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

Registration No. 333-32099

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 5 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) and Supplement No. 7 dated April 15, 1999 (the Supplements are contained inside the back cover page of the Prospectus). Supplement No. 1 includes updated Prior Performance Tables and certain revisions to the Prospectus. Supplement No. 2 includes descriptions of the acquisition of ownership interests in certain real properties and revisions to the Prospectus to reflect the increase in the size of the Board of Directors. Supplement No. 3 includes descriptions of transactions involving joint ventures with Affiliates and acquisitions of certain real properties. Supplement No. 6 includes descriptions of certain co-tenancy arrangements with Affiliates, acquisitions of certain real properties and revisions to the Prospectus to decrease the minimum purchase requirements for participants in other real estate programs. Supplement No. 7 includes updated Prior Performance Tables and Financial Statements and descriptions of The acquisition of an office building in Harrisburg, Pennsylvania and the development of an office building in Lake Forest, California.

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.

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Proceeds to

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

(See footnotes on following page)

WELLS INVESTMENT SECURITIES, INC.

The date of this Prospectus is January 30, 1998.

(Cover Page Continued From Previous Page)

Footnotes:

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

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

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

(4) The maximum number of Shares to be sold hereunder is 16,500,000, which includes 1,500,000 Shares that may be issued pursuant to the Company's Dividend Reinvestment Plan (the "Reinvestment Plan"), and 600,000 shares that may be issued upon exercise of the Soliciting Dealer Warrants. Those shareholders who elect to participate in the Reinvestment Plan will have their dividends reinvested in additional Shares. The Soliciting Dealer Warrants may not be exercised for one year from the date of issuance, and are subject to restrictions on transfer. See "Description of Capital Stock-Soliciting Dealer Warrants."

The Offering will commence upon the effective date of this Prospectus and

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

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

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SUMMARY OF THE OFFERING

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

THE COMPANY:	Wells Real Estate Investment Trust, Inc. was incorporated in July 1997 as a Maryland corporation, and intends to qualify as a REIT. The Company's principal place of business and registered office is located at the office of the Advisor: 3885 Holcomb Bridge Road, Norcross, Georgia 30092, and its telephone number at that office is 800-448-1010. The Company intends to operate as an "Up-REIT" through the use of the Operating

Partnership for acquisitions of properties.

ADVISOR: Wells Capital, Inc., incorporated in Georgia in April 1984, is the Advisor and will make all investment decisions for the Company, subject to approval by the Board of Directors in certain circumstances. See "The Advisor and the Advisory Agreement." The Advisor is an affiliate of the Company. See "Conflicts of Interest." For information regarding the previous experience of the Advisor and its Affiliates in the management of real estate limited partnerships, see "Prior Performance Summary."

SECURITIES OFFERED: A Minimum Offering of 125,000 Shares and a Maximum Offering of 16,500,000 Shares (the "Maximum Offering"). The Maximum Offering includes up to 1,500,000 Shares to be issued pursuant to the Reinvestment Plan and up to 600,000 shares to be issued pursuant to the Soliciting Dealer Warrants. The Shares issued in this Offering and under the Reinvestment Plan are offered at a price of $10 per share.

RISK FACTORS: An investment in the Shares involves various risks including the following:

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

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

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

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

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

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

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

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

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

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

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

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

the risk that the Company will not be able to meet

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

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

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

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

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

ESTIMATED USE OF PROCEEDS OF OFFERING: It is anticipated that approximately 84% of the proceeds of this Offering will actually be invested in properties, and the remainder will be used to pay selling commissions and fees and expenses relating to the selection and acquisition of properties and the costs of organizing the Company and the Offering. See "Estimated Use of Proceeds" for a more detailed

discussion of the Company's estimated use of the proceeds of the Offering, which includes proceeds from shares

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

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

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

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

- The Company may acquire properties in the same geographic areas where other properties owned or

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

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

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

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

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

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

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

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

PRIOR OFFERING SUMMARY: The Advisor and its Affiliates have previously

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

COMPENSATION TO ADVISOR AND OTHER AFFILIATES:

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

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

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

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

Operational Stage: Property management fee (the

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

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

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

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

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

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

DISTRIBUTION POLICY: As a REIT, the Company will be required to distribute to its shareholders at least 95% of its annual net taxable income. Because the Company has

	not identified any probable acquisitions, there can be no assurances as to when the Company will begin to generate net taxable income and to make distributions.
TAX STATUS:	The Company intends to qualify and will elect to be taxed as a REIT under sections 856 through 860 of the Code, commencing with the taxable year ending December 31 of the year in which the Offering is closed. If the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed to its shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 95% of its annual taxable income. Although the Company does not intend to request a ruling from the Internal Revenue Service (the "Service) as to its REIT status, the Company has received an opinion of Hunton & Williams, its legal counsel, that the Company will qualify as a REIT for its taxable year ending December 31 of the year in which the Offering is closed, and the Company's organization and proposed method of operation will enable it to continue to qualify as a REIT, which opinion is based on certain assumptions and representations about the Company's ongoing businesses and investment activities and other matters. No complete assurance can be given that the Company will be able to comply with such assumptions and representations in the future. Furthermore, such opinion is not binding on the Service or on any court. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain federal state and local taxes on its income and property. Failure to qualify as a REIT would render the Company subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates and distributions to the Company's shareholders in any such year would not be deductible. See "Risk Factors--Legal Risks--Tax Risks" and "Federal Income Tax Considerations -- Taxation of the Company."
OPERATING PARTNERSHIP:	The Company intends to own its properties through the Operating Partnership. Initially, the Company will be the sole general partner of the Operating Partnership, and the Advisor will contribute $200,000 to the Operating Partnership and will be the sole limited partner thereof. This "UPREIT" structure will allow the Company to acquire properties by exchanging units of limited partnership interest in the Operating Partnership ("OP Units") for interests in properties, which generally will allow sellers of properties to defer gain recognition with respect to such properties. Holders may redeem OP Units for cash equal to the value of one Share or, at the option of the Company, holders may receive one Share for each tendered OP Unit.

LISTING:	Initially, the Company's Shares will not be listed, but the Board of Directors may elect to effect the Listing of the Shares at any time following the

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

RISK FACTORS

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

INVESTMENT RISKS

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

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

CONFLICTS OF INTEREST RELATED TO THE COMPANY'S AFFILIATES. In connection with its relationship with the Advisor and other Affiliates, the Company has several conflicts of interest, including the following: (a) The Advisor and certain of its Affiliates serve as general partners of real estate limited partnerships that have objectives similar to the Company's and expect that they will organize additional real estate partnerships in the future. As a result, investors should be aware that the Advisor will have to allocate its time between the Company and such partnerships and activities and may have conflicts of interest in deciding which entity will acquire a particular property; (b) The Company may acquire properties in the same geographic areas where other properties owned or managed by the Advisor or other Affiliates are located, resulting in potential conflicts in the leasing or resale of the Company's properties in the event that the Company and another program managed by the Advisor were to attempt to compete for the same tenants in negotiating leases or to sell similar properties at the same time; (c) Since it is anticipated that the Company's properties will be managed by the Management Company, an Affiliate of the Advisor, the Company will not have the benefit of independent property management, and investors must rely on the Advisor and the Management Company,

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

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

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

SUBSTANTIAL MANAGEMENT COMPENSATION; PROCEEDS TO BENEFIT AFFILIATED PARTIES. The Advisor and the other Affiliates will perform services for the Company in connection with the offer and sale of Shares, the selection and acquisition of the Company's properties, and the management and leasing of the Company's properties, and will receive substantial compensation from the Company in consideration for these services. In connection with the Offering, the Dealer Manager will receive 7% ($10,500,000 at the Maximum Offering) of the Gross Offering Proceeds as a Selling Commission and a Marketing and Due Diligence Fee equal to 2.5% ($3,750,000 at the Maximum Offering) for marketing and due diligence reimbursements, substantially all of which is expected to be reallowed to participating broker-dealers. In connection with the review and evaluation of potential acquisitions, the Advisor will receive Acquisition and Advisory Fees equal to 3% ($4,500,000 at the Maximum Offering) of the Gross Offering Proceeds. In connection with the management and leasing of properties, the Management Company will receive a fee equal to 4.5% of the gross rental income from each property as well as certain leasing fees, though approximately 2% to 3% of such 4.5% fee is expected to be generated from direct chargebacks to tenants of such properties, resulting in a net fee payable by the properties of 1.5% to 2.5%. The amount of such compensation has not been determined in arm's-length negotiations, and such amounts will be payable regardless of the quality

of services provided to the Company. Further, the Selling Commission, Marketing and Due Diligence Fee, Organization and Offering Expense Fee and the initial Acquisition and Advisory Fees will be paid to Affiliates prior to any distributions to shareholders. See "Management Compensation" and "Conflicts of Interest."

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

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

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

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

REINVESTMENT PLAN PROCEEDS MAY NOT BE USED TO ACQUIRE PROPERTIES. Proceeds from sale of Shares in the Reinvestment Plan may, in the Advisor's discretion, be used to fund the Share Repurchase Program rather than for the funding of real estate investment. In such case, the Company's real estate investments, and therefore the underlying value of the Shares and potential distributions to shareholders, will not be increased by the amount of net proceeds so directed into the Share Repurchase Program. See "Summary of Reinvestment Plan."

REAL ESTATE RISKS

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

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

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

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

INDEBTEDNESS ON PROPERTIES BRINGS RISKS. The Company intends to borrow money in connection with the construction and development of properties. Accordingly, the Company will be subject to risks normally associated with debt financing, including the risk that the Company will not be able to meet its debt service obligations, and, to the extent that it cannot, the risk that the

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

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

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

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

FAILURE TO LIST AND RESULTING LIQUIDATION MAY ADVERSELY AFFECT RETURNS TO STOCKHOLDERS. The Company intends, to the extent consistent with its objective of qualifying as a REIT, to reinvest Net Sales Proceeds from the sale of its properties in additional properties for at least the first five to ten years after commencement of the Offering.

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

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

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

TAX RISKS

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

If the Company were to fail to qualify as a REIT for any taxable year, the Company would not be allowed a deduction for distributions to its shareholders in computing its taxable income and would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, the Company also would be disqualified from treatment as a REIT for

the four taxable years following the year during which qualification was lost. As a result, Cash Available for Distribution would be reduced for each of the years involved. Although the Company intends to operate in a manner intended to allow it to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Board of Directors to revoke the Company's REIT election. See "Federal Income Tax Considerations."

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

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

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

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

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

Code. See "ERISA Considerations--Employee Benefit Plans, Tax-Qualified Retirement Plans, and IRAs" herein.

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

INVESTOR SUITABILITY STANDARDS

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

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

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

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

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

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

purchases of Shares pursuant to the Reinvestment Plan, which may be in lesser amounts, and (iii) minimum purchase for Minnesota investors is 250 Shares ($2,500), however, the minimum investment for Minnesota IRAs and qualified plans may be 200 Shares ($2,000).

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

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

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

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

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

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

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

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

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

In order to assure adherence to the suitability standards described above, requisite suitability standards must be met as set forth in the Subscription Agreement and Subscription Agreement Signature Page (collectively, the "Subscription Agreement"), which is attached as Exhibit B to this Prospectus. The Company and each person selling Shares on behalf of the Company are required to (i) make reasonable efforts to assure that each person purchasing Shares in the Company is suitable in light of such person's age, educational level, knowledge of investments, financial means and other pertinent factors and (ii) maintain records for at least six years of the information used to determine that an investment in Shares is suitable and appropriate for each investor. The agreements with the selling broker-dealers require such broker-dealers to (i) make inquiries diligently as required by law of all prospective investors in order to ascertain whether a purchase of the Shares is suitable for the investor, and (ii) transmit promptly to the Company all fully completed and duly

executed Subscription Agreements.

ESTIMATED USE OF PROCEEDS

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

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

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

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

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

(4) These amounts represent the Advisor's best estimates of the Organization and Offering Expenses to be incurred in connection with the Offering. Organization and Offering Expenses consist of estimated legal, accounting, printing and other accountable offering expenses (other than Selling Commissions and the Marketing and Due Diligence Fee). The Advisor and other Affiliates will be responsible for the payment of Organization and Offering Expenses (other than Selling Commissions and the marketing support and due diligence reimbursement fee) to the extent they exceed 3% of Gross Offering Proceeds, without recourse against or reimbursement by the Company.

(5) All or a portion of the Marketing and Due Diligence Fee may be reallowed to

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

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

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

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

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

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

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

MANAGEMENT COMPENSATION

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

FORM OF COMPENSATION AND ENTITY RECEIVING	DETERMINATION OF AMOUNT	ESTIMATED MAXIMUM DOLLAR AMOUNT (1)(2)
ORGANIZATIONAL AND OFFERING STAGE		
Selling Commissions - The	Up to 7% of Gross Offering Proceeds before	$10,500,000 at the Maximum

Dealer Manager	reallowance of commissions earned by participating broker-dealers. The Dealer Manager intends to reallow 100% of commissions earned by participating broker-dealers.	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

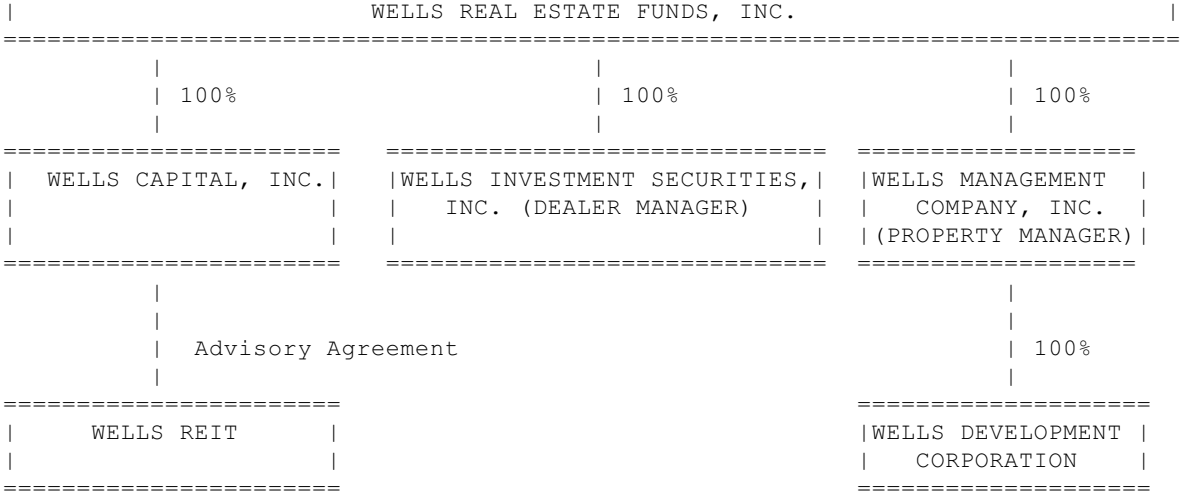
required to pay to independent parties for comparable administrative services in the same geographic location. No payment or reimbursement will be made for services or personnel costs for which the Advisor is entitled to compensation by way of a separate fee. If the Subordinated Incentive Fee is paid 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.

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

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

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

DISTRIBUTION POLICY

REIT STATUS

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

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

Distributions will be made at the discretion of the Directors, depending primarily on Cash Available for Distribution and the general financial condition

of the Company, subject to the obligation of the Directors to cause the Company to qualify and remain qualified as a REIT for federal income tax purposes. The Company intends to increase distributions in accordance with increases in Cash Available for Distribution.

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

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

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

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

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

DESCRIPTION OF CAPITAL STOCK

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

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

COMMON STOCK

The holders of Shares are entitled to one vote per share on all matters voted on by shareholders, including elections of directors. Except as otherwise required by law or provided in any resolution adopted by the Board of Directors with respect to any series of Preferred Stock, the holders of such shares exclusively possess all voting power. The Articles of Incorporation do not provide for cumulative voting in the election of directors. Subject to any preferential rights of any outstanding series of Preferred Stock, the holders of

Shares are entitled to such dividends as may be declared from time to time by the Board of Directors from funds available therefor, and upon liquidation are entitled to receive pro rata all assets of the Company available for distribution to such holders. All Shares issued in the Offering will be fully paid and nonassessable and the holders thereof will not have preemptive rights.

PREFERRED STOCK

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

SOLICITING DEALER WARRANTS

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

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

The terms of the Soliciting Dealer Warrants, including the exercise price and the number and type of securities issuable upon exercise of a Soliciting Dealer Warrant and the number of such warrants may be adjusted in the event of stock dividends, stock splits, or a merger, consolidation, reclassification, reorganization, recapitalization, or sale of assets. Soliciting Dealer Warrants are not transferable or assignable except by the Dealer Manager, the Soliciting Dealers, their successors in interest, or to individuals who are officers of such a person. Exercise of these Soliciting Dealer Warrants will be under the terms and conditions detailed in this Prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

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

ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

Restrictions on Ownership and Transfer

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

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

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

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

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

Shares-in-Trust will remain issued and outstanding Shares and will be entitled to the same rights and privileges as all other shares of the same class or series. The Trustee will receive all dividends and distributions on the

Shares-in-Trust and will hold such dividends or distributions in trust for the benefit of the Beneficiary. The Trustee will vote all Shares-in-Trust. The Trustee will designate a permitted transferee of the Shares-in-Trust, provided that the permitted transferee (i) purchases such Shares-in-Trust for valuable consideration and (ii) acquires such Shares-in-Trust without such acquisition resulting in another transfer to another Trust.

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

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

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

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

Any person who (a) acquires Shares in violation of the foregoing restrictions or who owned Shares that were transferred to a Trust is required to give immediately written notice to the Company of such event, and (b) transfers or receives (or attempts to transfer or receive) Shares subject to such limitations is required to give the Company at least 15 days written notice prior to such transaction, and in both cases such persons shall provide to the

Company such other information as the Company may request in order to determine the effect, if any, of such transfer on the Company's status as a REIT.

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

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

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

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

Number of Directors; Removal; Filling Vacancies

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

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

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

LIMITATION OF LIABILITY AND INDEMNIFICATION

The MGCL permits a Maryland corporation to include in its Articles of Incorporation a provision limiting the liability of its directors and officers

to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action.

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

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

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

The MGCL requires a Maryland corporation (unless its Articles of Incorporation provide otherwise, which the Company's Articles of Incorporation do not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was

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

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

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

BUSINESS COMBINATIONS

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

CONTROL SHARE ACQUISITION STATUTE

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquiror, by officers or by directors who are employees of the corporation. "Control Shares" are voting shares which, if aggregated with all other such shares previously acquired by the acquiror, or in respect of which the acquiror is able to exercise or direct the exercise of

voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following

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

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

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

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

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

AMENDMENT TO THE ARTICLES OF INCORPORATION

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

DISSOLUTION OF THE COMPANY

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

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

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

MEETING OF STOCKHOLDERS

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

OPERATIONS

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

INSPECTION OF BOOKS AND RECORDS

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

As a part of its books and records, the Company will maintain at its principal office an alphabetical list of names of stockholders, along with their

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

RESTRICTIONS ON "ROLL-UP" TRANSACTIONS

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

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

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

(ii) one of the following:

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

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

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

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

(ii) which includes provisions that would operate as a material impediment to, or frustration of, the accumulation of shares by any purchaser of the

securities of the Roll-Up Entity (except to the minimum extent necessary to preserve the tax status of the Roll-Up Entity), or which would limit the ability of an investor to exercise the voting rights of its securities of the Roll-Up Entity on the basis of the number of shares held by that investor;

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

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

FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

TAXATION OF THE COMPANY

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

The sections of the Code relating to qualification and operation as a REIT are highly technical and complex. The following discussion sets forth the material aspects of the Code sections that govern the federal income tax treatment of a REIT and its shareholders. The discussion is qualified in its entirety by the applicable Code provisions, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all of which are subject to change prospectively or retroactively.

Hunton & Williams has acted as counsel to the Company in connection with

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

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

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

applicable (as provided in Treasury Regulations that have not yet been promulgated). The results described above with respect to the recognition of "built-in-gain" assume that the Company will make an election pursuant to IRS Notice 88-19 if it were to make any such acquisition.

