building Two by such assignee.

IN WITNESS WHEREOF, intending to be legally bound and with the specific intent that this Lease constitute an instrument under seal, each of the parties hereto has caused this Lease to be duly executed as of the Effective Date.

Signed, sealed and delivered in the presence of

/s/ [SIGNATURE ILLEGIBLE]
Name: [ILLEGIBLE]

/s/ Mark A. Palmer
Name: Mark A. Palmer

LANDLORD:

CARTER SUNFOREST, L.P., a Georgia limited partnership

By: Carter & Associates Enterprises, Inc., a Georgia corporation

/s/ Bradley D. Reese (SEAL)
Name: Bradley D. Reese
Title: Sr. Vice President

Date signed by Landlord: 3/30/98

TENANT:

PRICE WATERHOUSE LLP, a Delaware Registered

Limited Liability Partnership

/s/ Tammy C. Collins
- ------------------------------
Name: Tammy C. Collins

By: /s/ D. L. Leonhardt (SEAL)

Name: D. L. Leonhardt

Title: Partner

/s/ [SIGNATURE ILLEGIBLE]
- ------------------------------
Name:

Date signed by Tenant:_____

EXHIBIT 10.43

AMENDED AND RESTATED WARRANT PURCHASE AGREEMENT

BETWEEN THE REGISTRANT

AND

WELLS INVESTMENT SECURITIES, INC.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AMENDED AND RESTATED
WARRANT PURCHASE AGREEMENT

This Amended and Restated Warrant Purchase Agreement (the "Agreement") is made and entered into as of the 31st day of December, 1998 to be effective as of the 5th day of June, 1998, by and between Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), and Wells Investment Securities, Inc. (the "Warrantholder").

R E C I T A L S:

WHEREAS, the Company and the Warrantholder entered into that certain Warrant Purchase Agreement dated January 30, 1998 (the "Original Agreement"); and

WHEREAS, the parties entered into that certain Amended and Restated Warrant Purchase Agreement dated as of July 1, 1998 (the "Restated Agreement") to amend and restate the Original Agreement; and

WHEREAS, the parties desire to further amend the transferability provisions of the Restated Agreement to better represent the intent and understanding of the parties; and

WHEREAS, the Company and the Warrantholder desire to amend and restate the Restated Agreement in its entirety in accordance with the terms and provisions hereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, do hereby agree, and the Restated Agreement is hereby amended and restated in its entirety, as follows:

The Company hereby agrees to issue and sell, and the Warrantholder agrees to purchase, for the total purchase price of $480, warrants as hereinafter described (the "Soliciting Dealer Warrants") to purchase up to an aggregate of 600,000 Shares (subject to adjustment pursuant to Section 8 hereof) of the Company's common stock, $.0l par value (the "Shares"). The Soliciting Dealer Warrants are being purchased in connection with a public offering of an aggregate of 16,500,000 Shares (the "Offering"), pursuant to that certain Dealer Manager Agreement (the "Dealer Manager Agreement"), dated January 30, 1998 between the Company and the Warrantholder as the Dealer Manager and a representative of the Soliciting Dealers who may receive warrants.

The issuance of the Soliciting Dealer Warrants shall occur quarterly commencing 60 days after the date on which Shares are first sold pursuant to the Offering and such issuances shall be subject to the terms and conditions set forth in the Dealer Manager Agreement.

In consideration of the foregoing and for the purpose of defining the terms

and provisions of the Soliciting Dealer Warrants and the respective rights and obligations thereunder, the Company and the Warrantholder, for value received, hereby agree as follows:

1. FORM AND TRANSFERABILITY OF SOLICITING DEALER WARRANTS.

(A) REGISTRATION. The Soliciting Dealer Warrant(s) shall be numbered and shall be registered on the books of the Company when issued.

(B) FORM OF SOLICITING DEALER WARRANTS. The text and form of the Soliciting Dealer Warrant and of the Election to Purchase shall be substantially as set forth in Exhibit "A" and Exhibit "B" respectively, attached hereto and incorporated herein. The price per Share (the "Warrant Price") and the number of Shares issuable upon exercise of the Soliciting Dealer Warrants are subject to adjustment upon the occurrence of certain events, all as hereinafter provided. The Soliciting Dealer Warrants shall be dated as of the date of signature thereof by the Company either upon initial issuance or upon division, exchange, substitution or transfer.