REQUIREMENTS FOR QUALIFICATION

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

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

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

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

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the gross income of the partnership attributable to such share. In addition, the assets

and gross income of the partnership will retain the same character in the hands of the REIT for purposes of section 856 of the Code, including satisfying the gross income and asset tests described below. Thus, the Company's proportionate share of the assets, liabilities and items of income of the Operating Partnership will be treated as assets, liabilities and items of income of the Company for purposes of applying the requirements described herein

Income Tests

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

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

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

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

The Company may provide certain services to its tenants. The Company believes and has represented that all such services will be considered "usually

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

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

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

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

The net income derived from any prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition (whether by the Company or the Operating Partnership) of property (other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business. The Company believes no asset owned by the Company or the Operating Partnership will be held for sale to

customers and that a sale of any such asset will not be in the ordinary course of business of the Company or the Operating Partnership. Whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular property. Nevertheless, the Company will attempt to comply with the terms of safe-harbor provisions in the Code prescribing when asset sales will not be characterized as prohibited transactions. Complete assurance cannot be given, however, that the Company can comply with the safe-harbor provisions of the Code or avoid owning property that may be characterized as property held "primarily for sale to customers in the ordinary course of a trade or business."

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

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

If the Company fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it nevertheless may qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. Those relief provisions generally will be available if the Company's failure to meet such tests is due to reasonable cause and not due to willful neglect, the Company attaches a schedule of the sources of its income to its return, and any

incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of those relief provisions. As discussed above in "Federal Income Tax Considerations -- Taxation of the Company," even if those relief provisions apply, a 100% tax would be imposed on the net income attributable to the greater of the amount by which the Company fails the 75% or 95% gross income test.

Asset Tests

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

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

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

Distribution Requirements

The Company, in order to avoid corporate income taxation of the earnings it distributes, is required to distribute with respect to each taxable year dividends (other than capital gain dividends and retained earnings) to its shareholders in an aggregate amount at least equal to (i) the sum of (A) 95% of its "REIT taxable income" (computed without regard to the dividends paid deduction and its net capital gain) and (B) 95% of the net income (after tax), if any, from foreclosure property, minus (ii) the sum of certain items of noncash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its federal income tax return for such year and if paid on or

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

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

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

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

Recordkeeping Requirements

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

Partnership Anti-Abuse Rule

The U.S. Department of the Treasury has issued a final regulation (the "Anti-Abuse Rule") under the partnership provisions of the Code (the "Partnership Provisions") that authorizes the Service, in certain abusive transactions involving partnerships, to disregard the form of the transaction and recast it for federal tax purposes as the Service deems appropriate. The Anti-Abuse Rule applies where a partnership is formed or utilized in connection with a transaction (or series of related transactions) with a principal purpose of substantially reducing the present value of the partners' aggregate federal tax liability in a manner inconsistent with the intent of the Partnership Provisions. The Anti-Abuse Rule states that the Partnership Provisions are intended to permit taxpayers to conduct joint business (including investment) activities though a flexible arrangement that accurately reflects the partners' economic agreement and clearly reflects the partners' income without incurring any entity-level tax. The purposes for structuring a transaction involving a partnership are determined based on all of the facts and circumstances, including a comparison of the purported business purpose for a transaction and

the claimed tax benefits resulting from the transaction. A reduction in the present value of the partners' aggregate federal tax liability through the use of a partnership does not, by itself, establish inconsistency with the intent of the Partnership Provisions.

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

FAILURE TO QUALIFY

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

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

TAXATION OF TAXABLE U.S. SHAREHOLDERS

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

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

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

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

TAXATION OF SHAREHOLDERS ON THE DISPOSITION OF THE SHARES

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

CAPITAL GAINS AND LOSSES

A capital asset generally must be held for more than one year in order for gain or loss derived from its sale or exchange to be treated as long-term

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

INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING

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

TAXATION OF TAX-EXEMPT SHAREHOLDERS

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

of Code section 501(c) are subject to different UBTI rules, which generally will require them to characterize distributions from the Company as UBTI. In addition, in certain circumstances, a pension trust that owns more than 10% of the Company's shares is required to treat a percentage of the dividends from the

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

TAXATION OF NON-U.S. SHAREHOLDERS

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

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

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

distribution not subject to withholding at a rate of 30% will be subject to withholding at a rate of 10%.

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

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

OTHER TAX CONSEQUENCES

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

TAX ASPECTS OF THE OPERATING PARTNERSHIP

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

Classification as a Partnership

The Company will be entitled to include in its income its distributive share of the Operating Partnership's income and to deduct its distributive share of the Operating Partnership's losses only if the Operating Partnership is classified for federal income tax purposes as a partnership rather than as a corporation or an association taxable as a corporation. An entity will be classified as a partnership rather than as a corporation or an association taxable as a corporation for federal income tax purposes if the entity (i) is

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

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

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

If for any reason the Operating Partnership were taxable as a corporation, rather than as a partnership, for federal income tax purposes, the Company would not be able to qualify as a REIT. See "Federal Income Tax Considerations -- Requirements for Qualification -- Income Tests" and "-- Requirements for Qualification -- Asset Tests." In addition, any change in the Operating Partnership's status for tax purposes might be treated as a taxable event, in

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

Income Taxation of the Operating Partnerships and its Partners

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

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

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

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

Under the Operating Partnership Agreement, depreciation or amortization deductions of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under Code section 704(c) to use a method for allocating tax depreciation deductions attributable to its properties that results in the Company receiving a disproportionately large share of such deductions. Depending on the allocation method elected under Code section 704(c), it is possible that the Company (i) may be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to the Company if such properties were to have a tax basis equal to their fair market value at the time of contribution and (ii) may be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to the Company as a result of such sale. These allocations may cause the Company to recognize taxable income in excess of cash proceeds, which might

adversely affect the Company's ability to comply with the REIT distribution requirements, although the Company does not anticipate that this event will occur. The foregoing principles also will affect the calculation of the Company's earnings and profits for purposes of determining which portion of the Company's distributions is taxable as a dividend. The allocations described in this paragraph may result in a higher portion of the Company's distributions being taxed as a dividend than would have occurred had the Company purchased such properties for cash.

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

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

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

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

SALE OF THE OPERATING PARTNERSHIP'S PROPERTY

Generally, any gain realized by the Operating Partnership on the sale of property held for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery

recapture. Any gain recognized by the Operating Partnership upon the disposition of a property acquired by the Operating Partnership for cash will be allocated among the partners in accordance with their respective percentage interests in the Operating Partnership. The Bylaws of the Company provide that any decision to sell any real estate asset in which a director, or officer of the Company, or any Affiliate of the foregoing, has a direct or indirect interest, will be made by a majority of the Directors including a majority of the Independent Directors. See "Policies with Respect to Certain Activities -- Conflict of Interest Policies -- Articles of Incorporation and Bylaw Provisions."

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

ERISA CONSIDERATIONS

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

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

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

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

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

Each fiduciary of a pension, profit-sharing, or other employee benefit plan (an "ERISA Plan") subject to Title I of ERISA should consider carefully whether an investment in the Shares is consistent with his fiduciary responsibilities under ERISA. In particular, the fiduciary requirements of Part 4 of Title I of ERISA require an ERISA Plan's investments to be (i) prudent and in the best

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

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

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

STATUS OF THE COMPANY AND THE OPERATING PARTNERSHIP UNDER ERISA

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

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

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

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

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

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

Assuming that the Shares will be "widely held" and that no other facts and circumstances other than those referred to in the preceding paragraph exist that restrict transferability of the Shares, the Shares should be publicly offered securities and the assets of the Company should not be deemed to be "plan

assets" of any ERISA Plan, IRA, or Non-ERISA Plan that invests in the Shares.

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

PARTNERSHIP AGREEMENT

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

MANAGEMENT

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

TRANSFERABILITY OF INTERESTS IN THE OPERATING PARTNERSHIP

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

CAPITAL CONTRIBUTION

As the Company accepts subscriptions, it will contribute to the Operating Partnership substantially all of the net proceeds thereof, in consideration of which the Company will receive a general partnership interest in the Operating Partnership. The Advisor has contributed $200,000 to the Operating Partnership and is the sole initial Limited Partner. Although the Operating Partnership will receive substantially all of the net proceeds of the Offering, the Company will be deemed to have made capital contributions to the Operating Partnership in the amount of the gross proceeds of the Offering and the Operating Partnership will be deemed simultaneously to have paid the selling commissions

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

REDEMPTION RIGHTS

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

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

OPERATIONS

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

In addition to the administrative and operating costs and expenses incurred by the Operating Partnership, the Operating Partnership will pay all administrative costs and expenses of the Company (the "Company Expenses") and the Company Expenses will be treated as expenses of the Operating Partnership. The Company Expenses generally will include (i) all expenses relating to the formation and continuity of existence of the Company, (ii) all expenses relating to the public offering and registration of securities by the Company, (iii) all expenses associated with the preparation and filing of any periodic reports by the Company under federal, state or local laws or regulations, (iv) all expenses associated with compliance by the Company with laws, rules and regulations promulgated by any regulatory body and (v) all other operating or administrative costs of the Company incurred in the ordinary course of its business on behalf

of the Operating Partnership. The Company Expenses, however, will not include any administrative and operating costs and expenses incurred by the Company that are attributable to properties or partnership interests that are owned by the Company directly. The Company currently does not anticipate owning any properties directly.

DISTRIBUTIONS AND ALLOCATIONS

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

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

TERM

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

TAX MATTERS

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

PLAN OF DISTRIBUTION

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

Except as provided below, the Dealer Manager will receive commissions of 7% of the Gross Offering Proceeds. In addition, the Company may reimburse the expenses incurred by the Dealer Manager and nonaffiliated dealers for actual

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

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

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

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

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

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

Payment for Shares should be made by check payable to "NationsBank, N.A., as Escrow Agent" Subscriptions will be effective only upon acceptance by the Company, and the Company reserves the right to reject any subscription in whole or in part. In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber receives this Prospectus. Each subscriber will receive a confirmation of his purchase. Except for purchase pursuant to the Reinvestment Plan, all accepted subscriptions will be for whole Shares and for not less than 100 Shares ($1,000). See "Investor Suitability Standards." Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirement and have purchased units in Prior Wells Public Programs may purchase less than the minimum number of Shares

discussed above, provided that such investors purchase a minimum of 2.5 Shares ($25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 Shares ($25), except for purchases pursuant to the Reinvestment Plan.

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

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

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

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

The proceeds of this Offering will be received and held in trust for the benefit of purchasers of Shares and will be retained in trust after closing to be used only for the purposes set forth in the "Estimated Use of Proceeds"

section. After the close of the Minimum Offering, subscriptions will be accepted or rejected within 30 days of receipt by the Company, and if rejected, all funds shall be returned to subscribers within 10 business days. Investors whose subscriptions are accepted will be admitted as shareholders of the Company periodically (but not less often than quarterly). Escrowed proceeds will be released to the Company on the date that the applicable Shareholder is admitted to the Company. A Shareholder will not receive a Share certificate or other evidence of his interest in the Company unless the Listing occurs, and then only if requested by the Shareholder.

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

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

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

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

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

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

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

For the purposes of such volume discounts, the term "purchaser" includes (i) an individual, his or her spouse and their children under the age of 21 who purchase the Shares for his, her or their own accounts; (ii) a corporation,

partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not; (iii) an employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Code; and (iv) all commingled trust funds maintained by a given bank.

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

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

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

Investors who, in connection with their purchase of Shares, have engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services in lieu of normal commissions based on the volume of securities sold may agree with the participating broker-dealer selling such Shares and the Dealer Manager to reduce the amount of selling commissions payable with respect to such sale to zero. The net proceeds to the Company will not be affected by eliminating the commissions payable in connection with sales to investors purchasing through such investment advisors. All such sales must be made through registered broker-dealers.

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

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

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

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

SUPPLEMENTAL SALES MATERIAL

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

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

LEGAL MATTERS

The legality of the Shares being offered hereby has been passed upon for the Company by Hunton & Williams, Atlanta, Georgia ("Counsel"). The statements

under the caption "Federal Income Tax Consequences" as they relate to federal income tax matters have been reviewed by Counsel, and Counsel has opined as to certain income tax matters relating to an investment in the Company. Counsel has represented the Advisor, as well as Affiliates of the Advisor, in other matters and may continue to do so in the future. See "Conflicts of Interest."

EXPERTS

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

ADDITIONAL INFORMATION

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

GLOSSARY

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

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

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

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

"AVERAGE INVESTED ASSETS" means, for any period, the average of the

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

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

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

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

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

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

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

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

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

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

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

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

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

"INDEPENDENT EXPERT" means a person with no material current or prior business or personal relationship with the Advisor or Board of Directors of the Company who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company.

"INDEPENDENT DIRECTOR" shall mean a member of the Board of Directors of the Company who is not associated and has not been associated within the last two

years, directly or indirectly, with the Advisor.

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

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

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

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

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

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

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

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

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

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

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

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

"ORGANIZATION AND OFFERING EXPENSES" means those expenses incurred in connection with organizing the Company, preparing the Company for registration

and subsequently offering and distributing the Shares to the public, including without limitation, legal and accounting fees, sales commissions paid to broker-dealers in connection with the distribution of the Shares and all advertising expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX I

WELLS REAL ESTATE INVESTMENT TRUST, INC.

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

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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

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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):					
Operations	623,268	204,790			
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%

- ----------

(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
Minimum purchase $1,000 or 100 Shares $25.00)
- ------------------------------------ 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)
[_] Qualified Pension Plan (11)
[_] Qualified Profit Sharing Plan (12)
[_] Other Trust_____
For the Benefit of_____
[_] Partnership (15)

[_] Joint Tenants With Right of Survivorship (02)
[_] Community Property (03)
[_] Tenants in Common (04)
[_] Custodian: A Custodian for_____ under the Uniform Gift to Minors Act of the State of _____ (08)
[_] Other_____

4._____REGISTRATION NAME AND ADDRESS_____
Please print name(s) in which Shares are to be registered. Include trust name, if applicable.
[_] Mr. [_] Mrs. [_] Ms. [_] MD [_] Ph.D. [_] DDS [_] Other_____

Taxpayer Identification Number
[ ][ ]-[ ][ ][ ][ ][ ][ ][ ]
Social Security Number
[ ][ ][ ]-[ ][ ]-[ ][ ][ ][ ]

_____

_____

Street Address
or P.O. Box _____

City _____ State _____ Zip Code _____

Home
Telephone No. (____)_____

Business
Telephone No. (____)_____

Birthdate _____ Occupation _____

5._____INVESTOR NAME AND ADDRESS_____
Please print name(s) in which Shares are to be registered. Include trust name, if applicable.

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

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

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

Street Address
or P.O. Box _____

City _____ State _____ Zip Code _____

Home
Telephone No. (____)_____

Business
Telephone No. (____)_____

Birthdate _____ Occupation _____

6._____SUBSCRIBER SIGNATURE_____

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

(a) I have received the Prospectus

_____ _____
Initials Initials

(b) I accept and agree to be bound by the terms and conditions of the Articles of Incorporation.

_____ _____
Initials Initials

(c) I have (i) a net worth (exclusive of home, home furnishings and automobiles) of $150,000 or more, or (ii) a net worth (as described above) of at least $45,000 and had during the last tax year or estimate that I will have during the current tax year a minimum of $45,000 annual gross income, or that I meet the higher suitability requirements imposed by my state of primary resident as set forth in the Prospectus under "INVESTOR-SUITABILITY STANDARDS".

_____ _____
Initials Initials

(d) If I am a California resident or if the Person to whom I subsequently propose to assign or transfer any Shares is a California resident, I may not consummate a sale or transfer to my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding.

_____ _____
Initials Initials

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

_____ _____
Initials Initials

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

_____ _____

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

Date_____

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

7._____DISTRIBUTIONS_____

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

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

Name _____

Account Number _____

Street Address
or P.O. Box _____

City _____ State _____ Zip Code _____

8. _____BROKER-DEALER_____

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

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

Broker-Dealer Name_____ Telephone No. (____)_____

Broker-Dealer Street
Address or P.O. Box_____

City _____ State _____ Zip Code _____

Registered
Representative Name _____ Telephone No. (____)_____

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

City _____ State _____ Zip Code _____

_____ _____

Broker-Dealer Signature, if required Registered Representative Signature

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

made payable to

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

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

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

ACCEPTANCE BY CORPORATION Amount _____ Date _____

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

By: _____ Wells Real Estate Investment Trust, Inc.

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

EXHIBIT C

DIVIDEND REINVESTMENT PLAN

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

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

2. Procedure for Participation. Any Stockholder who purchased Shares pursuant to the Company's Offering may elect to become a Participant by completing and executing the Subscription Agreement, enrollment form or other appropriate authorization form as may be available from the Company, the Dealer-Manager or Soliciting Dealer. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's subscription or authorization. Shares will be purchased under the DRP on the record date for the Distribution used to purchase the Shares. Distributions for Shares acquired under the DRP are currently paid monthly and are calculated with a daily record and Distribution declaration date. Each Participant agrees that if, at any time prior to listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq"), he or she fails to meet the suitability requirements for making an investment in the Company or cannot make the other representations or warranties set forth in the Subscription Agreement, he will promptly so notify the Company in writing.

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

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

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

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

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

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

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

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

7. Amendment or Termination of DRP by the Company. The Directors of the Company may by majority vote (including a majority of the Independent Directors)

amend or terminate the DRP for any reason upon 30 days' written notice to the Participants.

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

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

P R O S P E C T U S

for

DIVIDEND REINVESTMENT PLAN

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

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

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

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

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

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAVE SUCH REGULATORS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

The date of this Prospectus is _____

AUTHORIZATION

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

AVAILABLE INFORMATION

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

INCORPORATION OF DOCUMENTS BY REFERENCE

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

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

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

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

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 HOLCOMB BRIDGE RD.
NORCROSS, GEORGIA 30092
ATTENTION: SECRETARY

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

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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

SUPPLEMENT NO. 1 DATED APRIL 20, 1998 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998 (the "Prospectus"). Unless otherwise defined herein, capitalized terms used in this Supplement shall have the same meanings as set forth in the Prospectus.

The purpose of this Supplement is to describe the following:

(i) The status of the offering of shares of common stock (the "Shares") in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) Updated Prior Performance Tables included as Exhibit A to the Prospectus; and

(iii) Revisions to the "INVESTOR SUITABILITY STANDARDS" and "PLAN OF DISTRIBUTION" sections of the Prospectus.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of Shares in the Company commenced on January 30, 1998. As of April 17, 1998, the Company had raised a total of $451,700 in offering proceeds (45,170 Shares), which offering proceeds are being held in escrow until the Company closes the Minimum Offering in accordance with the terms of the Prospectus.

PRIOR PERFORMANCE TABLES

Prior Performance Tables dated as of December 31, 1997 are included as Exhibit A to this Supplement.

INVESTOR SUITABILITY STANDARDS

The information contained on page 15 in the "INVESTOR SUITABILITY STANDARDS" section of the Prospectus is revised as of the date of this Supplement by the deletion of the fourth full paragraph of that section and the insertion of the following paragraph in lieu thereof:

> The minimum purchase is 100 Shares ($1,000) (except in certain states and as otherwise described below). No transfers will be permitted of less than the minimum required purchase, nor (except in very limited circumstances) may an investor transfer, fractionalize or subdivide such Shares so as to retain less than such minimum number thereof. For purposes of satisfying the minimum investment requirement for Retirement Plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate Individual Retirement Accounts ("IRAs"), provided that each such contribution is made in increments of at least $100. It should be noted, however, that an investment in the Company will not, in itself, create a Retirement Plan for any investor and that in order to create a Retirement Plan, an investor must comply with all applicable provisions of the Code. Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirements and have purchased units in Prior Wells Public Programs may purchase less than the minimum number of Shares set forth above, but in no event less than 2.5 Shares ($25). The minimum purchase for New York investors is 250 Shares ($2,500); however, the minimum investment for New York IRAs is 100 Shares ($1,000). After an investor has purchased the minimum investment, any additional investments must be made in increments of at least 2.5 Shares ($25), except for (i) those made by investors in Maine, who must still meet the minimum investment requirement for Maine residents of $1,000 for IRAs and $2,500 for non-IRAs, (ii) purchases of Shares pursuant to the Reinvestment Plan, which may be in lesser amounts, and (iii) the minimum purchase requirement for Minnesota investors other than IRAs and Qualified Plans of 250 Shares ($2,500), and the minimum purchase for Minnesota IRAs and Qualified Plans of 200 Shares ($2,000).

PLAN OF DISTRIBUTION

The information contained on page 77 in the "PLAN OF DISTRIBUTION" section of the Prospectus is revised as of the date of this Supplement by the deletion of the second full paragraph on that page and the insertion of the following paragraph in lieu thereof:

> In addition, subscribers for Shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their Shares paid over a seven year period pursuant to a deferred commission arrangement (the "Deferred Commission Option"). Shareholders electing the Deferred Commission Option will be required to pay a total of $9.40 per Share purchased upon subscription, rather than $10.00 per Share, with respect to which $0.10 per Share will be payable as commissions due upon subscription. For each of the six years following the year of subscription, $0.10 per Share will be paid by the Company as deferred commissions with respect to Shares sold pursuant to the Deferred Commission Option, which amounts will be deducted from and paid out of distributions of Cash Available for Distribution otherwise payable to Shareholders holding such Shares. The net proceeds to the Company will not be affected by the election of the Deferred Commission Option. Under this arrangement, a Shareholder electing the Deferred Commission Option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from and paid by the Company out of Cash Available for Distribution otherwise distributable to such Shareholder. In the event that Listing of the Shares occurs at any time prior to the end of the sixth year following termination of the Offering, however, the obligation of the Company and its Shareholders to make any further payments of commissions under the Deferred Commission Option shall terminate, and participating broker-dealers will not be entitled to receive any further portion of their commissions following Listing of the Company's Shares.

EXHIBIT A

PRIOR PERFORMANCE TABLES

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

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

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

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

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

The following tables are included herein:

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

TABLE II - Compensation to Sponsor (in Dollars)

TABLE III - Annual Operating Results of Prior Programs

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

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

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

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

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

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

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the General Partners and their Affiliates in Prior Programs for which offerings have been completed since December 31, 1994. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties.

	Wells Real Estate Fund VII, L.P.	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.
Dollar Amount Raised	$24,180,174/(3)/	$32,042,689/(4)/	$35,000,000/(5)/	$27,128,912/(6)/
Percentage Amount Raised	100.0%/(3)/	100.0%/(4)/	100.0%/(5)/	100.0%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0%	10.0%
Organizational Expenses	5.0%	5.0%	5.0%	5.0%
Reserves/(1)/	1.0%	0.0%	0.0%	0.0%
Percent Available for Investment	84.0%	85.0%	85.0%	85.0%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	0.0%	0.2%	0.0%	0.0%
Cash Down Payment	16.3%	29.2%	0.0%	0.0%
Acquisition Fees/(2)/	3.5%	4.5%	4.5%	4.5%
Development and Construction Costs	64.2%	48.0%	50.4%	14.4%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%

Total Acquisition and Development Cost	84.0%	81.9%	54.9%	18.9%
Percent Leveraged	0.0%	0.0%	0.0%	0.00%
Date Offering Began	04/05/94	01/06/95	01/05/96	12/31/96
Length of Offering	12 mo.	12 mo.	12 mo.	12 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	12 mo.	17 mo.	/(7)/	/(8)/
Number of Investors	1,917	2,242	2,115	1,806

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(1) Does not include General Partner contributions held as part of reserves.
(2) Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to Affiliates of the General Partners.
(3) Total dollar amount registered and available to be offered was $25,000,000. Wells Real Estate Fund VII, L.P. closed its offering on January 5, 1995, and the total dollar amount raised was $24,180,174.
(4) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund VIII, L.P. closed its offering on January 4, 1996, and the total dollar amount raised was $32,042,689.
(5) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996, and the total dollar amount raised was $35,000,000.
(6) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.
(7) As of December 31, 1997, Wells Real Estate Fund IX, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 70.3% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 83.5% of the total dollar amount raised.
(8) As of December 31, 1997, Wells Real Estate Fund X, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 17.7% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1997 was 32.8% of the total dollar amount raised.

TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by General Partners or Affiliates of the General Partners, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Prior Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1994. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1997.

	Wells Real Estate Fund VII, L.P.	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Other Public Programs/(1)/
Date Offering Commenced	04/05/94	01/06/95	01/05/96	12/31/96	--
Dollar Amount Raised	$24,180,174	$32,042,689	$35,000,000	$27,128,912	$150,018,232
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	$ 178,122	$ 174,295	$ 309,556	$ 260,748	$ 571,739
Acquisition Fees					

Real Estate Commissions	--	--	--	--	--
Acquisition and Advisory Fees/(3)/	$ 846,306	$ 1,281,708	$ 1,400,000	$ 1,085,157	$ 8,031,385
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	$ 3,850,827	$ 1,630,740	$ 1,305,840	$ 438,195	$ 29,081,439
Amount Paid to Sponsor from Operations:					
Property Management Fee/(1)/	$ 124,934	$ 85,523	$ 19,539	$ 0	$ 857,695
Partnership Management Fee	--	--	--	--	--
Reimbursements	$ 159,036	$ 112,773	$ 32,349	$ 11,137	$ 1,187,273
Leasing Commissions	$ 97,856	$ 91,566	$ 29,162	$ 0	$ 800,710
General Partner Distributions	--	--	--	--	15,205
Other	--	--	--	--	--
Dollar Amount of Property Sales and Refinancing Payments to Sponsors:					
Cash	--	--	--	--	--
Notes	--	--	--	--	--
Amount Paid to Sponsor from Property Sales and Refinancing:					
Real Estate Commissions	--	--	--	--	--
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

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(1) Includes compensation paid to General Partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P. and Wells Real Estate Fund VI, L.P. during the past three years. In addition to the amounts shown, Affiliates of the General Partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. At December 31, 1997, the amount of such fees due the General Partners totaled $2,088,727.

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

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

(4) Includes $409,361 in net cash provided by operating activities, $3,059,640 in distributions to limited partners and $381,826 in payments to sponsor for Wells Real Estate Fund VII, L.P.; $464,964 in net cash provided by operating activities, $875,914 in distributions to limited partners and $289,862 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; $2,540 in net cash provided by operating activities, $1,221,764 in distributions to limited partners and $81,536 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $449,332 in net cash used by operating activities, $0 in distributions to limited partners and $11,137 in payments to sponsor for Wells Real Estate Fund X, L.P.; and $855,331 in net cash provided by operating activities, $19,618,669 in distributions to limited partners and $2,748,101 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six (6) tables set forth operating results of prior programs sponsored by the General Partners the offerings of which have been completed since December 31, 1992. The information relates only to public programs with investment objectives similar to those of the Partnership. All figures are as of December 31 of the year indicated.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 633,247	$ 590,839	$ 764,624	$ 656,958	$ 458,213
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	72,404	78,939	68,735	88,987	96,964
Depreciation and Amortization/(3)/	1,042	6,250	6,250	6,250	6,250
Net Income (Loss) GAAP Basis/(4)/	$ 559,801	$ 505,650	$ 689,639	$ 561,721	$ 354,999
Taxable Income (Loss): Operations					
Cash Generated (Used By):	$ 763,486	$ 666,780	$ 676,367	$ 528,025	$ 280,000
Operations					
Joint Ventures	(66,556)	(65,728)	(46,235)	(10,395)	112,594
	1,121,000	1,072,835	1,020,905	653,729	54,154
	$1,054,444	$1,007,107	$ 974,670	$ 643,334	$ 166,748
Less Cash Distributions to Investors:					
Operating Cash Flow	1,054,444	1,007,107	969,011	643,334	151,336
Return of Capital	4,487	--	--	44,257	--
Undistributed Cash Flow from Prior Year Operations	1,987	3,672	--	15,412	--
Cash Generated (Deficiency) after Cash Distributions	$ (6,474)	$ (3,672)	$ 5,659	$ (59,669)	$ 15,412
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	5,589,786
	$ --	$ (3,672)	$ 5,659	$ (59,669)	$ 5,605,198
Use of Funds:					
Sales Commissions and Offering Expenses		--	--	--	764,599
Return of Original Limited Partner's Investment		--	--	--	--
Property Acquisitions and Deferred Project Costs	(154,131)	(225)	(233,501)	2,366,507	7,755,116
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (160,605)	$ (3,897)	$ (227,842)	$(2,426,176)	$(2,914,517)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	36	71	73	58	29
- Operations Class B Units	0	(378)	(272)	(180)	(54)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	74	69	69	55	36
- Operations Class B Units	(256)	(260)	(246)	(181)	(58)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	36	65	63	46	10
- Return of Capital Class A Units	32	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	68	65	63	43	10
- Return of Capital Class A Units	--	--	--	3	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

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(1) Includes $207,234 in equity in earnings of joint ventures and $250,979 from investment of reserve funds in 1993; $592,902 in equity in earnings of joint ventures and $64,056 from investment of reserve funds in 1994; $745,173 in equity in earnings of joint ventures and $19,451 from investment of reserve funds in 1995; $577,128 in equity in earnings of joint ventures and $13,711 from investment of reserve funds in 1996; and $623,249 in equity in earnings of joint ventures and $9,998 from investment of reserve funds in 1997. At December 31, 1997, the leasing status of all developed property was 95%.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenue is depreciation and amortization of $100,796 for 1993, $324,578 for 1994, $440,333 for 1995, $592,281 for 1996, and $735,315 for 1997.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated as follows: $442,135 to Class A Limited Partners, $(87,868) to Class B Limited Partners and $732 to General Partners for 1993; $879,232 to Class A Limited Partners, $(316,460) to Class B Limited Partners and $(1,051) to General Partners for 1994; $1,124,203 to Class A Limited Partners, $(434,564) to Class B Limited Partners and $0 to General Partners for 1995; $1,095,296 to Class A Limited Partners, $(589,646) to Class B Limited Partners and $0 to General Partners for 1996; and $559,801 to Class A Limited Partners, $0 to Class B Limited Partners and $0 to General Partners in 1997.

TABLE III (UNAUDITED)

OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND VI, L.P.

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 884,802	$ 675,782	$ 1,002,567	$ 819,535	$ 82,723
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	82,898	80,479	94,489	112,389	46,608
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	4,687
Net Income GAAP Basis/(4)/	$ 795,654	$ 589,053	$ 901,828	$ 700,896	$ 31,428
Taxable Loss: Operations					
Cash Generated (Used By):	$1,091,770	$ 809,389	$ 916, 531	$ 667,682	$ 31,428
Operations					
Joint Ventures	(57,206)	(2,716)	278,728	276,376	(2,478)
	1,500,023	1,044,891	766,212	203,543	--
Less Cash Distributions to Investors:					
Operating Cash Flow	$1,442,817	$1,042,175	$ 1,044,940	$ 479,919	$ (2,478)
Return of Capital	1,442,817	1,042,175	1,044,940	245,800	--
Undistributed Cash Flow from Prior Year Operations	9,986	125,314	--	--	--
	--	18,027	$ 216,092	--	--
Cash Generated (Deficiency) after Cash Distributions	$ (9,986)	$ (143,341)	(216,092	$ 234,119	$ (2,478)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	12,836,461	12,836,539
	$ (9,986)	$ (143,341)	$ (216,092)	$12,397,580	$12,834,061
Use of Funds:					
Sales Commissions and Offering Expenses		--	--	1,776,909	1,781,724
Return of Original Limited Partner's Investment		--	--	--	100
Property Acquisitions and Deferred Project Costs	310,759	234,924	10,721,376	5,912,454	3,856,239
Cash Generated (Deficiency) after Cash Distributions and					
Special Items	$ (320,745)	$ (378,265)	$(10,937,468	$ 4,708,217	$ 7,195,998
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	78	59	57	43	9
- Operations Class B Units	(247)	(160)	(60)	(12)	(5)
Capital Gain (Loss)	--	--	--	--	0
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	75	56	56	41	1
- Operations Class B Units	(150)	(99)	(51)	(22)	--
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	67	56	57	14	--
- Return of Capital Class A Units	--	--	4	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	67	50	61	14	--
- Return of Capital Class A Units	0	6	--	--	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $3,436 in equity in loss of joint ventures and $86,159 from investment of reserve funds in 1993, $285,711 in equity in earnings of joint ventures and $533,824 from investment of reserve funds in 1994, $681,033 in equity in earnings of joint ventures and $321,534 from investment of reserve funds in 1995, $607,214 in equity in earnings of joint ventures and $68,568 from investment of reserve funds in 1996, and $856,710 in equity in earnings of joint ventures and $28,092 from investment of reserve funds in 1997. At December 31, 1997, the leasing status was 94%.

(2) Includes partnership administrative expenses.

(3) Included in equity in loss of joint ventures in gross revenues is depreciation of $3,436 for 1993, $107,807 for 1994, $264,866 for 1995, $648,478 for 1996, and $896,753 for 1997.

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

$(1,828) to the General Partners for 1995; $1,234,717 to Class A Limited Partners, $(645,664) to Class B Limited Partners and $0 to the General Partners for 1996; and $1,677,826 to Class A Limited Partners, $(882,172) to Class B Limited Partners and $0 to the General Partners for 1997.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 816,237	$ 543,291	$ 925,246	$ 286,371	N/A
Profit on Sale of Properties	--			--	
Less: Operating Expenses/(2)/	76,838	84,265	114,953	78,420	
Depreciation and Amortization/(3)/	6,250	6,250	6,250	4,688	
Net Income GAAP Basis/(4)/	$ 733,149	$ 452,776	$ 804,043	$ 203,263	
Taxable Income: Operations	$1,008,368	$ 657,443	$ 812,402	$ 195,067	
Cash Generated (Used By):					
Operations	(43,250)	20,883	431,728	47,595	
Joint Ventures	1,420,126	760,628	424,304	14,243	
	$1,376,876	$ 781,511	$ 856,032	$ 61,838	
Less Cash Distributions to Investors:					
Operating Cash Flow	1,376,876	781,511	856,032	52,195	
Return of Capital	2,709	10,805	22,064	--	
Undistributed Cash Flow from Prior Year Operations	--	--	9,643	--	
Cash Generated (Deficiency) after Cash Distributions	$ (2,709)	$ (10,805)	$ (31,707)	$ 9,643	
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions	$ --	$ --	$ 805,212	$23,374,961	
	$ (2,709)	$ (10,805)	$ 773,505	$23,384,604	
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	244,207	$ 3,351,569	
Return of Original Limited Partner's Investment	--	--	100	--	
Property Acquisitions and Deferred Project Costs	169,172	736,960	14,971,002	4,477,765	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (171,881)	$(747,765)	$(14,441,804)	$15,555,270	
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	86	62	57	29	
- Operations Class B Units	(168)	(98)	(20)	(9)	
Capital Gain (Loss)	--	--	--	--	
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	78	55	55	28	
- Operations Class B Units	(111)	(58)	(16)	17	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	70	43	52	7	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	70	42	51	7	
- Return of Capital Class A Units	--	1	1	--	
- Operations Class B Units	--	--	--	--	
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	54	29	30	4	
- Return of Capital Class A Units	16	14	22	3	
- Return of Capital Class B Units	--	--	--	--	
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

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(1) Includes $78,799 in equity in earnings of joint ventures and $207,572 from investment of reserve funds in 1994, $403,325 in equity in earnings of joint ventures and $521,921 from investment of reserve funds in 1995, $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996, and $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997. At December 31, 1997, the leasing status was 92% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,468 for 1994, $140,533 for 1995, $605,247 for 1996, and $877,869 for 1997.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $233,337 to Class A Limited Partners, $(29,854) to Class B Limited Partners and $(220) to the General Partner for 1994; $950,826 to Class A Limited Partners, $(146,503) to Class B Limited Partners and $(280) to the General Partners for 1995; $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996; and $1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997.

(footnotes continued on following page)

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1997, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $972,030.

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

	1997	1996	1995	1994	1993
Gross Revenues/(1)/	$ 1,204,018	$ 1,057,694	$ 402,428	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	95,201	114,854	122,264		
Depreciation and Amortization/(3)/	6,250	6,250	6,250		
Net Income GAAP Basis/(4)/	$ 1,102,567	$ 936,590	273,914		
Taxable Income: Operations	$ 1,213,524	$ 1,001,974	404,348		
Cash Generated (Used By):					
Operations	7,909	623,268	204,790		
Joint Ventures	1,229,282	279,984	20,287		
	$ 1,237,191	$ 903,252	225,077		
Less Cash Distributions to Investors:					
Operating Cash Flow	1,237,191	903,252	--		
Return of Capital	183,315	2,443	--		
Undistributed Cash Flow from Prior Year Operations	--	225,077	--		
Cash Generated (Deficiency) after Cash Distributions	$ (183,315)	$ (227,520)	225,077		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions/(5)/	--	1,898,147	30,144,542		
	$ (183,315)	$ 1,670,627	30,369,619		
Use of Funds:					
Sales Commissions and Offering Expenses	--	464,760	4,310,028		
Return of Limited Partner's Investment	8,600	--	--		
Property Acquisitions and Deferred Project Costs	10,675,811	7,931,566	6,618,273		
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(10,867,726)	$(6,725,699)	19,441,318		
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	73	46	28		
- Operations Class B Units	(150)	(47)	(3)		
Capital Gain (Loss)	--	--	--		
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	65	46	17		
- Operations Class B Units	(95)	(33)	(3)		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	54	43	--		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	47	43	--		
- Return of Capital Class A Units	7	0	--		
- Operations Class B Units	--	--	--		

Source (on a Priority Distribution Basis)/(5)/			
- Investment Income Class A Units	42	33	--
- Return of Capital Class A Units	12	10	--
- Return of Capital Class B Units	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%		

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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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUPPLEMENT NO. 2 DATED JUNE 30, 1998 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998 (collectively, the "Prospectus"). Unless otherwise defined herein, capitalized terms used in this Supplement shall have the same meanings as set forth in the Prospectus.

The purpose of this Supplement is to describe the following:

(i) The status of the offering of shares of common stock (the "Shares") in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) Revisions to the "MANAGEMENT" section of the Prospectus;

(iii) Revisions to the "REAL PROPERTY INVESTMENTS" section of the Prospectus;

(iv) Revisions to the "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" section of the Prospectus; and

(v) Inclusion of Audited and Pro Forma Financial Statements as described in the "Financial Statements" section of this Supplement.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of Shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of June 30, 1998, the Company had raised a total of $2,683,595 in offering proceeds (268,359 Shares).

MANAGEMENT

The information contained on page 32 in the "General" subsection of the "MANAGEMENT" section of the Prospectus is revised as of the date of this Supplement by the deletion of the second full paragraph in that subsection and the insertion of the following paragraph in lieu thereof:

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

The information beginning on page 33 in the "MANAGEMENT" section of the Prospectus is revised as of the date of this Supplement by the deletion of the entire text of the "Directors and Executive Officers" subsection and the insertion of the following in lieu thereof:

DIRECTORS AND EXECUTIVE OFFICERS

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

Name	Age	Positions
Leo F. Wells, III	53	President and Director
Brian M. Conlon	40	Executive Vice President, Treasurer, Secretary and Director

John L. Bell	58	Independent Director
Richard W. Carpenter	61	Independent Director
Walter W. Sessoms	64	Independent Director
Bud Carter	60	Independent Director
William H. Keogler, Jr.	52	Independent Director
Donald S. Moss	62	Independent Director
Neil H. Strickland	62	Independent Director

LEO F. WELLS, III is the President and a Director of the Company and the President and sole Director of the Advisor. He is also the sole shareholder and Director of Wells Real Estate Funds, Inc., the parent corporation of the Advisor. Mr. Wells is President of Wells & Associates, Inc., a real estate brokerage and investment company formed in 1976 and incorporated in 1978, for which he serves as principal broker. He is also the sole Director and President of: Wells Management Company, Inc. ("Wells Management"), a property management company he founded in 1983; Wells Investment Securities, Inc. (the Dealer Manager), a registered securities broker-dealer he formed in 1984; Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs; and Wells Development Corporation ("Wells Development"), a company he organized in 1997 to temporarily own, operate, manage, and/or develop real properties.

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

Mr. Wells has over 25 years of experience in real estate sales, management and brokerage services. He is currently a co-general partner in a total of 25 real estate limited partnerships formed for the purpose of acquiring, developing and operating office buildings and other commercial properties. As of June 16, 1998, these 25 real estate limited partnerships represented investments totalling $282,525,732 from 25,800 investors. See "Prior Performance Tables" contained in Supplement No. 1 to the Prospectus.

BRIAN M. CONLON is the Executive Vice President, Secretary, Treasurer and a Director of the Company. He also serves as Executive Vice President of both the Advisor and Wells Development. Mr. Conlon joined the Advisor in 1985 as a Regional Vice President, and served as Vice President and National Marketing Director from 1991 until April 1996 when he assumed his current position. Previously, Mr. Conlon was Director of Business Development for Tishman Midwest Management & Leasing Services Corp. where he was responsible for marketing the firm's property management and leasing services to institutions. Mr. Conlon also spent two years as an Investment Property Specialist with Carter & Associates where he specialized in acquisitions and dispositions of office and retail properties for institutional clients. Mr. Conlon received a Bachelor of Business Administration degree from Georgia State University and a Master of Business Administration degree from the University of Dallas. Mr. Conlon

is a member of the International Association for Financial Planning (IAFP). He is also a general securities principal and holds a Georgia real estate brokerage license. Mr. Conlon also holds the certified commercial investment member (CCIM) designation of the Commercial Investment Real Estate Institute and the certified financial planner (CFP) designation of the Certified Financial Planner Board of Standards, Inc.