(C) TRANSFER. The Soliciting Dealer Warrants shall be transferable only on the books of the Company maintained at its principal office or that of its designated transfer agent, if designated, upon delivery thereof duly endorsed by the Warrantholder or by its duly authorized attorney or representative, or accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration of transfer, the Company shall execute and deliver a new Soliciting Dealer Warrant to the person entitled thereto. Assignments or transfers shall be made pursuant to the form of Assignment attached as Exhibit "C" hereto.

(D) LIMITATIONS ON TRANSFER OF SOLICITING DEALER WARRANT. The Soliciting Dealer Warrants shall not be sold, transferred, assigned, exchanged or hypothecated by the Warrantholder for a period of one year following the effective date of the offering of the Company's shares of common stock, except to: (i) one or more persons, each of whom on the date of transfer is an officer and director of a Warrantholder or an officer and director or partner of a successor to a Warrantholder as provided in clause (iv) of this Subsection (D); (ii) a partnership or partnerships, all of the partners of which are a Warrantholder and one or more persons, each of whom on the date of transfer is an officer and a director of a Warrantholder or an officer and director or partner of a successor to a Warrantholder; (iii) broker-dealer firms which have executed, and are not then in default of, the Soliciting Dealer Agreement regarding the Offering (the "Selling Group") and one or more persons, each of whom on the date of transfer is an officer and director or partner of a member of the Selling Group or an officer and director or partner of a successor to a member of the Selling Group; (iv) a successor to a Warrantholder or a successor to a member of the Selling Group through merger or consolidation; (v) a purchaser of all or substantially all of a Warrantholder's or Selling Group members' assets; or (vi) by will, pursuant to the laws of descent and distribution, or by operation of law; provided, however, that any securities transferred pursuant to clauses (i) through (vi) of this Subsection (D) shall remain subject to the transfer restrictions specified herein for the remainder of the initially applicable one year time period. The Soliciting Dealer Warrant may be divided or combined, upon written request to the Company by the Warrantholder, into a certificate or certificates representing the right to purchase the same aggregate number of shares.

Unless the context indicates otherwise, the term "Warrantholder" shall include any transferee of the Soliciting Dealer Warrant pursuant to this Subsection (D), and the term "Warrant" shall include any and all Soliciting Dealer Warrants outstanding pursuant to this

Agreement, including those evidenced by a certificate or certificates issued upon division, exchange, substitution or transfer pursuant to this Agreement.

(E) EXCHANGE OR ASSIGNMENT OF SOLICITING DEALER WARRANT. Any Soliciting Dealer Warrant certificate may be exchanged without expense for another certificate or certificates entitling the Warrantholder to purchase a like aggregate number of Shares as the certificate or certificates surrendered then entitled such Warrantholder to purchase. Any Warrantholder desiring to exchange a Soliciting Dealer Warrant certificate shall make such request in writing delivered to the Company, and shall surrender, properly endorsed, the certificate evidencing the Soliciting Dealer Warrant to be so exchanged. Thereupon, the Company shall execute and deliver to the person entitled thereto a new Soliciting Dealer Warrant certificate as so requested.

Any Warrantholder desiring to assign a Soliciting Dealer Warrant shall make such request in writing delivered to the Company, and shall surrender, properly endorsed, the certificate evidencing the Soliciting Dealer Warrant to be so assigned, with an instrument of assignment duly executed accompanied by proper evidence of assignment, succession or authority to transfer, and funds sufficient to pay any transfer tax, whereupon the Company shall, without charge, execute and deliver a new Soliciting Dealer Warrant certificate in the name of the assignee named in such instrument of assignment and the original Soliciting Dealer Warrant certificate shall promptly be cancelled.