JOHN L. BELL was the owner and Chairman of Bell-Mann, Inc., the largest commercial flooring contractor in the Southeast ("Bell-Mann") from February 1971 to February 1996.

Mr. Bell also served on the Board of Directors of Realty South Investors, a REIT traded on the American Stock Exchange, and was the founder and served as a Director of both the Chattahoochee Bank and the Buckhead Bank. In 1997, Mr. Bell initiated and implemented a "Dealer Acquisition Plan" for Shaw Industries, Inc., a floor covering manufacturer and distributor, which plan included the acquisition of Bell-Mann.

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

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

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

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

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

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

administration and is currently a practitioner/lecturer at the University of Georgia.

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

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

Mr. Carter currently serves as Senior Vice President for The Executive Committee, a 42-year old international organization established to aid presidents and CEOs share ideas on ways to improve the management and profitability of their respective companies. The Executive Committee operates in numerous large cities throughout the United States, Canada, Australia, France, Italy, Malaysia, Brazil, the United Kingdom and Japan. The Executive Committee has more than 6,000 presidents and CEOs who are members. In addition, Mr. Carter was the first Chairman of the organization recruited in Atlanta and still serves as Chairman of the first two groups formed in Atlanta, each comprised of 14 noncompeting CEOs and presidents. Mr. Carter is a graduate of the University of Missouri where he earned degrees in journalism and social psychology.

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

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

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

Mr. Moss is currently a Director of the Atlanta Athletic Club. He formerly

was the National Treasurer and a Director of the Girls Clubs of America from 1973 to 1976. Mr. Moss graduated from the University of Illinois where he received a degree in business.

NEIL H. STRICKLAND was employed by Loyalty Group Insurance (which subsequently merged with America Fore Loyalty Group and is now known as The Continental Group) as an automobile insurance underwriter. From 1957 to 1961, Mr. Strickland served as Assistant Supervisor of the Casualty Large Lines Retrospective Rating Department. From 1961 to 1964,

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

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

REAL PROPERTY INVESTMENTS

The information contained on page 45 in the "REAL PROPERTY INVESTMENTS" section of the Prospectus is revised as of the date of this Supplement by the deletion of the first paragraph of that section and the insertion of the following paragraphs in lieu thereof:

JOINT VENTURE AGREEMENT

The Company, as sole general partner of Wells Operating Partnership, L.P. ("Wells OP"), a Georgia limited partnership organized to own and operate properties on behalf of the Company, entered into an Amended and Restated Joint Venture Agreement (the "Joint Venture Agreement") with Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), Wells Real Estate Fund X, L.P. ("Wells Fund X") and Wells Real Estate Fund XI, L.P. ("Wells Fund XI") known as The Fund IX, Fund X, Fund XI and REIT Joint Venture (the "Joint Venture") for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties. Wells Fund IX, Wells Fund X and Wells Fund XI are all Affiliates of the Company and the Advisor. The Joint Venture (formerly known as "Fund IX and X Associates") was originally formed on March 20, 1997 between Wells Fund IX and Wells Fund X, and on June 11, 1998, Wells Fund XI and Wells OP were admitted as joint venturers to the Joint Venture. The investment objectives of Wells Fund IX, Wells Fund X and Wells Fund XI are substantially identical to those of the Company.

The Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the Joint Venture will be allocated and distributed between Wells Fund IX, Wells Fund X, Wells Fund XI and Wells OP based on their respective capital contributions to the Joint Venture. As of June 30, 1998, Wells OP had made total capital contributions to the Joint Venture of $1,421,466 and held an equity percentage interest in the Joint Venture of 4.4%; Wells Fund IX had made

total capital contributions to the Joint Venture of $14,571,686 and held an equity percentage interest in the Joint Venture of 45.8%; Wells Fund X had made total capital contributions to the Joint Venture of $13,360,540 and held an equity percentage interest in the Joint Venture of 42.0%; and Wells Fund XI had made total capital contributions to the Joint Venture of $2,482,810 and held an equity percentage interest in the Joint Venture of 7.8%.

The Joint Venture Agreement allows each joint venturer to make a buy/sell election upon receipt by any joint venturer of a bonafide third-party offer to purchase all or substantially all of the properties or the last remaining property of the Joint Venture. Upon receipt of notice of such

third-party offer, each joint venturer must elect within thirty (30) days after receipt of the notice to either (i) purchase the entire interest of each venturer that wishes to accept the offer on the same terms and conditions as the third-party offer to purchase, or (ii) consent to the sale of the properties or last remaining property pursuant to such third-party offer.

On June 24, 1998, Wells OP contributed $1,421,466 in cash to the Joint Venture. Said $1,421,466 capital contribution by Wells OP was aggregated with cash contributions made by Wells Fund IX in the amount of $650,000, Wells Fund X in the amount of $950,000 and Wells Fund XI in the amount of $2,482,810 to purchase a one-story office building located in Oklahoma City, Oklahoma (the "Lucent Building") from Wells Development, an Affiliate of the Company and the Advisor.

THE LUCENT BUILDING

Purchase of the Oklahoma City Property. On June 24, 1998, the Joint Venture acquired a one-story office building containing approximately 57,186 rentable square feet which was developed and constructed on certain real property located in Oklahoma City, Oklahoma (the "Oklahoma City Property") by Wells Development pursuant to that certain Agreement for the Purchase and Sale of Real Property (the "Contract") dated May 30, 1997 between Wells Development and the Joint Venture, as amended.

Wells Development had acquired the Oklahoma City Property on May 30, 1997, for a purchase price of $695,636, plus $20,869 in real estate brokerage commissions and $58,000 in legal fees, title insurance premiums and other closing costs. Simultaneously with the acquisition of the Oklahoma City Property, Wells Development entered into the Contract with the Joint Venture for the sale of the Oklahoma City Property following the construction and development thereon of the Lucent Building, as described below.

Pursuant to the terms of the Contract, the Joint Venture made an earnest money deposit to Wells Development in the amount of $1,600,000 consisting of a $650,000 contribution funded by Wells Fund IX and a $950,000 contribution funded by Wells Fund X. The earnest money deposit paid by the Joint Venture under the Contract was used by Wells Development to fund the purchase of the Oklahoma City Property, as described below, and to fund the initial costs of the construction and development of the Lucent Building. Wells Development also used part of the earnest money deposit to acquire an additional strip of land along the northern boundary of the Oklahoma City Property to expanded the parking area for the property.

In addition to the earnest money deposit, Wells Development obtained a loan in the amount of $3,900,000 from NationsBank, N.A. to fund the construction and development of the Lucent Building (the "Construction Loan"). As set forth below, the Construction Loan was paid off upon the sale of the Lucent Building to the Joint Venture, and Wells Development

delivered title to the Joint Venture debt-free at closing.

The purchase price of the Lucent Building was $5,504,276, which was equal to the aggregate cost to Wells Development of the acquisition, construction and development of the Lucent Building, including interest and other carrying costs, and accordingly, Wells Development made no profit from the sale of the Lucent Building to the Joint Venture.

Description of the Building and the Site. The Oklahoma City Property contains a one-story office building with 57,186 net rentable square feet and 55,017 net useable square feet with a high tilt-up concrete panel exterior and steel framing. Construction of the Lucent Building was completed in January 1998. The parking area contains approximately 385 paved parking spaces.

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

in the northwest sector of Oklahoma City. Oklahoma City is located near the center of the state and is the State Capitol of Oklahoma. Oklahoma City is currently the 42nd largest metropolitan area in the United States. The population of the Oklahoma City metropolitan area, which has been increasing steadily over the past two decades, is currently in excess of 1,000,000.

The site is located approximately ten miles northwest of the central business district of Oklahoma City. Access is available from Memorial Road on the south and May Avenue on the east with all access streets being four lane concrete boulevards with curbs and gutters.

The Lucent Lease. On May 30, 1997, Wells Development entered into a Lease Agreement (the "Lucent Lease") with Lucent Technologies Inc. ("Lucent Technologies"), pursuant to which Lucent Technologies agreed to lease all of the Lucent Building upon completion of the improvement thereof. At the closing of the sale of the Lucent Building to the Joint Venture, Wells Development transferred and assigned its interest in the Lucent Lease to the Joint Venture.

Lucent Technologies is a telecommunications company which was spun off by AT&T in April of 1996. The company is in the business of designing, developing and marketing communications systems and technologies ranging from microchips to whole networks and is one of the world's leading designers, developers and manufacturers of telecommunications system software and products. For the fiscal year ended September 30, 1997, Lucent Technologies, a public company traded on the New York Stock Exchange, reported net income of approximately $541 million dollars on revenues in excess of $26 billion dollars. As of March 31, 1998, Lucent Technologies had total assets of in excess of $24 billion dollars and a net worth of in excess of $5 billion dollars.

The initial term of the Lucent Lease is ten years which commenced on January 5, 1998 (the "Rental Commencement Date"). Lucent Technologies has the option to extend the initial term of the Lucent Lease for two additional five year periods. Each extension option must be exercised by giving written notice to the landlord at least twelve months prior to the expiration date of the then current lease term.

The annual base rent payable under the Lucent Lease will be $508,383 payable in equal monthly installments of $42,365 during the first five years of the initial lease term, and $594,152 payable in equal monthly installments of $49,513 during the second five years of the initial lease term. The annual base rent for each extended term under the lease will be

based upon the fair market rent then being charged by landlords under new leases of office space in the metropolitan Oklahoma City market for similar space in a building of comparable quality with comparable amenities. The Lucent Lease provides that if the parties cannot agree upon the appropriate fair market value rate, the rate will be established by real estate appraisers.

Under the Lucent Lease, the Joint Venture, as landlord, is responsible for (a) all maintenance, repairs and replacements to the structural components of the Lucent Building, including without limitation, the roof, exterior walls, bearing walls, support beams, foundations, columns, exterior doors, windows, skylights and lateral support, and (b) for the portion of the Lucent Lease term ending on the first anniversary of the Rental Commencement Date, all maintenance, repairs and replacements to the parking area surrounding the Lucent Building including lighting systems for the parking area. Under the Lucent Lease, Lucent Technologies is responsible for the payment of all property taxes, operating expenses and other repair and maintenance work relating to the Lucent Building. Lucent Technologies is also required to reimburse the landlord the cost of casualty insurance for the property.

The landlord is responsible for a construction allowance of $857,790 (calculated at the rate of $15 per rentable square foot), which was funded by Wells Development prior to the sale of the Lucent Building to the Joint Venture and is included as a portion of the purchase price paid for the Lucent Building.

Under the Lucent Lease, Lucent Technologies also has a one-time option to terminate the Lucent Lease on the seventh (7th) anniversary of the Rental Commencement Date, which is exercisable by written notice to the landlord at least twelve (12) months in advance of such 7th anniversary. If Lucent Technologies elects to exercise its option to terminate the Lucent Lease, Lucent Technologies would be required to pay a termination payment intended to compensate the landlord for the present value of funds expended as construction allowance and leasing commissions relating to the Lucent Lease, amortized over and attributable to the remaining lease term, and a rental payment equal to approximately eighteen (18) months of monthly rental payments. It is currently anticipated that the termination payment required to be paid by Lucent Technologies, in the event it exercises its option to terminate the Lucent Lease on the 7th anniversary would be approximately $1,338,903 based upon certain assumptions.

In addition, Lucent Technologies has a one-time option under the Lucent Lease to reduce the size of its leased premises by 15,000 square feet of useable area effective the last day of the month which is the second (2nd) anniversary of the Rental Commencement Date. Such option to reduce the leased premises is exercisable by providing at least 180 days prior written notice to the landlord and paying the landlord a reduction payment equal to $750,000 on the effective date of such reduction.

There are no assurances that the Joint Venture will be able to attract or obtain suitable replacement tenants for the Lucent Building upon the expiration of the Lucent Lease or upon the 7th anniversary of the Lucent Lease if Lucent Technologies elects to exercise its option to terminate the Lucent Lease or for the unleased portion of the Lucent Building in the event that Lucent Technologies exercises its option to reduce the size of its leased premises.

In connection with the execution of the Lucent Lease, Wells Development entered into agreements with each of two real estate brokers, one of which is a firm affiliated with ADEVCO Corporation, the developer of the Oklahoma City Property, for the payment of commissions in connection with services rendered in procuring the Lucent Lease. The commission agreements require Wells Development to pay a total of $330,764 in leasing commissions, $110,255 of which is payable to said affiliate of the

developer. One-half of the leasing commissions were paid by Wells Development simultaneously with the closing of its acquisition of the Oklahoma City Property, with the remainder of the leasing commissions funded by Wells Development prior to the sale of the Lucent Building to the Joint Venture. The leasing commissions relating to the Lucent Lease were included as a portion of the purchase price paid for the Lucent Building by the Joint Venture. Neither broker is affiliated with Wells Development, Wells Fund IX, Wells Fund X, Wells Fund XI, the Company or any affiliates thereof.

As of June 30, 1998, the Company held a 4.4% ownership interest in each of the properties described below as a result of its ownership interest in the Joint Venture:

THE ABB BUILDING

Description of the Building and the Site. The Joint Venture owns certain real property located in Knoxville, Tennessee (the "Knoxville Property"). The Knoxville Property contains a three-story steel framed office building with a reflective insulated glass and brick exterior containing approximately 87,000 gross square feet and 83,885 rentable square feet (the "ABB Building"). The Knoxville Property was originally purchased by Wells Fund IX on December 13, 1996, and was later contributed by Wells Fund IX to the Joint Venture on March 26, 1997. Construction of the ABB Building was completed in December 1997. The project site is approximately 5.622 acres and contains approximately 297 paved parking spaces.

The ABB Building is located in an office park known as Center Point Business Park on Pellissippi Parkway just north of the intersection of Interstates 40 and 75, in Knox County, Tennessee approximately 10 miles west of the Knoxville central business district. The Pellissippi Parkway and the commercial area along the Interstate 40 and 75 corridor have evolved recently from a residential suburb into one of the area's fastest growing commercial and retail districts.

The western portion of Knox County in which the Knoxville Property is located has experienced the most growth and development in the Knoxville metropolitan area during the past 10 years due primarily to available land and services. It is anticipated that the Knoxville metropolitan area will continue to grow into a major regional center of trade and tourism due to its location at the intersection of Interstates 40 and 75 and the recent extension of the Pellissippi Parkway to the Knoxville airport.

The ABB Lease. On December 10, 1996, Wells Fund IX entered into a Lease Agreement (the "ABB Lease") with ABB Flakt, Inc. ("ABB") pursuant to which ABB agreed to lease 55,000 rentable square feet of the ABB Building, comprising approximately 66% of the rentable square feet of the ABB Building. Wells Fund IX assigned its interest in the ABB Lease to the Joint Venture on March 26, 1997, simultaneously with the contribution of the Knoxville Property to the Joint Venture. The Joint Venture is currently negotiating lease terms with a major tenant for lease of the remainder of the ABB Building.

ABB is a Delaware corporation which is principally engaged in the business of pollution control engineering and consulting. ABB will use the leased area as office space for approximately 220 employees. ABB Asea Brown Boveri, Ltd., a Swiss corporation based in Zurich, is the holding company of the ABB Asea Brown Boveri Group (the "ABB Group") which is comprised of approximately 1,000 companies around the world, including ABB. The ABB Group revenue is predominately provided by contracts with utilities and independent power producers for the design and engineering, construction, manufacture and marketing of products, services and systems in connection with the generation, transmission and distribution of electricity. In

addition, the ABB Group generates a significant portion of its revenues from the sale of industrial automation products, systems and services to pulp and paper, automotive and other manufacturers. For the fiscal year ended December 31, 1997, the ABB Group reported net income of approximately $572 million dollars and net worth of approximately $5.2 billion dollars. ABB, Inc., the United States parent company of ABB, reported gross revenues in 1997 in excess of $4 billion dollars. The ABB Group's total number of employees for 1997 was approximately 213,000 worldwide and approximately 21,000 in the United States.

As security for ABB's obligations under the Lease, ABB has provided to Wells Fund IX (and Wells Fund IX has in turn assigned to the Joint Venture), and agreed to maintain in full force and effect at all times during the 10 year period from the Rental Commencement Date, an irrevocable standby letter of credit in accordance with the terms and conditions set forth in the ABB Lease. Each letter of credit issued pursuant to the provisions of the ABB Lease is required to be in a form of an irrevocable credit, to be issued by an "approved issuer," to name the Joint Venture as the beneficiary and to specify that the Joint Venture, as beneficiary, may draw against the letter of credit upon the occurrence of a "drawing event." "Approved issuer" is defined to require that the letter of credit issuer shall have and maintain a Moody's Bank Credit Report Service rating of P-1 or its equivalent. "Drawing event" is defined to include any failure of ABB to pay any installment of rent or other charge or assessment pursuant to the terms of the ABB Lease within five days of notice thereof, or any other event of default with respect to which the Joint Venture has exercised or is exercising its remedies. The letter of credit maintained by ABB is required to be in the amount of $4,000,000 until the seventh anniversary of the Rental Commencement Date; $3,000,000 from the seventh anniversary of the Rental Commencement Date to the eighth anniversary of the Rental Commencement Date; $2,000,000 from the eighth anniversary of the Rental Commencement Date to the ninth anniversary of the Rental Commencement Date; and $1,000,000 from the ninth anniversary of the Rental Commencement Date to the tenth anniversary of the Rental Commencement Date. The original letter of credit which was delivered by ABB to Wells Fund IX simultaneously with the execution of the ABB Lease was issued by Svenska Handelsbanken, a Parkway Swedish bank which is the largest bank in the

Nordic region with over $90 billion of assets and a credit rating issued by Moody's Bank Credit Report Service of P-1/Aa3, and was issued in the amount of $4,000,000 for a one year term. If the Joint Venture draws on the letter of credit, the Joint Venture shall apply the proceeds first toward the performance of the obligations which ABB has failed to perform under the ABB Lease, and the remainder, if any, shall be held by the Joint Venture in certain permitted investments as additional security for the performance by ABB of the ABB Lease.

The initial term of the lease is nine years and eleven months which commenced on January 1, 1998 (the "Rental Commencement Date").

The annual base rent payable under the ABB Lease is $646,250 payable in equal monthly installments of $53,854 during the first five years of the initial lease term, and $728,750 payable in equal monthly installments of $60,729 during the last four years and eleven months of the initial lease term.

Under the ABB Lease, ABB is responsible for all expenses, costs and disbursements (excluding specific costs billed to specific tenants of the building) of every kind and nature relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the ABB Building, including compensation of employees engaged in the operation and management or maintenance of the ABB Building, supplies, equipment and materials, utilities, repairs and general maintenance, insurance, a management fee in the amount of 4% of the gross rental income from the ABB Building, and all taxes and governmental charges

attributable to the ABB Building or its operations (excluding taxes imposed or measured on or by the income of the Joint Venture from operation of the ABB Building).

Under the terms of the ABB Lease, the Joint Venture is responsible for a construction allowance of $976,600 (calculated at the rate of $19 per useable square foot of the premises). In addition, the Joint Venture has agreed to provide ABB on the fifth (5th) anniversary of the Rental Commencement Date a redecoration allowance of an amount equal to (i) $5.00 per square foot of useable area of the premises leased as of the 5th anniversary of the Rental Commencement Date which has been leased and occupied by ABB for at least three consecutive years ending with such 5th anniversary reduced by (ii) $177,000.

The terms of the ABB Lease provide that ABB has the right of first refusal for the lease of any space in the ABB Building not initially leased by ABB. In the event that the Joint Venture has secured a potential tenant for any of such space, the Joint Venture has agreed to give ABB ten (10) business days to exercise its right to add such space to the leased premises. The base rent payable and other charges and any allowances shall be solely as set forth in the notice to ABB of the proposed terms of the lease for the potential tenant of such space. If ABB does not so exercise its right of first refusal within such 10 business day period, the Joint Venture will have the right to lease the space to the potential tenant, except that, after the expiration of any such lease to another party, such space will again become subject to ABB's right of first refusal. The ABB Lease further provides that the Joint Venture agrees that during the term of the ABB Lease, no leases of space with other tenants for any space not initially leased by ABB pursuant to the ABB Lease shall have a term in excess of three years from the last day of the month in which such third-party tenant takes possession of such space.

ABB has a one-time option to terminate the ABB Lease as of the seventh (7th) anniversary of the Rental Commencement Date which is exercisable by written notice to the Joint Venture at least twelve (12) months in advance of such 7th anniversary. If ABB elects to exercise this termination option, ABB is required to pay to the Joint Venture, on or before ninety (90) days prior to the 7th anniversary of the Rental Commencement Date, a termination payment intended to compensate the Joint Venture for the present value of certain sums which the Joint Venture has expended in connection with the ABB Lease amortized over and attributable to the remaining lease term and a rent payment equal to approximately fifteen (15) months of monthly base rental

payments. It is currently anticipated that the termination payment required to be paid by ABB in the event it exercises its option to terminate the ABB Lease on the 7th anniversary would be approximately $1,818,000 based upon certain assumptions.