2. TERMS AND EXERCISE OF SOLICITING DEALER WARRANTS.

(A) EXERCISE PERIOD. Subject to the terms of this Agreement, the Warrantholder shall have the right to purchase one Share from the Company at a price of $12 (120% of the initial public offering price per Share) during the time period beginning one year from the effective date of the Offering and ending on the date five years after the effective date of the Offering (the "Exercise Period"), or if any such date is a day on which banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day, to purchase from the Company up to the number of fully paid and nonassessable Shares which the Warrantholder may at the time be entitled to purchase pursuant to the Soliciting Dealer Warrant, a form of which is attached hereto as Exhibit "A."

(B) METHOD OF EXERCISE. The Soliciting Dealer Warrant shall be exercised by surrender to the Company, at its principal office in Norcross, Georgia or at the office of the Company's stock transfer agent, if any, or at such other address as the Company may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company, of the certificate evidencing the Soliciting Dealer Warrant to be exercised, together with the form of Election to Purchase, included as Exhibit "B" hereto, duly completed and signed, and upon payment to the Company of the Warrant Price (as determined in accordance with the provisions of Sections 7 and 8 hereof), for the number of Shares with respect to which such Soliciting Dealer Warrant is then exercised together with all taxes applicable upon such exercise. Payment of the aggregate Warrant Price shall be made in cash or by certified check or cashier's check, payable to the order of the Company. A Soliciting Dealer Warrant may not be exercised if the Shares to be issued upon the exercise of the Soliciting Dealer Warrant have not been registered (or be 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. In addition, holders of Soliciting Dealer Warrants may not exercise the Soliciting Dealer Warrant to the extent such exercise will cause them to exceed the ownership limits set forth in the Company's Articles of Incorporation, as amended. If any Soliciting Dealer Warrant has not been exercised by the end of the Exercise Period, it will terminate and the Warrantholder will have no further rights thereunder.

(C) PARTIAL EXERCISE. The Soliciting Dealer Warrants shall be exercisable, at the election of the Warrantholder during the Exercise Period, either in full or from time to time in part and, in the event that the Soliciting Dealer Warrant is exercised with respect to less than all of the Shares specified

therein at any time prior to the completion of the Exercise Period, a new certificate evidencing the remaining Soliciting Dealer Warrants shall be issued by the Company.

(D) SHARE ISSUANCE UPON EXERCISE. Upon such surrender of the Soliciting Dealer Warrant certificate and payment of such Warrant Price as aforesaid, the Company shall issue and cause to be delivered with all reasonable dispatch to the Warrantholder in such name or names as the Warrantholder may designate in writing, a certificate or certificates for the number of full Shares so purchased upon the exercise of the Soliciting Dealer Warrant, together with cash, as provided in Section 9 hereof, with respect to any fractional Shares otherwise issuable upon such surrender. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of such Shares as of the close of business on the date of the surrender of the Soliciting Dealer Warrant and payment of the Warrant Price (as hereinafter defined), notwithstanding that the certificates representing such Shares shall not actually have been delivered or that the stock transfer books of the Company shall then be closed.

3. MUTILATED OR MISSING SOLICITING DEALER WARRANT.

In case the certificate or certificates evidencing the Soliciting Dealer Warrant shall be mutilated, lost, stolen or destroyed, the Company shall, at the request of the Warrantholder, issue and deliver in exchange and substitution for and upon cancellation of the mutilated certificate of certificates, or in lieu of and in substitution for the certificate or certificates lost, stolen or destroyed, a new Soliciting Dealer Warrant certificate or certificates of like tenor and date and representing an equivalent right or interest, but only upon receipt of evidence satisfactory to the Company of such loss, theft or destruction of such Soliciting Dealer Warrant, and of reasonable bond of indemnity, if requested, also satisfactory in form and amount and at the applicant's cost.

4. RESERVATION OF SHARES.

There has been reserved, and the Company shall at all times keep reserved so long as the Soliciting Dealer Warrant remains outstanding, out of its authorized Common Stock, such number of Shares as shall be subject to purchase under the Soliciting Dealer Warrant.

5. LEGEND ON SOLICITING DEALER WARRANT SHARES.

Each certificate for Shares initially issued upon exercise of the Soliciting Dealer Warrant, unless at the time of exercise such Shares are registered with the Securities and Exchange Commission (the "Commission"), under the Securities Act of 1933, as amended (the "Act"), shall bear the following legend:

> NO SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THESE SHARES SHALL BE MADE EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR PURSUANT TO AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED.

Any certificate issued at any time in exchange or substitution for any certificate bearing such legend (except a new certificate issued upon completion of a public distribution pursuant to a registration statement under the Act of the securities represented thereby) shall also bear the above legend unless, in the opinion of such counsel as shall be reasonably approved by the Company, the securities represented thereby need no longer be subject to such restrictions.

6. PAYMENT OF TAXES.

The Company shall pay all documentary stamp taxes, if any, attributable to the initial issuance of the Shares; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable with respect to any

secondary transfer of the Soliciting Dealer Warrant or the Shares.

7. WARRANT PRICE.

The price per Share at which Shares shall be purchasable on the exercise of the Soliciting Dealer Warrant shall be $12 (the "Warrant Price").

8. ADJUSTMENT OF WARRANT PRICE AND NUMBER OF SHARES.

The number and kind of securities purchasable upon the exercise of the Soliciting Dealer Warrant and the Warrant Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

(a) In case the Company shall: (i) pay a dividend in Common Stock or make a distribution in Common Stock; (ii) subdivide its outstanding Common Stock; (iii) combine its outstanding Common Stock into a smaller number of shares of Common Stock, or (iv) issue by reclassification of its Common Stock other securities of the Company, the number and kind of securities purchasable upon the exercise of the Soliciting Dealer Warrant immediately prior thereto shall be adjusted so that the Warrantholder shall be entitled to receive the number and kind of securities of the Company which it would have owned or would have been entitled to receive after the happening of any of the events described above had the Soliciting Dealer Warrant been exercised immediately prior to the happening of such event or any record date with

respect thereto. Any adjustment made pursuant to this Subsection (a) shall become effective on the effective date of such event retroactive to the record date, if any, for such event.

(b) No adjustment in the number of securities purchasable hereunder shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of securities (calculated to the nearest full Share thereof) then purchasable upon the exercise of the Soliciting Dealer Warrant or, if the Soliciting Dealer Warrant is not then exercisable, the number of securities purchasable upon the exercise of the Soliciting Dealer Warrant on the first date thereafter that the Soliciting Dealer Warrant becomes exercisable; provided, however, that any adjustment which by reason of this Subsection (b) is not required to be made immediately shall be carried forward and taken into account in any subsequent adjustment.

(c) Whenever the number of Shares purchasable upon the exercise of the Soliciting Dealer Warrant is adjusted as herein provided, the Warrant Price shall be adjusted by multiplying such Warrant Price immediately prior to such adjustment by a fraction, of which the numerator shall be the number of Shares purchasable upon the exercise of the Soliciting Dealer Warrant immediately prior to such adjustment, and of which the denominator shall be the number of Shares so purchasable immediately thereafter.

(d) For the purpose of this Section 8, the term "Common Stock" shall mean: (i) the class of stock designated as the Common Stock of the Company at the date of this Agreement; or (ii) any other class of stock resulting from successive changes or reclassification of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to this Section 8, the Warrantholder shall become entitled to purchase any shares of the Company other than Common Stock, thereafter the number of such other shares so purchasable upon the exercise of the Soliciting Dealer Warrant and the Warrant Price shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Shares contained in this Section 8.

(e) Whenever the number of Shares and/or securities purchasable upon the exercise of the Soliciting Dealer Warrant or the Warrant Price is adjusted as herein provided, the Company shall cause to be promptly mailed to the Warrantholder by first class mail, postage prepaid, notice of such adjustment

setting forth the number of Shares and/or securities purchasable upon the exercise of the Soliciting Dealer Warrant or the Warrant Price after such adjustment, a brief statement of the facts requiring such adjustment and the computation by which such adjustment was made.