THE OHMEDA BUILDING

Description of the Building and the Site. The Joint Venture owns certain real property located in Louisville, Boulder County, Colorado (the "Louisville Property"). The Louisville Property contains a two-story office building with approximately 106,750 rentable square feet (the "Ohmeda Building"). Construction of the Ohmeda Building was completed in January 1988.

The Joint Venture purchased the Ohmeda Building on February 13, 1998, for a purchase price of $10,325,000, plus closing costs of approximately $6,644.

The Ohmeda Building was designed to accommodate the needs of a high-technology tenant, and to provide the tenant substantial interior

flexibility in order to accommodate new product developments, changes in electronics manufacturing techniques and the introduction of automated material handling systems. The Ohmeda Building is modular re-tan brick with flush mortar joints and energy efficient insulated solarban glass set in a clear aluminum mullion system. The office area represents approximately 47% of the building area, and the non-office area represents approximately 53%. The lower level has 17 foot high ceilings and is divided into three areas: the production area, the materials and finished goods handling area, and the support administration, exercise room and cafeteria area. The cafeteria and the exercise room contain a glass curtain wall offering panoramic views of the mountains to the west. The upper level on the west side contains managerial and financial offices, as well as research and employee amenity space.

The site is approximately five miles southeast of Boulder and approximately 17 miles northwest of Denver, situated near Highway 36 (Centennial Parkway), which is the main thoroughfare between Boulder and Denver. The site is a 15 acre tract of land in the Centennial Valley Business Park in Louisville, Colorado with scenic views both to and from the site. The Louisville Property is situated approximately 100 feet above Centennial Parkway with access by a "Z" curve roadway east of the site. All of the Ohmeda Building access points, including a glass vestibule entry court, are turned away from the strong winds from the west. The parking area, which contains approximately 500 parking spaces, is concealed from the view of Centennial Parkway and is open to the scenic views of the mountains.

The Ohmeda Lease. The entire 106,750 rentable square feet of the
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Ohmeda Building is currently under a net Lease Agreement dated February 26, 1987, as amended by First Amendment to Lease dated December 3, 1987, and as amended by Second Amendment to Lease dated October 20, 1997 (the "Ohmeda Lease") with Ohmeda, Inc., a Delaware corporation ("Ohmeda"). The Ohmeda Lease currently expires in January 2005, subject to (i) Ohmeda's right to effectuate an early termination of the Ohmeda Lease under the terms and conditions described below, and (ii) Ohmeda's right to extend the Ohmeda Lease for two additional five year periods of time.

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

Ohmeda was a wholly owned subsidiary of the BOC Group, Inc., a Nevada corporation ("BOC"), which is a wholly-owned subsidiary of BOC Holdings, whose ultimate parent is The BOC Group PLC, an English corporation. On April 3, 1998, BOC sold the division of Ohmeda that occupies the Ohmeda Building to Instrumentarium Corporation, a Finnish company

("Instrumentarium"). The obligations of Ohmeda under the Ohmeda Lease are currently guaranteed by both BOC and Instrumentarium. BOC, which is in the businesses of gases and related products, vacuum technology and health care, reported total consolidated sales of in excess of $2 billion for its fiscal year ended September 30, 1997, and a net worth of in excess of $462 million. Instrumentarium is an international healthcare company concentrating on selected fields of medical technology manufacturing, marketing and distribution.

The monthly base rental payable under the Ohmeda Lease is $83,710 through January 31, 2003; $87,891 from February 1, 2003 through January 31, 2004; and $92,250 from February 1, 2004 through January 31, 2005. Under the Ohmeda Lease, Ohmeda is responsible for all utilities, taxes, insurance and other operating costs with respect to the Ohmeda Building during the term of the Ohmeda Lease. In addition, Ohmeda shall pay a $21,000 per year

management fee for maintenance and administrative services of the Ohmeda Building. The Joint Venture, as landlord, is responsible for maintenance of the roof, exterior and structural walls, foundations, other structural members and floor slab, provided that the landlord's obligation to make repairs specifically excludes items of cosmetic and routine maintenance such as the painting of walls.

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

The Ohmeda Lease contains a provision whereby the tenant has the option to extend the primary lease term for up to two consecutive five year terms at the then current market rental rates.

In addition, the Ohmeda Lease contains an option to expand the premises by an amount of square feet up to a total of 200,000 square feet which, if exercised by Ohmeda, will require the Joint Venture to expend funds necessary to acquire additional land, if such land is necessary to such expansion and available for purchase for said expansion purposes, and to construct the expansion space. Ohmeda's option to expand the premises is subject to deliverance of at least four (4) months' prior written notice to the Joint Venture. During the 4 months subsequent to the notice of Ohmeda's intention to expand the premises, Ohmeda and the Joint Venture shall negotiate in good faith and enter into an amendment to the Ohmeda Lease for the construction and rental of the expansion space. If Ohmeda exercises its option to expand the premises, the right to terminate clause described above will automatically be canceled, and the primary lease term shall be extended for a period of ten (10) years from the date on which a certificate of occupancy is issued by the City of Louisville with respect to the expansion space. The base rental for the expansion space payable under the Ohmeda Lease shall be calculated to generate a rate of return to the Joint Venture on its project costs and any retrofit expenses with respect to the existing premises incurred by landlord over the new, 10 year extended primary lease term, equal to the prime lending rate published by Norwest Bank, N.A. on the first day of such extended primary

lease term, plus 3.0%, plus full amortization of the tenant finish costs with respect to the expansion space and the existing premises. This base rental shall be payable through January 31, 2005. The base rental payable under the Ohmeda Lease from February 1, 2005 through the remaining balance of the new, extended 10 year primary lease term, shall be based on a combined rental rate equal to the sum of (i) the base rental payable by Ohmeda during lease year number seven for the existing premises, plus (ii) the base rent payable by Ohmeda during lease year number seven for the expansion space, plus an amount equal to 2% of the combined rental rate. Thereafter, the base rent payable for the entire premises shall be the base rent payable during the previous lease year plus an amount equal to 2% of

the base rent payable during such previous lease year.

THE INTERLOCKEN BUILDING

Description of the Building and the Site. The Joint Venture owns certain real property located in Broomfield, Boulder County, Colorado (the "Broomfield Property"). The Broomfield Property contains a three-story multi-tenant office building with 51,974 rentable square feet (the "Interlocken Building"). Construction of the Interlocken Building was completed in December 1996.

The Joint Venture purchased the Interlocken Building on March 20, 1998, for a purchase price of $8,275,000, plus closing costs of approximately $18,000.

The first floor of the Interlocken Building has multiple tenants and contains 15,599 rentable square feet; the second floor is leased to ODS Technologies, L.P. ("ODS") and contains 17,146 rentable square feet; and the third floor is leased to Transecon, Inc. ("Transecon") and contains 19,229 rentable square feet.

The Broomfield Property fronts on Highway 36 (the Boulder-Denver Turnpike), which is the main thoroughfare between Boulder and Denver, and is located approximately eight miles southeast of Boulder and approximately 15 miles northwest of Denver. The site is a 5.1 acre tract of land in the Interlocken Business Park in Broomfield, Colorado. The Broomfield Property contains a parking lot surrounding the entire building with ample parking spaces available for tenants and visitors. The Interlocken Business Park is a 963-acre business park containing primarily advanced technology and research/development oriented companies. The Interlocken Conference Resort, which will contain a 430-room hotel, 57,000 square feet of conference space and a 27-hole championship golf course, is nearly complete and will border the Park's western boundary.

Description of Leases. As stated above, the entire third floor of the Interlocken Building containing 19,229 rentable square feet (37% of the total rentable square feet) is currently under lease to Transecon dated June 27, 1996 (the "Transecon Lease"). The Transecon Lease currently expires in October 2001, subject to Transecon's right to extend for one additional term of five years upon 180 days' notice.

Transecon is a consumer distributor of environmental friendly products, including on-site video and audio production of environmental and alternative health videos using state-of-the-art electronics and sound stage. Transecon was founded in 1989 and currently employs approximately 60 people.

The monthly base rental payable under the Transecon Lease is approximately $24,000 for the initial term of the lease, and is calculated under the Transecon Lease based upon 18,011 rentable square feet. Under the Transecon Lease, Transecon is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken Building during the term of the Transecon Lease. In addition, Transecon has a right of first refusal under the lease for any second floor space proposed to be leased by the landlord. If Transecon elects to

extend the lease, the monthly base rental shall be a market rate, but no less than $24,000 and no more than $27,700. In accordance with the Transecon Lease, Golden Rule, Inc., an affiliate of Transecon, occupies 6,621 rentable square feet of the third floor. Transecon guarantees the entire payment due under the Transecon Lease.

Transecon also leases 1,510 rentable square feet on the first floor.

The monthly base rent payable for this space is approximately $2,000 through January 1999; approximately $2,100 through January 2000; approximately $2,150 through January 2001; and approximately $2,200 through October 2001.

The entire second floor of the Interlocken Building containing 17,146 rentable square feet (33% of total rentable square feet) is currently under lease to ODS dated January 14, 1997 (the "ODS Lease"). The ODS Lease currently expires in September 2003, subject to ODS's right to extend for one additional term of three years upon 180 days' notice.

ODS provides in-home financial transaction services via telephone and television, and it has developed interactive computer-based applications for such in-home purchasing. Originally based in Tulsa, Oklahoma, ODS has relocated its business to the Interlocken Building.

The monthly base rental payable under the ODS Lease is approximately $22,150 through January 1999; approximately $22,600 through January 2000; approximately $23,100 through January 2001; approximately $23,550 through January 2002; approximately $24,050 through January 2003; and approximately $24,550 through September 2003. The rental payments to be made by the tenant under the ODS Lease are also secured by the assignment of a $275,000 letter of credit which may be drawn upon by the landlord in the event of a tenant default under the lease. Under the ODS Lease, ODS is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken Building during the term of the ODS Lease. If ODS elects to extend the lease, the monthly base rental shall be a market rate as described in the ODS Lease.

The first floor of the Interlocken Building containing 15,599 rentable square feet is occupied by several tenants whose leases expire in late 2001 or 2002. The aggregate monthly base rental payable under these leases for 1998 is approximately $21,250. Each lessee is responsible for its share of utilities, taxes, insurance and other operating costs with respect to the Interlocken Building during the term of its lease. Most of these leases contain a right to extend for one additional five year period upon 180 days' notice.

In the event that Transecon, ODS or any of the first floor tenants fail to extend their respective leases, the Joint Venture will be required to find one or more new suitable tenants for the Interlocken Building at the then prevailing market rental rates.

PROPERTY MANAGEMENT FEES

Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease all of the properties currently owned by the Joint Venture. While the Company and Wells Fund XI are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 4.5% of gross revenues, Wells Fund IX and Wells Fund X are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 6% of gross revenues. Since, as of June 30, 1998, Wells Fund IX and Wells Fund X held an aggregate 87.8% ownership percentage interest in the Joint Venture, while the Company and Wells Fund XI held an aggregate 12.2% ownership percentage interest in the Joint Venture, 87.8% of the gross revenues of the Joint Venture are subject to a 6% property management and leasing fee, while 12.2% of the gross revenues of the Joint Venture are subject to a 4.5% property management and leasing fee. Wells Management has also received an initial lease fee equal to the first month's rent for the ABB Lease and the Lucent Lease. In

addition, Wells Management is entitled to one-time initial lease-up fees equal to five percent (5%) of the gross revenues over the initial terms of the ABB Lease and the Lucent Lease (not to exceed five years).

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

The information contained on page 46 in the "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" section of the Prospectus is revised as of the date of this Supplement by the deletion of the first paragraph of that section and the insertion of the following paragraph in lieu thereof:

> The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of June 30, 1998, the Company had raised a total of $2,683,595 in offering proceeds (268,359 Shares). After the payment of $93,926 in acquisition and advisory fees and expenses, the payment of $335,449 in selling commissions and organizational and offering expenses and the payment of $1,421,466 in capital contributions to the Joint Venture, as of June 30, 1998, the Company was holding net offering proceeds of $832,754 available for investment in additional properties.

FINANCIAL STATEMENTS

The financial statements of Fund IX and X Associates (the Joint Venture) as of December 31, 1997 and for the period from March 20, 1997 to December 31, 1997 and of the Lucent Building for the three months ended March 31, 1998, included herein as Appendix I to this Supplement No. 2, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereto, and are included herein upon the authority of said firm as experts in giving said reports. The interim financial information of Fund IX and X Associates (the Joint Venture) as of March 31, 1998 and for the three month period ended March 31, 1998, and the pro forma financial information for Wells Real Estate Investment Trust, Inc. as of December 31, 1997 and for the three month period ended March 31, 1998, which are included in Appendix I to this Supplement No. 2, have not been audited.

APPENDIX I

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Fund IX and X Associates:

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

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

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

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 9, 1998

FUND IX AND X ASSOCIATES

(A GEORGIA JOINT VENTURE)

BALANCE SHEETS

MARCH 31, 1998 AND DECEMBER 31, 1997

ASSETS

	1998	1997
	(UNAUDITED)	
REAL ESTATE ASSETS, AT COST:		
Land	$ 5,004,893	$ 607,930
Building and improvements, less accumulated depreciation of $205,915 in 1998 and $36,863 in 1997	22,005,710	6,445,300
Construction in progress	6,498	35,622
Total real estate assets	27,017,101	7,088,852
CASH AND CASH EQUIVALENTS	390,276	289,171
ACCOUNTS RECEIVABLE	150,402	40,512
PREPAID EXPENSES AND OTHER ASSETS	383,399	329,310
Total assets	$ 27,941,178	$ 7,747,845
LIABILITIES AND PARTNERS' CAPITAL		
LIABILITIES:		
Accounts payable	$ 385,072	$ 379,770
Due to affiliates	2,281	2,479
Total liabilities	387,353	382,249
PARTNERS' CAPITAL:		
Wells Real Estate Fund IX	14,569,085	3,702,793
Wells Real Estate Fund X	12,984,740	3,662,803
Total partners' capital	27,553,825	7,365,596
Total liabilities and partners' capital	$ 27,941,178	$ 7,747,845

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

FUND IX AND X ASSOCIATES

(A GEORGIA JOINT VENTURE)

STATEMENTS OF INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	1998	1997
	(UNAUDITED)	
REVENUES:		
Rental income	$ 351,203	$ 28,512
EXPENSES:		
Depreciation and amortization	178,881	36,863
Management and leasing fees	22,838	1,711
Operating costs, net of reimbursements	24,052	10,118
Property administration	5,632	0
	231,403	48,692
NET INCOME (LOSS)	$ 119,800	$ (20,180)

NET INCOME (LOSS) ALLOCATED TO WELLS REAL ESTATE FUND IX	$ 57,858	$ (10,145)
NET INCOME (LOSS) ALLOCATED TO WELLS REAL ESTATE FUND X	$ 61,942	$ (10,035)

The accompanying notes are an integral part of these statements.

FUND IX AND X ASSOCIATES

(A GEORGIA JOINT VENTURE)

STATEMENTS OF PARTNERS' CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	WELLS REAL ESTATE FUND IX	WELLS REAL ESTATE FUND X	TOTAL PARTNERS' CAPITAL
BALANCE, DECEMBER 31, 1996	$ 0	$ 0	$ 0
Net loss	(10,145)	(10,035)	(20,180)
Partnership contributions	3,712,938	3,672,838	7,385,776
BALANCE, DECEMBER 31, 1997	3,702,793	3,662,803	7,365,596
Partnership distributions	(100,863)	(101,419)	(202,282)
Net income	57,858	61,942	119,800
Partnership contributions	10,909,297	9,361,414	20,270,711
BALANCE, MARCH 31, 1998 (UNAUDITED)	$ 14,569,085	$ 12,984,740	$ 27,553,825

The accompanying notes are an integral part of these statements.

FUND IX AND X ASSOCIATES

(A GEORGIA JOINT VENTURE)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	1998 (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.

DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998, Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998 (collectively, the "Prospectus"). This Supplement No. 6 supersedes Supplement No. 4 and Supplement No. 5. Unless otherwise defined herein, capitalized terms used in this Supplement shall have the same meanings as set forth in the Prospectus.

The purpose of this Supplement is to describe the following:

(1) The status of the offering of shares of common stock in Wells Real Estate Investment Trust, Inc. (the "Company");

(2) Revisions to the "Investor Suitability Standards" and "Plan of Distribution" sections of the Prospectus;

(3) Revisions to the "Legal Matters" and "Conflicts of Interest -Lack of Separate Representation" sections of the Prospectus;

(4) Contract for an undivided interest in a 7.25 acre tract of land located in Knox County, Tennessee (the "Associates Property") with Wells Development Corporation ("Wells Development"), an Affiliate of the Advisor, and the proposed construction and development of an office building thereon;

(5) The acquisition of an office building in Tampa, Hillsborough County, Florida within the Sunforest Business Park;

(6) The status of the ABB Building;

(7) The status of the Cort Furniture Building;

(8) The status of the Fairchild Building;

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

(10) Pro Forma Balance Sheet included as Appendix I.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of January 10, 1999, the Company had raised a total of $32,484,200 in offering proceeds (3,248,420 shares).

INVESTOR SUITABILITY STANDARDS

The information contained on page 15 in the "Investor Suitability Standards" section of the Prospectus, as amended in Supplement No. 1 to the Prospectus, is revised and amended as of the date of this Supplement by the deletion of the fourth full paragraph of that section and the insertion of the following paragraph in lieu thereof:

> The minimum purchase is 100 shares ($1,000) (except in certain states and as otherwise described below). No transfers will be permitted of less than the minimum required purchase, nor (except in very limited circumstances) may an investor transfer, fractionalize or subdivide such shares so as to retain less
>
> than such minimum number thereof. For purposes of satisfying the minimum investment requirement for Retirement Plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their

separate Individual Retirement Accounts ("IRAs"), provided that each such contribution is made in increments of at least $100. It should be noted, however, that an investment in the Company will not, in itself, create a Retirement Plan for any investor and that in order to create a Retirement Plan, an investor must comply with all applicable provisions of the Code. Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirements and have purchased units in Prior Wells Public Programs or units or shares in other public real estate programs may purchase less than the minimum number of shares set forth above, but in no event less than 2.5 shares ($25). The minimum purchase for New York investors is 250 shares ($2,500); however, the minimum investment for New York IRAs is 100 shares ($1,000). After an investor has purchased the minimum investment, any additional investments must be made in increments of at least 2.5 shares ($25), except for (i) those made by investors in Maine, who must still meet the minimum investment requirement for Maine residents of $1,000 for IRAs and $2,500 for non-IRAs, (ii) purchases of shares pursuant to the Reinvestment Plan or reinvestment plans of other public real estate programs, which may be in lesser amounts, and (iii) the minimum purchase requirement for Minnesota investors other than IRAs and Qualified Plans of 250 shares ($2,500), and the minimum purchase requirement for Minnesota IRAs and Qualified Plans of 200 shares ($2,000).

LACK OF SEPARATE REPRESENTATION

The information contained on page 23 in the "Conflicts of Interest" section of the Prospectus under the heading "Lack of Separate Representation" shall be amended by inserting the following paragraph:

The firm of Hunton & Williams ceased acting as counsel to the Company, the Advisor and their Affiliates immediately following the effective date of the Prospectus. Holland & Knight LLP has served as counsel to the Company since the effective date of the Prospectus. Holland & Knight LLP also serves as counsel to the Advisor, the Dealer Manager and their Affiliates. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Company, the Advisor, the Dealer Manager or their Affiliates, the Advisor may be required to cause the Company to retain separate counsel for such matters.