(f) In case of any reclassification, capital reclassification, capital reorganization or other change in the outstanding shares of Common Stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of an issuance of Common Stock by way of dividend or other distribution, or of a subdivision or combination of the Common Stock), or in case of any consolidation or merger of the Company with or into another corporation or entity (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification, capital reorganization or other change in the outstanding shares of Common Stock of the

Company) as a result of which the holders of the Company's Common Stock become holders of other shares of securities of the Company or of another corporation or entity, or such holders receive cash or other assets, or in case of any sale or conveyance to another corporation of the property, assets or business of the Company as an entirety or substantially as an entirety, the Company or such successor or purchasing corporation, as the case may be, shall execute with the Warrantholder an agreement that the Warrantholder shall have the right thereafter upon payment for the Warrant Price in effect immediately prior to such action to purchase upon the exercise of the Soliciting Dealer Warrant the kind and number of securities and property which it would have owned or have been entitled to have received after the happening of such reclassification, capital reorganization, change in the outstanding shares of shares of Common Stock of the Company, consolidation, merger, sale or conveyance had the Soliciting Dealer Warrant been exercised immediately prior to such action.

The agreement referred to in this Subsection (f) shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 8. The provisions of this Subsection (f) shall similarly apply to successive reclassification, capital reorganizations, changes in the outstanding shares of Common Stock of the Company, consolidations, mergers, sales or conveyances.

(g) Except as provided in this Section 8, no adjustment with respect to any dividends shall be made during the term of the Soliciting Dealer Warrant or upon the exercise of the Soliciting Dealer Warrant.

(h) No adjustments shall be made in connection with the public sale and issuance of the Shares pursuant to the Dealer Manager Agreement or the sale or issuance of Shares upon the exercise of the Soliciting Dealer Warrant.

(i) Irrespective of any adjustments in the Warrant Price or the number or kind of securities purchasable upon the exercise of the Soliciting Dealer Warrant, the Soliciting Dealer Warrant certificate or certificates theretofore or thereafter issued may continue to express the same price or number or kind of securities stated in the Soliciting Dealer Warrant initially issuable pursuant to this Agreement.

9. FRACTIONAL INTEREST.

The Company shall not be required to issue fractional Shares or securities upon the exercise of the Soliciting Dealer Warrant. If any such fractional Share would, except for the provisions of this Section 9, be issuable upon the exercise of the Soliciting Dealer Warrant (or specified portion thereof), the Company may, at its election, pay an amount in cash equal to the then current market price multiplied by such fraction. For purposes of this Agreement, the term "current market price" shall mean: (a) if the Shares are traded in the over-the-counter market and not on the NASDAQ National Market ("NNM") or on any national securities exchange, the average between the per share closing bid and asked prices of the Shares for the 30 consecutive trading days immediately

preceding the date in question, as reported by the NNM or an equivalent generally accepted reporting service; or (b) if the Shares are traded on the NNM or on a national securities exchange, the average for the 30 consecutive trading days immediately preceding the date in question of the daily per share closing prices of the Shares on the NNM or

on the principal national stock exchange on which it is listed, as the case may be. The closing price referred to in clause (b) above shall be the last reported sales price or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices on the NNM or on the principal national securities exchange on which the Shares are then listed, as the case may be. If the Shares are not publicly traded, then the "current market price" shall mean $10 for the first three years following the termination of the Offering.

10. NO RIGHTS AS STOCKHOLDER; NOTICES OF WARRANTHOLDER.

Nothing contained in this Agreement or in the Soliciting Dealer Warrant shall be construed as conferring upon the Warrantholder or its transferee any rights as a stockholder of the Company, either at law or in equity, including the right to vote, receive dividends, consent or notices as a stockholder with respect to any meeting of stockholders for the election of directors of the Company or for any other matter.

11. REGISTRATION OF SOLICITING DEALER WARRANTS AND SHARES PURCHASABLE THEREUNDER.

The Shares purchasable under the Soliciting Dealer Warrants are being registered as part of the Offering. The Company undertakes to make additional filings with the Commission to the extent required to keep the Shares registered through the Exercise Period.

12. INDEMNIFICATION.

In the event of the filing of any registration statement with respect to the Soliciting Dealer Warrants or the Shares pursuant to Section 11 above, the Company and the Warrantholder (and/or selling Warrantholder or such holder of Shares, as the case may be), shall agree to indemnify and hold harmless the other to the same extent and in the same manner as provided in the Dealer Manager Agreement.

13. CONTRIBUTION.

In order to provide for just and equitable contribution under the Act in any case in which: (a) the Warrantholder or any holder of Shares makes a claim for indemnification pursuant to Section 12 hereof, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right to appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 12 hereof provide for indemnification in such case; or (b) contribution under the Act may be required on the part of the Warrantholder or any holder of Shares, the Company and the Warrantholder, or such holder of Shares, shall agree to contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall. for all purposes of this Agreement, including, but not limited to, all costs of defense and investigation and all attorneys' fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations in the same manner as provided by the parties in the Dealer Manager Agreement.

14. NOTICES.

Any notice given pursuant to this Agreement by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given if delivered or mailed by certified mail, return receipt requested:

(a) If to the Warrantholder, addressed to:

Wells Investment Securities, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

(b) If to the Company, addressed to:

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

Each party hereto may, from time to time, change the address to which notices to it are to be delivered or mailed hereunder by notice in accordance herewith to the other party.

15. PARTIES IN INTEREST.

Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Warrantholder and, to the extent expressed, any holder of Shares, any person controlling the Company or the Warrantholder or any holder of Shares, directors of the Company, nominees for directors (if any) named in the Prospectus, or officers of the Company who have signed the registration statement, any legal or equitable right, remedy or claim under this Agreement, and this Agreement shall be for the sole an exclusive benefit of the aforementioned parties.

16. SUCCESSORS.

All the covenants and provisions of this Agreement by or for the benefit of the parties listed in Section 15 above shall bind and inure to the benefit of their respective executors, administrators, successors and assigns hereunder; provided, however, that the rights of the Warrantholder or holder of Shares shall be assignable only to those persons and entities specified in Section 1, Subsection (D) thereof, in which event such assignee shall be bound by each of the terms and conditions of this Agreement.

17. MERGER OR CONSOLIDATION OF THE COMPANY.

The Company shall not merge or consolidate with or into any other corporation or sell all or substantially all of its property to another corporation, unless it complies with the provisions of Section 8, Subsection (f) thereof.

18. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All statements contained in any schedule, exhibit, certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

19. CHOICE OF LAW.

This Agreement and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Georgia, including all matters of construction, validity, performance and enforcement, and without giving effect to the principles of conflict of laws.

20. JURISDICTION.

The parties submit to the jurisdiction of the Courts of the State of Georgia or a Federal Court impaneled in the State of Georgia for the resolution of all legal disputes arising under the terms of this Agreement.

21. ENTIRE AGREEMENT.

Except as provided herein, this Agreement, including exhibits, contains the entire agreement of the parties, and supersedes all existing negotiations, representations or agreements and all other oral, written or other communications between them concerning the subject matter of this Agreement.

22. SEVERABILITY.

If any provision of this Agreement is unenforceable, invalid or violates applicable law, such provision shall be deemed stricken and shall not affect the enforceability of any other provisions of this Agreement.

23. CAPTIONS.

The captions in this Agreement are inserted only as a matter of convenience and for reference and shall not be deemed to define, limit, enlarge or describe the scope of this Agreement or the relationship of the parties, and shall not affect this Agreement or the construction of any provisions herein.

24. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amended and Restated Warrant Purchase Agreement to be duly executed as of December 31, 1998.

Wells Real Estate Investment Trust, Inc.

By:/s/ Brian M. Conlon

Name: Brian M. Colon

Title: Executive Vice Present

Wells Investment Securities, Inc.

By:/s/ Brian M. Conlon

Name: Brian M. Colon

Title: Executive Vice Present

EXHIBIT A

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SOLICITING DEALER WARRANT NO. _____

NO SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THIS WARRANT OR THE SHARES PURCHASABLE HEREUNDER SHALL BE MADE EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR PURSUANT TO AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED.