CONTRACT BETWEEN WELLS DEVELOPMENT AND WELLS OPERATING PARTNERSHIP, L.P. FOR ASSOCIATES PROPERTY

Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized to own and operate properties on behalf of the Company, entered into an Agreement for the Purchase and Sale of Property (the "Purchase Agreement") with Wells Development dated September 15, 1998 for the purchase of an undivided interest in the Associates Property. The purchase price to be paid by Wells OP for its undivided interest shall be $1,650,000 representing a 55% undivided interest in the Associates Property. Simultaneously, Wells Development entered into another Agreement for the Purchase and Sale of Property for the remaining undivided interest with Beaver Ruin-ARC Way, Ltd. and Carter Boulevard, Ltd., both Georgia limited partnerships affiliated with the Advisor (collectively referred to as "Beaver/Carter"). The purchase price of the undivided interest to be acquired by Beaver/Carter shall be $1,350,000 representing a 45% undivided interest in the Associates Property. Beaver/Carter has paid $1,350,000 to Wells Development as an earnest money deposit pursuant to its contract, and is scheduled to close on its 45% undivided interest on or before January 19, 1999. Wells Development will use the earnest money deposit received from Beaver/Carter, along with a loan in the amount of $4,500,000 from First Capital Bank (as described below), to partially fund the purchase and development of the Associates Property. It is currently anticipated that Wells OP will close on its 55% undivided interest at such time as Wells Development has expended the $1,350,000 earnest money deposit and $4,500,000 in loan proceeds. Wells Development shall not make any profit or incur any loss in connection with this transaction. At closing, Wells OP shall pay the purchase price for its 55% undivided interest in cash or execute a promissory note for any unfunded portion of the purchase price.

At closing, Wells OP shall deliver to Wells Development a closing statement, a Tenancy-in-Common Agreement, and such other documents as may be reasonably required by Wells Development in order to effectuate the transaction. Wells OP's obligation to close on the undivided interest is conditioned upon the following events:

- Wells OP shall have available to it at the date of closing sufficient proceeds available for investment in properties to fund the purchase price;
- all the representations and warranties set forth in the Purchase Agreement shall be true and correct in all material respects on the date of closing;
- the receipt by Wells OP of an acceptable appraisal for the property;
- the receipt by Wells OP of evidence reasonably satisfactory to it that the property is free of any Hazardous Materials;
- the receipt of evidence that Associates Housing Finance, LLC has executed an acceptable lease in connection with the Associates Property;
- the execution of a Tenancy-in-Common Agreement with Beaver/Carter in form and substance reasonably satisfactory to Wells OP;
- evidence that the transaction contemplated by the Beaver/Carter agreement has closed; and
- a policy of title insurance insuring Wells OP's undivided interest in the Associates Property.

TENANCY-IN-COMMON

Tenancy-in-Common Agreement. At or near the date that Wells OP closes the acquisition of its undivided interest in the Associates Property, Wells OP will enter into a Tenancy-in-Common Agreement with Beaver/Carter or assume the obligations of Wells Development under a Tenancy-in-Common Agreement with Beaver/Carter. This Tenancy-in-Common Agreement will set forth the rights of the parties with regard to their co-ownership of the Associates Property including, but not limited to, the contribution of funds for the payment of expenses required in connection with the ownership and management of the property. While the Tenancy-in-Common Agreement to be entered into with Beaver/Carter has not yet been prepared, it is anticipated that such agreement may contain a right of first refusal or buy-sell provision which would allow either party to require the other party to sell its interest in the Associates Property upon the happening of certain events. In the event that the Tenancy-in-Common Agreement does contain such a right of first refusal or buy-sell provision, the Company may be unable to finance any such buy-out right at the required time. Further, in the event that such Tenancy-in-Common Agreement fails to grant the Company the power to control property decisions, an impasse could be reached on matters pertaining to the ownership or operation of the Associates Property, which may have a detrimental impact on the success of this property.

Co-Tenancy Risks. Due to the nature of a co-tenancy interest, it may be difficult for the Company to sell its co-tenancy interest in the Associates Property. Further, ownership of properties in co-tenancies involves certain risks not otherwise present, including the possibility that the co-tenant in the investment might become bankrupt, that the co-tenant may be in a position to take action contrary to the Company's policies or objectives, or that the co-tenant may have economic or business interests or goals which are inconsistent with the business interests and goals of the Company. It should be noted in

this regard that Beaver/Carter obtained the proceeds used to invest in the Associates Property from a sale of another property in a transaction intended to qualify as a tax free like-kind exchange. Accordingly, Beaver/Carter has a relatively low tax basis in its interest in the Associates Property and may not desire to sell the Associates Property at the same time as the Company desires to sell the Associates Property.

THE ASSOCIATES PROPERTY

Purchase of the Associates Property. Wells Development entered into a Real Estate Option Agreement for Lot 10 dated June 21, 1998 and a Real Estate Option Agreement for Lot 11 dated April 22, 1998, (collectively, the "Option Agreement") with The Development Corporation of Knox County, a Tennessee nonprofit corporation (the "Seller"). The Option Agreement provided Wells Development the option to purchase the Associates Property for

a purchase price of $130,000 per acre. The Seller is not affiliated with the Company or its Advisor. Wells Development exercised the options pursuant to the Option Agreement and acquired the Associates Property on October 7, 1998 for a purchase price of $812,500 reflecting a site preparation discount of $130,000. In connection with the closing of the acquisition of the Associates Property, Wells Development paid title insurance premiums of $2,400 and other miscellaneous closing costs of $3,245.

Wells Development entered into a Development Agreement (as hereinafter described) for the construction of a one-story office building containing approximately 71,400 rentable square feet to be erected on the Associates Property (the "Project"). Wells Development entered into a Lease Agreement (the "Associates Lease") with Associates Housing Finance, LLC ("Associates") pursuant to which Associates agreed to lease 50,000 rentable square feet of the Project upon its completion.

An independent appraisal of the Associates Property was prepared by CB Richard Ellis, Inc., real estate appraisers as of September 14, 1998, pursuant to which the market value of the land and the leased fee interest in the Associates Property subject to the Associates Lease (described below) was estimated to be $7,800,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Project will be finished in accordance with plans and specifications and that the building will be operating following completion at a stabilized level with Associates occupying 50,000 rentable square feet and 94% of the remaining rentable area occupied by other tenants. Wells Development also obtained an environmental report prior to closing evidencing that the environmental condition of the Associates Property was satisfactory.

The Associates Loan. Wells Development obtained a construction loan from First Capital Bank in the amount of $4,500,000, the proceeds of which are being used to fund the development and construction of the Project (the "Associates Loan"). The Associates Loan matures on November 30, 1999, unless Wells Development exercises its option to extend the Associates Loan maturity date an additional 12 months. The interest rate on the Associates Loan is a variable rate equal to the six month London Inter Bank Offered Rate, plus 200 basis points, rounded up to the nearest 1/8%. Wells Development is required to pay to First Capital Bank monthly installments of interest only with a final payment of principal, plus all accrued and unpaid interest due on the maturity date. The Associates Loan will be secured by a first priority mortgage against the Project. In addition, Leo F. Wells, III (an officer and director of the Company and the Advisor) and Wells Management Company, Inc., an Affiliate of the Advisor, will be co-guarantors of the Associates Loan. At closing, Wells OP shall assume or take title to the Associates Property subject to the Associates Loan.

A nonrefundable loan fee of $22,500 (.5% of the loan amount) has been paid

by Wells Development. An additional nonrefundable loan extension fee of $11,250 (.25% of the loan amount) will be payable upon acceptance of the 12 month extension option, if exercised.

Location of the Associates Property. The Associates Property is located in an office park known as Centerpoint Business Park, on Pellissippi Parkway just north of the intersection of Interstates 40 and 75, in Knox County, Tennessee. The site is outside the city limits of Knoxville and approximately 10 miles west of the Knoxville central business district. Pellissippi Parkway and the commercial area along the Interstate 40/75 corridor has evolved recently from a residential suburb into one of the area's fastest growing commercial and retail districts. The area has become competitive with the metropolitan Knoxville area office market due to its growth in office space.

Knoxville, the county seat of Knox County, Tennessee, is the third largest city in the State of Tennessee, after Memphis and Nashville, and the largest city in eastern Tennessee. Knoxville is located at the intersection of two major interstate highways, I-40 which extends east to west, and I-75 which extends north to south. The Knoxville economy is largely oriented to trade and manufacturing, due to its location as the geographic center of the eastern portion of the United States and the wide range of available transportation resources. Knoxville's central location and transportation access has also caused it to emerge as a convention center. The Knoxville metropolitan statistical area population in 1990 was 604,812, compared to the 1980 census of 565,970.

The western portion of Knox County, in which the Associates Property is located, has experienced the most growth and development in the Knoxville metropolitan area during the past 12 years due primarily to available land

and services. It is anticipated that the Knoxville metropolitan area will continue to grow as a major regional center of trade and tourism due to its location at the intersection of Interstates 40 and 75 and the recent extension of the Pellissippi Parkway to the Knoxville airport.

Access to the Associates Property is provided by Pellissippi Parkway, a limited access thoroughfare traversing southeast to the Knoxville airport, with an interchange at Interstate 40/75 south of the Associates Property. Nearby Kingston Pike also provides east and west traffic flow for the Centerpoint Business Park, and serves as the major commercial center in the immediate area with a number of large strip shopping centers, a regional mall, gas stations, convenience stores, office buildings, restaurants and other various retail/commercial uses. The Project will be highly visible from both Centerpoint Parkway and Pellissippi Parkway, since the building elevation will be at or above road grade.

Wells Development will experience competition for tenants from owners and managers of various other office buildings located in the immediate area of the Project which would adversely effect Wells Development's ability to attract and retain tenants.

Development Agreement. On September 15, 1998, Wells Development entered into a Development Agreement (the "Development Agreement") with ADEVCO Corporation, a Georgia corporation (the "Developer"), as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the Project.

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

- a development agreement with Wells Real Estate Fund III, L.P. ("Wells Fund III"), a public real estate program previously sponsored by the Advisor and its Affiliates, for the development of a two-story office building containing approximately 34,300 rentable square feet located in Greenville, North Carolina (the "Greenville Project");

- a development agreement with Fund IV and Fund V Associates, a joint venture between Wells Real Estate Fund IV, L.P., ("Wells Fund IV") and Wells Real Estate Fund V, L.P. ("Wells Fund V"), both public real estate programs previously sponsored by the Advisor and its Affiliates, for the development of a four-story office building located in Jacksonville, Florida containing approximately 87,600 rentable square feet (the "Jacksonville IBM Project");

- a development agreement with the Fund VII-VIII Joint Venture, a joint venture between Wells Real Estate Fund VII, L.P.("Wells Fund VII"), and Wells Real Estate Fund VIII, L.P. ("Wells Fund VIII"), both public real estate programs previously sponsored by the Advisor and its Affiliates, for the development of a two-story office building containing approximately 62,000 rentable square feet located in Alachua County, near Gainesville, Florida (the "Gainesville Project");

- a development agreement with Fund VI, Fund VII and Fund VIII Associates, a joint venture among Wells Real Estate Fund VI, L.P. ("Wells Fund VI"), a public real estate program previously sponsored by the Advisor and its Affiliates, Wells Fund VII and Wells Fund VIII, for the development of a four-story office building containing approximately 92,964 rentable square feet located in Jacksonville, Florida (the "BellSouth Project");

- a development agreement with Fund VIII and Fund IX Associates, a joint venture between Wells Fund VIII and Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), a public real estate program sponsored by the Advisor and its Affiliates, for the development of a four-story office building containing approximately 96,750 rentable square feet located in Madison, Wisconsin (the "Madison Project"); and

- a Development Agreement with Wells Fund IX for the development of a three-story office building containing approximately 83,885 rentable square feet located in Knoxville, Tennessee (the "ABB Building").

The Greenville Project was completed on schedule, and International Business Machines Corporation ("IBM"), which leased approximately 23,312 rentable square feet of the building, took possession under its lease on April 16, 1991. The Jacksonville IBM Project was also completed on schedule, and IBM, which leased approximately 68,100 rentable square feet of the building, took possession under its lease on June 1, 1993. The Gainesville Project was completed in advance of schedule, and CH2M Hill, Inc., which leased approximately 50,000 rentable square feet of the building, took possession under its lease on December 18, 1995. The BellSouth Project was completed in advance of schedule, and BellSouth, which leased approximately 64,558 rentable square feet of the building, took possession under its lease on May 20, 1996. Construction of the Madison Building was completed on schedule, and Westel-Milwaukee Company, Inc. d/b/a Cellular One, which leased approximately 75,000 rentable square feet of the building, took possession under its lease on June 15, 1997. The ABB Building was completed on schedule, and ABB Flakt, Inc., which leased approximately 55,000 rentable square feet of the building took possession under its lease on January 1, 1998.

The President of the Developer is David M. Kraxberger. Mr. Kraxberger has been in the real estate business for over 17 years. From 1984 to 1990, Mr. Kraxberger served as Senior Vice President of Office Development for The Oxford Group, Inc., an Atlanta based real estate company with operations in seven southeastern states. Mr. Kraxberger holds a Masters Degree in Business Administration from Pepperdine University in Los Angeles, California, and is a

member of the Urban Land Institute and the National Association of Industrial Office Parks. Mr. Kraxberger also holds a Georgia real estate license. Pursuant to the terms of a Guaranty Agreement, Mr. Kraxberger has personally guaranteed the performance of the Developer under the Development Agreement. Mr. Kraxberger has also personally guaranteed the performance of the contractor, Integra Construction, Inc., under the Construction Contract (as hereinafter described) pursuant to the terms of a separate Guaranty Agreement. Neither the Developer nor Mr. Kraxberger are affiliated with the Advisor or its Affiliates.

The primary responsibilities of the Developer under the Development Agreement include:

- the supervision, coordination, administration and management of the work, activities and performance of the architect under the Architect's Agreement (as described below) and the contractor under the Construction Contract (as described below);

- the implementation of a development budget setting forth an estimate of all expenses and costs to be incurred with respect to the planning, design, development and construction of the Project;

- the review of all applications for disbursement made by or on behalf of Wells Development under the Architect's Agreement and the Construction Contract;

- the supervision and management of tenant build-out at the Project; and

- the negotiation of contracts with, supervision of the performance of, and review and verification of applications for payment of the fees, charges and expenses of such design and engineering professionals, consultants and suppliers as the Developer deems necessary for the design and construction of the Project in accordance with the development budget.

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the Contractor of major subcontractors and reviewing all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Project or any portion thereof. The Developer is required to advise Wells Development on a weekly basis as to the status of the Project and submit to Wells Development monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells Development before incurring and paying any

costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then prevailing status of the Project and will not adequately provide for the completion of the Project, the Developer will prepare and submit to Wells Development for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells Development. The Developer has agreed to indemnify Wells Development from any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the negligence, fraud or any willful act or omission by the Developer. Wells Development has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or

authority, excluding negligence, fraud or willful acts of the Developer, and (2) the negligence, fraud or any willful act or omission on the part of Wells Development.

Wells Development may elect to provide funds to the Developer so that the Developer can pay Wells Development's obligations with respect to the construction and development of the Project directly. All such funds of Wells Development which may be received by the Developer with respect to the development or construction of the Project will be deposited in a bank account approved by Wells Development. If at any time there are in the bank account funds of Wells Development temporarily exceeding the immediate cash needs of the Project, the Developer may invest such excess funds in savings accounts, certificates of deposit, United States Treasury obligations and commercial paper as the Developer deems appropriate or as Wells Development may direct, provided that the form of any such investment is consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the Project. The Developer shall be reimbursed for all advances, costs and expenses paid for and on behalf of Wells Development. The Developer will not be reimbursed, however, for its own administrative costs or for costs relating to travel and lodging incurred by its employees and agents. The Developer may be required to advance its own funds for the payment of any costs or expenses incurred by or on behalf of Wells Development in connection with the development of the Project if there are cost overruns in excess of the contingency contained in the development budget.

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells Development will pay a development fee of $112,500. The fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Project is completed. Wells Development will also pay the Developer an "Associates Work Fee" of $112,500. The Associates Work Fee is for services rendered by the Developer with respect to the supervision and management of tenant build-out of the premises leased by Associates pursuant to the Associates Lease. The fee is due and payable in one lump sum upon the completion of the construction of the Project and the tenant improvements under the Associates Lease.

As of the date of this Supplement No. 6, Wells Development has spent in excess of $1,350,000 towards the construction of the Project. It is anticipated that the aggregate of all costs and expenses to be incurred by Wells Development with respect to the acquisition of the Property, the planning, design, development, construction and completion of the Project and the build-out of tenant improvements under the Associates Lease and tenant improvements for the premises not leased initially by Associates will total approximately $7,428,090 comprised of the following expenditures:

Construction Contract	$2,726,640
Tenant Improvements - Associates Premises	2,042,000
Tenant Improvements - Additional Space	380,000
Land	812,500
Contractor's Bond	28,000
Work Fee	60,000
Architectural Fees	141,300
Architect's Expenses	36,000
Space Planning	150,000

Development Fee	112,500
Associates Work Fee	112,500
Additional site work	130,000
Survey and Engineering	47,050
Landscaping	137,500
Signage	12,500
Marketing	25,500
Contingency	199,100
Construction Interest	175,000

Loan Fees	25,000
Legal Fees	75,000

The total of all the foregoing expenses anticipated to be incurred by Wells Development with respect to the Project, exclusive of costs relating to marketing, closing costs and tenant improvements and leasing commissions for the premises not leased initially by Associates, will total approximately $6,205,590. Under the terms of the Development Agreement, the Developer has agreed that in the event that the total of all such costs and expenses exceeds $6,205,590, the amount of fees payable to the Developer shall be reduced by the amount of any such excess. Unless the fees otherwise payable to the Developer are reduced as set forth above, it is estimated that the total sums due and payable to the Developer under the Development Agreement will be approximately $225,000.

In the event the Developer should for any reason cease to manage the development of the Project, Wells Development would have to locate a suitable successor development manager. No assurances can be given as to whether a suitable successor development manager could be found, or what the contractual terms or arrangement with any such successor would be.

Construction Contract. Wells Development entered into a construction contract (the "Construction Contract") on September 10, 1998 with the general contracting firm of Integra Construction, Inc. (the "Contractor") for the construction of the Project. The Contractor is a Georgia corporation based in Atlanta specializing in commercial, industrial and institutional building. The Contractor commenced operations in November 1994. Its principals were formerly employed by McDevitt & Street Company, a large general contracting firm which operates throughout the United States and which has served previously as the general contractor for properties developed by limited partnerships sponsored by the Advisor. The Contractor is presently engaged in the construction of five projects with a total construction value of in excess of $14,400,000, and since July 1995, has completed twenty-six projects with a total construction value in excess of $28,600,000. The Contractor has served as the general contractor for the construction of the Gainesville Project, an office building in Gainesville, Florida which is owned by a joint venture between Wells Fund VII and Wells Fund VIII, and the ABB Building, an office building in Knoxville, Tennessee which is owned by a joint venture among Wells Fund IX, Wells Fund X, Wells Fund XI and Wells OP. The Contractor is not affiliated with Wells Development or the Advisor.

The Contractor has begun construction of the Project which will consist of a one-story steel framed office building with reflective insulated glass and brick exterior containing approximately 71,400 rentable square feet. As of December 31, 1998, the Project was estimated to be 21% complete and the Contractor has billed Wells Development $599,773. As of January 15, 1999, Wells Development has paid the full balance of $599,773 to the Contractor. The Property is currently zoned to permit the intended development and operation of the Project as a commercial office building and has access to all utilities necessary for the development and operation of the Project, including water, electricity, sanitary sewer and telephone.

The Construction Contract provides that Wells Development will pay the Contractor a fixed sum of $2,726,640 for the construction of the Project, excluding tenant improvements. It is anticipated that the Construction Contract will be amended to provide for the construction of the tenant improvements required pursuant to the Associates Lease at such time as the plans and specifications are drawn for such improvements and the budget for such improvements is firmly established. The Contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for completion of the Project. In addition, the Contractor will be required to secure and pay for any additional business licenses, tap fees and building permits which may be necessary for construction of the Project.

Wells Development is making monthly progress payments to the Contractor in an amount of 90% of the portion of the contract price properly allocable to labor, materials and equipment, less the aggregate of any previous payments made by Wells Development; provided, however, that when a total of $137,732 has been withheld as retainage, no further retainage will be withheld from the monthly progress payments. As of December 31, 1998, $59,977 has been withheld as retainage. When construction is substantially complete and the space is available for occupancy, Wells Development will make a semi-final payment in the amount of all of the unpaid balance, except that Wells Development may retain an amount in accordance with the terms of the Construction Contract which is necessary to protect its remaining interest until final completion of the Project. Wells Development will pay the entire unpaid balance when the Project has been fully completed in accordance with the terms and conditions of the Construction Contract. As a condition of final payment, the Contractor will be required to execute and deliver a release of all claims and liens against Wells Development.

The Contractor will be responsible to Wells Development for the acts or omissions of its subcontractors and suppliers of materials and of persons either directly or indirectly employed by them. The Contractor has agreed to indemnify Wells Development from and against all liability, claims, damages, losses, expenses and costs of any kind or description arising out of or in connection with the performance of the Construction Contract, provided that such liability, claim, damage, loss or expense is caused in whole or in part by any action or omission of the Contractor, any subcontractor or materialmen, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. The Construction Contract also requires the Contractor to obtain and maintain, until completion of the Project, adequate insurance coverage relating to the Project, including insurance for workers' compensation, personal injury and property damage.

The Contractor is required to work expeditiously and diligently to maintain progress in accordance with the construction schedule and to achieve substantial completion of the Project within the contract time. The Contractor is required to employ all such additional labor, services and supervision, including such extra shifts and overtime, as may be necessary to maintain progress in accordance with the construction schedule. It is anticipated that the Project will be completed on or before January 1, 2000. As described below, in the event the Project is not completed by January 1, 2000, Associates' sole remedy shall be to terminate its lease with Wells Development. Wells Development shall obtain a completion and performance bond in an amount sufficient to complete construction and development of the Project to reduce the risk of non-performance and to assure compliance with approved plans and specifications. In addition, performance by the Contractor of the Construction Contract has been personally guaranteed by David B. Blackmore and Drew S. White, founding principals of the Contractor, as well as David Kraxberger, a principal of the Developer.

Architect's Agreement. Smallwood, Reynolds, Stewart, Stewart & Associates, Inc. (the "Architect") is the architect for the Project pursuant to the Architect's Agreement entered into with Wells Development. The Architect, which was founded in 1979, is based in Atlanta, Georgia, has a staff of over 200 persons, and specializes in programming, planning, architecture, interior design, landscape architecture and construction administration. The Architect has its principal office in Atlanta, Georgia and additional offices in Tampa, Florida and Singapore, Malaysia. The Architect has designed a wide variety of projects, with a total construction cost in excess of $2 billion, including facilities for corporate office space, educational and athletic facilities, retail space, manufacturing, warehouse and distribution facilities, hotels and resorts, correctional institutions, and luxury residential units. The Architect has performed architectural services with respect to the Gainesville Project and the Knoxville Project. The Architect is not affiliated with Wells Development or the Advisor.

The Architect's basic services under the Architect's Agreement include the schematic design phase, the design development phase, the construction documents phase and the construction phase. During the schematic design phase, the

Architect prepares schematic design documents consisting of drawings and other documents illustrating the scale and relationship of Project components. The Architect has completed the schematic design phase, and has been paid a fee of $21,195 for such services. During the design development phase, the Architect prepares design development documents consisting of drawings and other documents to fix and describe the size and character of the entire Project as to architectural, structural, mechanical, plumbing and fire protection and electrical systems, materials and such other elements as may be appropriate. The Architect has completed the design development stage, and has been paid $42,390 for these services. During the construction documents phase, the Architect prepares construction documents consisting of drawings and specifications setting forth in detail the

requirements for the construction of the Project. The Architect has completed approximately 95% of the construction documents phase, and has been paid $63,585 for these services. During the construction phase, the Architect is to provide administration of the Construction Contract and advise and consult with the Developer and Wells Development concerning various matters relating to the construction of the Project. The Architect is required to visit the Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells Development informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the Contractor based on observations of the site and evaluations of the Contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Contract described above. The Architect will also conduct inspections to determine the date of completion of the Project and shall issue a final certificate for payment. The Architect will be paid $14,130 for its services performed during the construction phase.

The total amount of fees payable to the Architect under the Architect's Agreement is $141,300. Payments are being paid to the Architect on a monthly basis in proportion to the services performed within each phase of service. In addition, the Architect and its employees and consultants are reimbursed for expenses including, but not limited to, transportation in connection with the Project, living expenses in connection with out-of-town travel, long distance communications and fees paid for securing approval of authorities having jurisdiction over the Project. It is estimated that the total reimbursable expenses in connection with the development of the Project will be approximately $36,000.

Associates Lease. On September 10, 1998, Wells Development entered into a
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Lease Agreement (the "Associates Lease") with Associates Housing Finance, LLC ("Associates") pursuant to which Associates agreed to lease 50,000 rentable square feet of the Project, comprising approximately 70% of the Project.

Associates is a wholly owned subsidiary of Associates First Capital Corporation ("First Capital"), a Delaware corporation which was recently spun off by Ford Motor Company. First Capital is a leading diversified consumer and commercial finance company which provides finance, leasing and related services to individual consumers and businesses in the United States and internationally. First Capital reported net income for the year ended December 31, 1997 of over $1 billion on gross revenues of over $8 billion and a net worth of over $6 billion. First Capital has guaranteed $6,206,952 of the Associates Lease. This guaranteed amount declines on a monthly basis over the lease term provided there is no continuing default under the Associates Lease.

First Capital divides its activities into consumer finance and commercial finance. First Capital's consumer finance operations provide a variety of consumer financing products and services, including home equity lending, personal lending, retail sales finance and credit cards. The commercial finance operations provide retail financing, leasing and wholesale financing for heavy-duty and medium-duty trucks and truck trailers, construction, material handling

and other industrial and communications equipment, manufactured housing, recreational vehicle, auto fleet leasing and other commercial products and services.

Associates is First Capital's subsidiary engaged in the financing of manufactured housing, and is the third largest provider of such services in the United States. Associates purchases manufactured housing retail installment contracts originated by retail dealers, originates and services direct loans to purchasers, and provides wholesale financing to approved manufactured housing dealers. Associates also provides commercial business loans to certain manufactured housing dealers to provide capital to build new retail sales centers, update existing facilities or expand into community park sales.

The initial term of the Associates Lease will be eighty-four months to commence on the earlier of (1) the date which is thirty (30) days after substantial completion of the building, or (2) the date upon which tenant takes possession and occupies any portion of the premises for business purposes. Associates has the option to extend the initial term of the Associates Lease for two successive five year periods. Each extension option must be exercised no less than nine months prior to the expiration of the then current lease term.

The annual base rent payable under the Associates Lease will be $600,000 ($12.00 per square foot) payable in equal monthly installments of $50,000 during the first twenty-eight months of the lease term; $625,000 ($12.50

per square foot) payable in equal monthly installments of $52,083 during the next twenty-eight months of the lease term; and $650,000 ($13.00 per square foot) payable in equal monthly installments of $54,167 during the last twenty-eight months of the lease term. The annual base rent for each extended term under the Associates Lease will be the "market rate" for the period covered by the extended term. The term "market rate" is defined in the Associates Lease as the annual effective rental rate per square foot of rentable floor area then being charged by landlords under new leases of office space in the metropolitan Knoxville, Tennessee market for similar space in a building of comparable quality and with comparable parking and other amenities. The Associates Lease provides that if the parties cannot agree on the appropriate market rate, the market rate shall be established by real estate appraisers.

In addition to the base rent, Associates is required to pay additional rent equal to its share of all "operating expenses" during the lease term. "Operating expenses" is defined to include all expenses, costs and disbursements (excluding specific costs billed to specific tenants of the building) of every kind and nature, relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the Project. "Operating expenses" include compensation of employees engaged in the operation, management or maintenance of the Project, supplies, equipment and materials, utilities, repairs and general maintenance, insurance, a management fee in the amount of 3.5% of the gross rental income from the Project, and all taxes and governmental charges attributable to the Project or its operation (excluding taxes imposed or measured on or by the income of Wells Development from the operation of the Project).

Under the terms of the Associates Lease, Wells Development is responsible for a construction allowance of $1,500,000 (calculated at the rate of $30 per usable square foot of the premises). The Associates Lease also provides that so long as Associates shall occupy 50% or more of the rentable floor area of the building, Associates shall have the right to design and designate the location of one monument-type sign naming the building and Wells Development will pay $7,500 of the cost associated with purchasing and installing such sign.

The terms of the Associates Lease provide that Associates has a right of first refusal for the lease of any space in the building not initially leased by Associates. In the event that Wells Development has secured a potential tenant for any of such space, Wells Development has agreed to give Associates 10 business days to exercise its right to add such space to the leased premises.

In the event that Associates exercises its right of first refusal, the lease of the additional space will be subject to all the terms and conditions of the Associates Lease, including the base rental which shall be based upon the number of square feet of rentable area added to the premises. If Associates does not so exercise its right of first refusal within such 10 business day period, Wells Development will have the right to lease the space to the potential tenant and Associates shall have no further rights relating to the additional space.

The Associates Lease provides that Wells Development is required to cause the Project to be substantially completed as soon as practicable under the circumstances, with a goal of achieving substantial completion on or before January 1, 2000 (subject to force majeure and any delays caused by Associates). If substantial completion has not occurred on or before January 1, 2000, Associates' sole right and remedy shall be to terminate the Associates Lease upon 10 days written notice to Wells Development; provided substantial completion does not occur during such 10 day period.

Property Management Fees. Following construction and completion of the Project, property management and leasing services will be performed by Wells Management Company, Inc. (the "Property Manager"), an Affiliate of the Advisor. As compensation for its services, the Property Manager will receive fees equal to 4.5% of the gross revenues for property management services and leasing services with respect to the Project. In addition, the Property Manager will receive a one-time initial lease-up fee relating to the Associates Lease equal to the first month's rent plus 5% of the gross revenues over the initial term of the Associates Lease. In addition, the Property Manager may also receive initial lease-up fees relating to the lease-up of space not initially leased by Associates, as provided in the Prospectus.

Lease-Up Risk. As set forth above, Associates has agreed to lease approximately 70% of the Project. However, since Wells Development has not yet obtained any leases for the remaining approximately 30% of office space at the Project, Wells Development will be subject to the normal lease-up risks of a new commercial office

building with respect to the unleased portion of the Project. No assurances can be given that Wells Development will be able to attract or obtain suitable tenants for the remaining approximately 30% of space at the Project or that it will be able to attract or obtain suitable tenants for the space initially leased by Associates upon the expiration of its lease.

THE PWC BUILDING

Purchase of the PWC Building. On December 31, 1998, Wells OP acquired a four-story office building containing approximately 130,090 rentable square feet (the "PWC Building") which was recently developed and constructed on an approximately 9 acre tract of real property located in Tampa, Hillsborough County, Florida. Wells OP purchased the PWC Building from Carter Sunforest, L.P. (the "Seller"), a Georgia limited partnership, pursuant to the terms of the Amended and Restated Purchase Agreement dated December 4, 1998 (the "Purchase Agreement") between the Seller and Wells OP. The total purchase price for the PWC Building pursuant to the Purchase Agreement was $21,127,854. Wells OP paid TriNet Corporate Realty Trust, a Maryland corporation, ("TriNet"), the sum of $420,000 for the rights to purchase the PWC Building as they were the original purchasers under the Purchase Agreement, out of which TriNet paid the Seller $100,000 as a real estate commission. At the closing, Wells OP paid a purchase price of $20,707,854 to the Seller plus $98,609.30 for closing costs. Neither Seller nor TriNet are affiliated with the Company or its Advisor.

The SouthTrust Loan. Wells OP purchased the PWC Building subject to a loan from SouthTrust Bank, National Association ("SouthTrust") in the outstanding

principal amount of $14,132,537.87 (the "SouthTrust Loan"). The SouthTrust Loan consists of a revolving credit facility whereby SouthTrust agreed to loan up to $15.5 million. The SouthTrust Loan matures on December 31, 2000. The interest rate on the SouthTrust Loan is a variable rate per annum equal to the London InterBank Offered Rate for a thirty day period plus 185 basis points. Commencing on February 1, 1999, Wells OP is required to pay to SouthTrust monthly installments of principal in the amount of $12,500.00 plus accrued interest. The SouthTrust Loan is secured by a first mortgage against the PWC Building.

Description of the Building and the Site. The PWC Building is a four-story office building with 130,091 rentable square feet located in Tampa, Florida. The building is constructed using a steel frame design and concrete tilt-up wall panels. Construction of the PWC Building was completed in December 1998. The parking area contains approximately 600 paved parking spaces, including a two level parking deck accommodating 312 spaces, approximately 126 of which are covered.

An independent appraisal of the PWC Building was prepared by RE Marketing Consultants, Inc., as of March 2, 1998, pursuant to which the market value of the land and the leased fee interest subject to the PWC Lease (described below) was estimated to be $22,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the PWC Building will continue operating at a stabilized level with PWC occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. Wells OP also obtained an environmental report prior to closing evidencing that the environmental condition of the land encompassing the PWC Building was satisfactory.

The site consists of approximately 9 acres of land located between Eisenhower Boulevard and George Road approximately 1,250 feet south of West Hillsborough Avenue. The site is located in Sunforest Business Park which is located in the southwest quadrant of the Veteran's Expressway and West Hillsborough Avenue. The Sunforest Business Park is located in the Westshore Business District, which is a suburban business center surrounding Tampa International Airport. The total supply of office space in this subsector is 9.8 million square feet, which is 3.57 million square feet larger than the Downtown Central Business District. The overall occupancy rate in the Westshore Business District is 93.5% compared to the countywide occupancy rate of 90.5%.

According to the 1990 census, the Tampa Bay area, including Tampa, St. Petersburg and Clearwater, comprises 2.16 million people, and is the 22nd largest metropolitan area in the United States. Tampa is bordered on the west and south by Upper and Old Tampa Bays and is divided by the Hillsborough River. The City of Tampa is located in Hillsborough County midway down the west coast of Florida. In contrast to much of Florida's West

Coast, Hillsborough County is relatively young with approximately 87% of the population under 65 years of age and a median of age 33.2 years.

The PWC Lease. On December 31, 1998, the Seller assigned all of its rights pursuant to the Lease Agreement dated as of March 30, 1998 between the Seller, as landlord, and Price Waterhouse LLP, which has subsequently merged with Coopers & Lybrand to form PriceWaterhouseCoopers ("PWC"), as tenant (such agreement, as assigned, is referred to herein as the "PWC Lease"). The PWC Lease currently expires in December 2008, subject to PWC's right to extend the lease for two additional five year periods of time.

PWC provides a full range of business advisory services to leading global, national and local companies and to public institutions. These services include audit, accounting and tax advice; management, information technology and human resource consulting; financial advisory services including mergers and acquisitions, business recovery, project finance and litigation support; business process outsourcing services; and legal advice through a global network

of affiliated law firms. PWC employs more than 140,000 people in 152 countries.

The annual base rent payable under the PWC Lease will be $1,915,741.13 ($14.73 per square foot) payable in equal monthly installments of $159,645.09 during the first year of the initial lease term. The base rent escalates at the rate of 3% per year throughout the ten year lease term. In addition, PWC is required to pay a "reserve" of $13,009.00 ($.10 per square foot) as additional rent. Under the PWC Lease, PWC is responsible for the payment of all property taxes, operating expenses and other repair and maintenance work relating to the PWC Building. PWC is also required to reimburse the landlord the cost of casualty insurance for the property. Wells OP, as landlord, is responsible for all maintenance, repairs and replacements to the roof and structural components of the PWC Building, including without limitation, the roof system, exterior walls, load bearing walls, foundations, glazing and curtain wall systems.

The initial term of the PWC Lease is ten years which commenced on December 28, 1998 (the "Rental Commencement Date"). As stated above, PWC has the option to extend the initial term of the PWC Lease for two additional five year periods. Each extension option must be exercised by giving (i) written "non-binding" notice to the landlord at least 15 months but not more than 18 months prior to the expiration date of the then current lease term, or (ii) written "binding" notice to the landlord at least 12 months prior to the expiration date of the then current lease term. The annual base rent for each renewal term under the lease will be equal to the greater of (i) ninety percent (90%) of the "market rent rate" for such space multiplied by the rentable area of the leased premises, or (ii) one hundred percent (100%) of the base rent paid during the last lease year of the initial term, or the then current renewal term, as the case may be. If the base rent for the first lease year under the renewal term is determined pursuant to Clause (i) above, then the base rent for each lease year of such renewal term after the first lease year shall be one hundred three percent (103%) of the base rent for the immediately preceding lease year. If the base rent for the first lease year of a renewal term is determined pursuant to Clause (ii) above, then there shall be no escalation of the base rent until such time that the total base rent paid during the renewal term is equal to the total base rent that would have been paid during such renewal term if the base rent had been determined pursuant to Clause (i) above; and thereafter, the base rent for each subsequent lease year of such renewal term shall be one hundred three percent (103%) of the base rent for the immediately preceding lease year.

The "market rent rate" under the PWC lease shall be determined by agreement of the parties within thirty (30) days after the date on which PWC delivers its notice of renewal. If Wells OP and PWC are unable to reach agreement on the market rent rate within said thirty (30) day period, then each party shall simultaneously submit to the other in a sealed envelope its good faith estimate of the market rent rate within seven (7) days of expiration of the thirty (30) day period. If the higher of such estimates is not more than one hundred five percent (105%) of the lower of such estimates then the market rent rate shall be the average of the two estimates. Otherwise, within five (5) days either party may request in writing to resolve the dispute by arbitration. The "market rate rent" should be based upon the fair market rent then being charged by landlords under new leases of office space in the Westshore Business District for similar space in a building of comparable quality with comparable amenities.

In addition, the PWC Lease contains an option to expand the premises to include a second three or four story building with an amount of square feet up to a total of 132,000 square feet (the "Expansion Building") which, if exercised by PWC, will require Wells OP to expend funds necessary to construct the Expansion Building. PWC

may exercise its expansion option by delivering written notice to Wells OP at any time between the sixtieth (60th) day after the Rental Commencement Date and the expiration of the initial term of the lease. If PWC for any reason fails to deliver the expansion notice on or prior to the last day of the initial term, the expansion option shall automatically expire. Upon PWC's delivery of the expansion notice and commencement of construction of the improvements by Wells

OP, the term of the lease shall automatically be extended for an additional period of ten (10) years from the date of substantial completion of the Expansion Building, without further action by either PWC or Wells OP. During the first five lease years of the initial term, Wells OP shall be obligated to construct the Expansion Building if PWC delivers the expansion notice. Wells OP and PWC have agreed that Wells OP shall not be required to construct the Expansion Building, however, if PWC delivers the expansion notice after the end of the fifth lease year and, following delivery of such expansion notice, Wells OP determines not to construct the Expansion Building based upon the base rent it would receive for the Expansion Building. If Wells OP notifies PWC in writing of such determination within thirty (30) days after Wells OP's receipt of the expansion notice, PWC shall have the right to exercise its option to purchase the PWC building (the "Purchase Option"), as described below.

If PWC elects to exercise its expansion option, in addition to the construction of a second building which is of a quality equal to or better than the PWC building, Wells OP will be required to expand the parking garage such that a sufficient number of parking spaces, at least equal to four (4) parking spaces per 1,000 square feet of rentable area, is maintained. Wells OP agrees to fund the cost of the design, development and construction of the Expansion Building up to a maximum of $150.00 per square foot of rentable area, as increased by increases in the Consumer Price Index between the Rental Commencement Date and the date of expansion notice (the "Maximum Expansion Cost"). PWC shall be responsible for the payment of any costs of the Expansion Building in excess of the Maximum Expansion Cost.

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

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

There are no assurances that Wells OP will be able to attract or obtain suitable replacement tenants for the PWC Building upon the expiration of the PWC Lease.

PROPERTY MANAGEMENT FEES

Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease the PWC Building. The Company shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues.

THE STATUS OF THE ABB BUILDING

On September 10, 1998, a joint venture by and among Wells Fund IX, Wells Fund X, Wells Fund XI and Wells OP (the "Fund IX-X-XI-REIT Joint Venture"), entered into a Lease Agreement (the "Temporary Lease") with Associates pursuant to which Associates has agreed to lease 23,490 rentable square feet of the ABB Building on a temporary basis until substantial completion of the Project (as defined in the Associates Lease). The rental

commencement date of the Temporary Lease is September 14, 1998 and the expiration date of the lease term is May 31, 1999 subject to Associates' right to extend the Temporary Lease and subject to Associates' right to terminate the lease in the event the rental commencement date of the Associates Lease takes place. In any event, the Temporary Lease may not be extended beyond May 31, 2000.

The annual base rental rate for the Temporary Lease is $234,900 ($10 per square foot) payable in equal monthly installments of $19,575 during the term of the Temporary Lease, subject to an increase to $293,625 ($12.50 per square foot) payable in equal monthly installments of $24,469 under certain conditions.

Under the Temporary Lease, Associates is responsible for its share of all expenses, costs and disbursements (excluding specific costs billed to specific tenants of the building) of every kind and nature relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the ABB Building, including compensation of employees engaged in the operation and management or maintenance of the ABB Building, supplies, equipment and materials, utilities, repairs and general maintenance, insurance, a management fee in the amount of 4% of the gross rental income from the ABB Building and all taxes and governmental charges attributable to the ABB Building or its operations (excluding taxes imposed or measured on by the income of the Fund IX-X-XI-REIT Joint Venture from operation of the ABB Building).