TRANSFER OF THIS WARRANT IS ALSO RESTRICTED BY THAT CERTAIN AMENDED AND RESTATED WARRANT PURCHASE AGREEMENT DATED EFFECTIVE AS OF JUNE 5, 1998, A COPY OF WHICH IS AVAILABLE FROM THE ISSUER.

WARRANT TO PURCHASE SHARES OF COMMON STOCK OF
WELLS REAL ESTATE INVESTMENT TRUST, INC.

Exercisable commencing on January 30, 1999.
Void after 5:00 P.M. Eastern Standard Time on January 29, 2003 (the "Exercise Closing Date").

THIS CERTIFIES that, for value received, (the "Warrantholder"), or registered assigns, is entitled, subject to the terms and conditions set forth in this Warrant (the "Warrant"), to purchase from Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), fully paid and nonassessable Shares of common stock (the "Shares") of the Company at any time during the period commencing on January 30, 1999 and continuing up to 5:00 P.M. eastern standard time on January 29, 2003, at $12 per Share, and is subject to all the terms thereof, including the limitations on transferability as set forth in that certain Amended and Restated Warrant Purchase Agreement between Wells Investment Securities, Inc. and the Company dated as of December 31, 1998 to be effective as of June 5, 1998.

THIS WARRANT may be exercised by the holder thereof, in whole or in part, by the presentation and surrender of this Warrant with the form of Election to Purchase duly executed, with signature(s) guaranteed, at the principal office of the Company (or at such other address as the Company may designate by notice to the holder hereof at the address of such holder appearing on the books of the Company), and upon payment to the Company of the purchase price in cash or by certified check or bank cashier's check. The Shares so purchased shall be deemed to be issued to the holder hereof as the record owner of such Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such Shares. The Shares so purchased shall be registered to the holder (and, if requested, certificates issued) promptly after this Warrant shall have been so exercised and unless this Warrant has expired or has been exercised, in full, a new Warrant identical in form, but representing the number of Shares with respect to which this Warrant shall not have been exercised, shall also be issued to the holder hereof.

NOTHING CONTAINED herein shall be construed to confer upon the holder of this Warrant, as such, any of the rights of a Stockholder of the Company.

Wells Real Estate Investment Trust, Inc.

By:_____
Name:_____
Title:_____

EXHIBIT B

WELLS REAL ESTATE INVESTMENT TRUST, INC.
ELECTION TO PURCHASE
SOLICITING DEALER WARRANT

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

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the attached warrant (the "Warrant"), to purchase thereunder _____ shares of the common stock of Wells Real Estate Investment Trust, Inc. (the "Shares") provided for therein and hereby tenders $_____

($12.00 per Share) in payment of the actual exercise price thereof, and requests that the Shares be issued in the name of

_____
(Please Print Name, Address and SSN or TIN of Stockholder below)

_____

and, if said number of Shares shall not be the total possible number of Shares purchasable hereunder, that a new Warrant certificate for the balance of the Shares purchasable under the attached Warrant certificate be registered in the name of the undersigned Warrantholder or his assignee as indicated below and delivered at the address stated below:

Dated:_____, 19_____

Name of Warrantholder or Assignee:_____
(Please Print)

Address:_____

Signature:_____

EXHIBIT C

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SOLICITING DEALER WARRANT
ASSIGNMENT
(To be signed only upon assignment of the Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

_____
(Please Print Name, Address and SSN or TIN of Assignee Below)

_____

the attached Participating Dealer Warrant No. ____, to purchase shares of common stock of Wells Real Estate Investment Trust, Inc. (the "Company"), hereby irrevocably constituting and appointing the Company and/or its transfer agent as its attorney to transfer said Warrant on the books of the Company, with full power of substitution.

Dated:_____, 19_____

_____
Signature of Registered Holder

Signature Guaranteed:

_____

Note: The above signature must correspond with the name as written upon the face of the attached Warrant certificate in every particular respect, without alteration, enlargement or any change whatever, unless this Warrant has been duly assigned.

EXHIBIT 23.2

CONSENT OF ARTHUR ANDERSON LLP

EXHIBIT 23.2

[LETTERHEAD OF ARTHUR ANDERSEN LLP]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 14, 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