Under the terms of the Temporary Lease, the Fund IX-X-XI-REIT Joint Venture is responsible for a construction allowance of $233,155 (calculated at the rate of $9.50 per square foot of the premises).

THE STATUS OF THE CORT FURNITURE BUILDING

On September 1, 1998, the Fund X-XI Joint Venture, a Georgia Joint Venture by and between Wells Fund X and Wells Fund XI, acquired Wells Development's equity interest in Wells/Orange County Associates, a Georgia joint venture with Wells OP (the "Cort Joint Venture"). As of January 10, 1999 Wells OP had made total capital contributions to the Cort Joint Venture of $2,870,982 and held an equity percentage interest in the Cort Joint Venture of 44%, and the Fund X-XI Joint Venture made total capital contributions to the Cort Joint Venture of $3,695,000 and held an equity percentage interest in the Cort Joint Venture of 56%. Prior to the Fund X-XI Joint Venture's acquisition of an equity interest in the Cort Joint Venture, the NationsBank Loan previously encumbering the Cort Furniture Building was paid off and satisfied of record.

THE STATUS OF THE FAIRCHILD BUILDING

On October 8, 1998, the Fund X-XI Joint Venture acquired Wells Development's equity interest in Wells/Fremont Associates, a Georgia joint venture with Wells OP (the "Fremont Joint Venture"). As of January 10, 1999, Wells OP had made total capital contributions to the Fremont Joint Venture of $6,983,110 and held an equity percentage interest in the Fremont Joint Venture of 77.5%, and the Fund X-XI Joint Venture had made total capital contributions to the Fremont Joint Venture of $2,000,000 and held an equity percentage interest in the Fremont Joint Venture of 22.5%. Prior to the Fund X-XI Joint Venture's acquisition of an equity interest in the Fremont Joint Venture, the NationsBank Loan previously encumbering the Fairchild Building was paid off and satisfied of record.

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

The information contained on page 46 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Prospectus is revised as of the date of this Supplement by the deletion of the first paragraph of that section and the insertion of the following paragraph in lieu thereof:

The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of January 10, 1999, the Company had raised a total of $32,484,200 in offering proceeds (3,248,420 shares), and had paid $1,136,947 in acquisition and advisory fees and acquisition expenses and $4,060,525 in selling commissions and organizational and offering expenses. As of January 10, 1999, the

Company had invested $18,442,540 in properties and was holding net offering proceeds of $8,844,188 available for investment in additional properties.

PLAN OF DISTRIBUTION

The information contained on page 74 in the "Plan of Distribution" section of the Prospectus is revised as of the date of this Supplement by the deletion of the fourth full paragraph on that page and the insertion of the following paragraph in lieu thereof:

Payment for shares should be made by check payable to "NationsBank, N.A., as Escrow Agent." Subscriptions will be effective only upon acceptance by the Company, and the Company reserves the right to reject any subscription in whole or in part. In no event may a subscription for shares be accepted until at least five business days after the date the subscriber receives this Prospectus. Each subscriber will receive a confirmation of his purchase. Except for purchases pursuant to the Reinvestment Plan or reinvestment plans of other public real estate programs, all accepted subscriptions will be for not less than 100 shares ($1,000). See "Investor Suitability Standards." Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirement and have purchased units in Prior Wells Public Programs or units or shares in other public real estate programs may purchase less than the minimum number of shares discussed above, provided that such investors purchase a minimum of 2.5 shares ($25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 shares ($25), except for purchases pursuant to the Reinvestment Plan or reinvestment plans of other public real estate programs.

LEGAL MATTERS

The information contained on page 77 in the "Legal Matters" section of the Prospectus is revised and amended by insertion of the following paragraph after the first paragraph in that section:

Immediately following the effective date of the Prospectus, Hunton & Williams ceased acting as counsel to the Company and the Advisor. Holland & Knight LLP has, since that time, served as counsel to the Company and the Advisor. Holland & Knight LLP has represented the Advisor, as well as Affiliates of the Advisor, in other matters in the past and is likely to continue to do so in the future. See "Conflicts of Interest."

FINANCIAL STATEMENTS

The pro forma balance sheet of Wells Real Estate Investment Trust, Inc. as of September 30, 1998, which is included in Appendix I to this Supplement No. 6, has not been audited.

APPENDIX I

INDEX TO FINANCIAL STATEMENTS

Page

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(Unaudited Pro Forma Balance Sheet)

The following unaudited pro forma balance sheet as of September 30, 1998 has been prepared to give effect to Wells Real Estate Investment Trust, Inc.'s acquisition of the PricewaterhouseCoopers Building as if the transaction had occurred as of September 30, 1998.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 1998

(Unaudited)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
ASSETS:			
Real estate assets, at cost:			
Land	$ 0	$ 1,520,834 (a)	$ 1,520,834
Building	0	20,076,845 (a)	20,076,845
Total real estate assets	0	21,597,679	21,597,679
Investment in joint ventures	9,861,770	0	9,861,770
Cash	591,122	(591,122)(a)	0
Due from affiliates	162,877	0	162,877
Deferred project costs	10,584	(10,584)(b)	0
Deferred offering costs	648,130	0	648,130
Prepaid expenses and other assets	11,250	0	11,250
Total assets	$11,285,733	$20,995,973	$32,281,706
LIABILITIES:			
Notes payable	$ 0	$14,132,538 (a)	$14,132,538
Sales commissions payable	99,599	0	99,599
Due to affiliates	681,674	6,863,435(a)(b)	7,545,109
Partnership distribution payable	102,987	0	102,987
Minority interest of unit holder in Operating Partnership	200,000	0	200,000
Total liabilities	1,084,260	20,995,973	22,080,233
SHAREHOLDER'S EQUITY:			
Common shares, $.01 par value, 165,000,000 shares authorized, 1,169,292 issued and outstanding	11,693	0	11,693
Additional paid-in capital	10,219,740	0	10,219,740
Account deficit	(29,690)	0	(29,690)
Total shareholders' equity	10,201,473	0	10,201,473

Total liabilities and shareholders' equity	$11,285,733	$20,995,973	$32,281,706

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

(b) Reflects the deferred project costs allocated to the PricewaterhouseCoopers Building.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUPPLEMENT NO. 7 DATED APRIL 15, 1999 TO THE PROSPECTUS
DATED JANUARY 30, 1998

This document supplements, and should be read in conjunction with, the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, as supplemented and amended by Supplement No. 1 dated April 20, 1998, Supplement No. 2 dated June 30, 1998, Supplement No. 3 dated August 12, 1998 and Supplement No. 6 dated January 15, 1999 (collectively, the "Prospectus"). Supplement No. 6 included the information in and superseded Supplement No. 4 dated November 1, 1998 and Supplement No. 5 dated December 14, 1998. Unless otherwise defined herein, capitalized terms used in this Supplement shall have the same meanings as set forth in the Prospectus.

The purpose of this Supplement is to describe the following:

(i) The status of the offering of shares of common stock in Wells Real Estate Investment Trust, Inc. (the "Company");

(ii) The acquisition of an office building in Harrisburg, Pennsylvania (the "Vanguard Cellular Building") by Wells Operating Partnership, L.P. ("Wells OP"), the operating partnership of the Company;

(iii) The acquisition of land in Lake Forest, Orange County, California by Wells OP and the approximately 150,000 square foot office building to be developed thereon (the "Matsushita Project");

(iv) Revisions to the "Management" section of the Prospectus;

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

(vi) Revisions to the "Plan of Distribution" section of the Prospectus and the Subscription Agreement;

(vii) Updated Audited Financial Statements of the Company, an Audited Statement of Revenues Over Certain Operating Expenses relating to the Vanguard Cellular Building and Unaudited Pro Forma Financial Statements of the Company are contained in Appendix I hereto; and

(viii) Updated Prior Performance Tables are included as Exhibit "A" hereto.

STATUS OF THE OFFERING

Pursuant to the Prospectus, the offering of shares in the Company commenced on January 30, 1998. The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 shares). As of April 5, 1999, the Company had raised a total of $57,235,152 in offering proceeds (5,723,515 shares).

THE VANGUARD CELLULAR BUILDING

Purchase of the Vanguard Cellular Building. On February 4, 1999, Wells OP acquired a four-story office building containing approximately 81,859 rentable square feet which was recently developed on an approximately 10.5 acre tract of real property located in Harrisburg, Dauphin County, Pennsylvania.

Wells OP purchased the Vanguard Cellular Building from Walsh Higgins No. 33, L.P. ("Walsh Higgins") for a purchase price of $12,291,200 pursuant to the terms of the Agreement for the Purchase and Sale of Property dated November 30, 1998. At the closing, Wells OP incurred acquisition expenses, including transfer taxes, title insurance premiums, recording fees and tax proration items, of approximately $161,700. In addition, Wells OP paid legal fees of approximately $50,000 outside of closing. Wells OP expended cash proceeds in the amount of $6,332,100 and obtained a loan in the amount of $6,425,000 from NationsBank, N.A., the net proceeds of which were used to fund the remainder of the purchase price of the Vanguard Cellular Building (the "Vanguard Loan"). Walsh Higgins is not affiliated with the Company or the Advisor.

The Vanguard Loan. The Vanguard Loan matures on January 4, 2002. The interest rate on the Vanguard Loan is a fixed rate equal to the rate appearing on Telerate Page 3750 as the London InterBank Offered Rate plus 200 basis points over a six month period. The interest rate is fixed for the initial six months of the loan at 7% per annum. A principal installment in the amount of $6,150,000 is due and payable by Wells OP on August 1, 1999. Thereafter, Wells OP is required to make quarterly installments of principal in an amount equal to one-ninth of the outstanding principal balance as of October 1, 1999. The Vanguard Loan is secured by a first mortgage against the Vanguard Cellular Building. Leo F. Wells, III (an officer and director of the Company and the Advisor), and the Company are co-guarantors of the Vanguard Loan. Wells OP incurred loan expenses, including legal fees, loan origination fees and appraisal fees, of approximately $29,000 in connection with obtaining the Vanguard Loan.

Description of the Building and the Site. The Vanguard Cellular Building is a four-story office building with 81,859 rentable square feet consisting of over 24,000 square feet of gross floor area on each of first three levels and approximately 8,200 square feet of gross floor area on the lower level. The building is constructed using a steel frame design and finished with a high quality brick masonry exterior. Construction of the Vanguard Cellular Building was completed in November 1998. The parking area contains approximately 570 paved parking spaces.

An independent appraisal of the Vanguard Cellular Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of December 1, 1998, pursuant to which the market value of the land and the leased fee interest subject to the Vanguard Cellular Lease (described below) was estimated to be $13,100,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Vanguard Cellular Building will continue operating at a stabilized level with Pennsylvania Cellular Telephone Corp. ("Pennsylvania Telephone"), a North Carolina corporation and wholly owned subsidiary of Vanguard Cellular Systems, Inc. ("Vanguard Cellular"), occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. Wells OP also obtained an environmental report prior to closing evidencing that the environmental condition of the land encompassing the Vanguard Cellular Building was satisfactory.

The site is located in the Lower Paxton Township, a suburb of Harrisburg in Dauphin County, Pennsylvania. The site consists of approximately 10.5 acres of land in Commerce Park, a planned business park, at the intersection of Progress Avenue and Interstate Drive just off of the Progress Avenue exit of Interstate 81. The Greater Harrisburg Area is subdivided into three submarkets: the Downtown Business District; the East Shore Business District; and the West Shore Business District. The Greater Harrisburg Area's office building market is

evenly distributed among the three submarkets with no one submarket containing more than thirty-eight percent (38%) of the total office buildings. The Vanguard Cellular Building is located in the East Shore Business District on the eastern side of the Susquehanna River approximately 10 miles northeast of the Downtown Business District.

Harrisburg is the capital of the State of Pennsylvania, and is well positioned to take advantage of the established road, rail and water transportation systems in the northeast region. Harrisburg is located approximately 100 miles west of Philadelphia, approximately 195 miles east of Pittsburgh, approximately 75 miles north of Baltimore and approximately 90 miles north of Washington, D.C. This central location allows Harrisburg to take advantage of the economic, trade and industrial activities that occur in the region. Over the past several years, the Harrisburg area has experienced increases in population, income levels and employment. In fact, the unemployment rate in Dauphin County is considerably lower than the statewide and national rates. The Harrisburg area's economy is based principally in the industrial and manufacturing, government and services sectors.

The Vanguard Cellular Lease. The Vanguard Cellular Building is leased to Pennsylvania Telephone, a subsidiary of Vanguard Cellular, pursuant to the Build-To-Suit Office Lease Agreement dated as of September 26, 1997, as amended by instruments on September 15, 1998 and January 18, 1999 (the "Vanguard Cellular Lease"). At the closing of the Vanguard Cellular Building, the Walsh Higgins assigned all of its rights to the Vanguard Cellular Lease to Wells OP.

Vanguard Cellular is an independent operator of cellular telephone systems in the United States with over 664,000 subscribers located in twenty-six markets in the Mid-Atlantic, Ohio Valley and New England regions of the United States. Vanguard Cellular markets its wireless products and services under the name CellularOne, a nationally recognized brand name partially owned by Vanguard Cellular. Vanguard Cellular operates primarily in

suburban and rural areas that are close in proximity to major urban areas, which it believes affords several advantages over its traditional urban competitors, including (i) greater network capacity, (ii) greater roaming revenue opportunities, (iii) lower distribution costs, and (iv) higher barriers to entry by competitors. The obligations of Pennsylvania Telephone under the Vanguard Cellular Lease are guaranteed by Vanguard Cellular, which reported net income in excess of $74 million on revenues in excess of $420 million and a net worth in excess of $100 million for the year ended December 31, 1998.

As of October 2, 1998, Vanguard Cellular had entered into a definitive merger agreement, as amended, with AT&T Corp. pursuant to which Vanguard Cellular will be merged with and into a wholly owned subsidiary of AT&T. The board of directors of each company have approved the merger. However, the transaction is subject to the approval of Vanguard Cellular's shareholders and certain other conditions. A special meeting of Vanguard Cellular's shareholders to consider the merger is scheduled for April 27, 1999.

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

YEAR	ANNUAL RENT	$ PER SQ. FT.	MONTHLY RENT

1	$ 880,264.10	$10.75	
Month 1			$ 0.00
Months 2-7			51,853.50
Months 8-12			113,828.62
2	1,390,833.11	16.99	115,902.76
3	1,416,220.59	17.30	118,018.38
4	1,442,115.81	17.62	120,176.32
5	1,468,528.94	17.94	122,377.41
6	1,374,010.89	16.79	114,500.91
7	1,401,491.11	17.12	116,790.93
8	1,429,520.93	17.46	119,126.74
9	1,458,111.35	17.81	121,509.28
10	1,487,273.58	18.17	123,939.47

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

Under the Vanguard Cellular Lease, the tenant is required to pay as additional rent all real estate taxes, special assessments, water rates and charges, sewer rates and charges, public utilities, insurance premiums, street lighting, excise levies, licenses, permits, governmental inspection fees and other governmental charges and all other charges incurred in the use, occupancy, operation, leasing or possession of the Vanguard Cellular Building. In addition, the tenant is responsible for all routine maintenance and repairs relating to the Vanguard Cellular Building. Wells OP, as the landlord, is responsible for (i) maintenance, repairs and replacements to the structural components of the Vanguard Cellular Building, including without limitation, the roof, floor slabs, foundation walls and footings, structural steel, exterior walls, driveways, roadways, sidewalks, curbs, parking areas and loading areas, and (ii) making necessary capital replacements of the heating, ventilation and air condition system, electrical, plumbing, fire protection and other mechanical systems in the building.

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

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

the Expansion Improvements, (ii) that Pennsylvania Telephone intends to submit revised specifications within 60 days to reduce the estimated costs of the Expansion Improvements to an amount satisfactory to Pennsylvania Telephone, or (iii) that Pennsylvania Telephone elects not to expand the premises. If Pennsylvania Telephone fails to deliver its notice to proceed within the above mentioned 60 day period, then Pennsylvania Telephone shall be deemed to have elected not to expand.

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

The annual base rent for the Expansion Improvements for the first twelve months shall be equal to the product of (i) expansion costs, multiplied by (ii) a factor of 1.07, multiplied by (iii) the greater of (A) 10.50%, or (B) an annual interest rate equal to 375 basis points in excess of the ten year United States Treasury Note Rate then most recently announced by the United States Treasury as of the commencement date of the Expansion Improvements (the "Expansion Commencement Date"). Thereafter, the annual base rent for the Expansion Improvements shall be increased annually by the lesser of (a) 5%, or (b) 75% of the percentage by which the United States, Bureau of Labor Statistics, Consumer Price Index for All Items - All Urban Wage Earners and Clerical Workers for the Philadelphia Area (the "CPI Index") published nearest to the expiration date of each twelve month period subsequent to the Expansion Commencement Date is greater than the CPI Index most recently published prior to the Vanguard Commencement Date.

Management of the Company believes that the Vanguard Cellular Building has been adequately insured against loss from fire, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles and aircraft, smoke damage, water damage, and such other risks or hazards which are customarily insured against with respect to improvements similar in design, construction, general location, use and occupancy to the Vanguard Cellular Building. Management also believes that the Vanguard Cellular Building is adequately insured against claims for bodily injury, personal injury or property damage for any loss, liability or damage that may occur on the premises.

Property Management Fees. Wells Management Company, Inc. ("Wells Management"), an Affiliate of the Company and the Advisor, has been retained to manage and lease the Vanguard Cellular Building. Wells OP shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Vanguard Cellular Building.

Financial Statements. Attached as Appendix I are an Audited Statement of Revenues Over Certain Operating Expenses relating to the Vanguard Cellular Building and Unaudited Pro Forma Financial Statements of the Company.

THE MATSUSHITA PROPERTY

Purchase of the Matsushita Property. On March 15, 1999, Wells OP purchased an 8.837 acre tract of land located in Lake Forest, Orange County, California (the "Matsushita Property") pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated February 17, 1999 between Wells OP and MSGW California I, L.L.C., a Delaware limited liability company ("MSGW"). The

purchase price for the Matsushita Property was $4,450,230. In connection with the closing of the acquisition of the Matsushita Property, Wells OP paid title insurance premiums and other miscellaneous closing costs of approximately $16,000. Wells OP paid legal fees of $39,514 outside of the closing. MSGW is not affiliated with the Company or the Advisor.

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

Termination of Existing Lease. Matsushita Avionics is currently a tenant of a building located at 15253 Bake Parkway, Irvine, California (the "Existing Building") pursuant to an Office Lease dated April 29, 1996 (the "Existing Lease"). The Existing Building is owned by Fund VIII and Fund IX Associates (the "Fund VIII-IX Joint Venture"), a Georgia joint venture between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., both of which are Affiliates of the Company and the Advisor. Matsushita Avionics and the Fund VIII-IX Joint Venture have entered into a Lease and Guaranty Termination Agreement dated February 18, 1999 pursuant to which Matsushita Avionics will be vacating the Existing Building and relieved of any of its obligations under the Existing Lease upon the Matsushita Commencement Date of the Matsushita Lease, as described below.

Rental Income Guaranty by Wells OP. In consideration for the Fund VIII-IX Joint Venture releasing Matsushita Avionics from its obligations under the Existing Lease and thereby allowing Wells OP to enter into the Matsushita Lease with Matsushita Avionics, Wells OP entered into a Rental Income Guaranty Agreement dated as of February 18, 1999, whereby Wells OP guaranteed the Fund VIII-IX Joint Venture that it will receive rental income on the Existing Building at least equal to the rent and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the Existing Lease.

Description of the Matsushita Project and the Site. The Matsushita Project involves the construction of a two-story office building containing 150,000 rentable square feet. The building will be constructed using concrete tilt-up walls and high performance glass with parking for approximately 600 vehicles. The Matsushita Property is currently zoned to permit the intended development and operation of the Matsushita Project as a commercial office building and has access to all utilities necessary for the development and operation of the Matsushita Project, including water, electricity, sanitary sewer and telephone.

The site consists of an 8.837 acre tract of land located in the Pacific Commercentre, which is a 33 acre master-planned business park positioned near the Irvine Spectrum in the heart of Southern California's Technology Coast. Pacific Commercentre is a nine building complex featuring office, technology, and light manufacturing uses, and is located in the city of Lake Forest in Southern Orange County with easy access to the Foothill Transportation Corridor and the San Diego Freeway. The John Wayne Airport is located approximately eight miles from the site.

The City of Lake Forest was incorporated in 1991, and is located between the cities of Irvine and Mission Viejo. Lake Forest is experiencing growth as a result of northeastern expansion of already developed areas of Orange County. One of the major factors in the recent growth is its location along the route of the Foothill Transportation Corridor, a planned tollway with one leg of construction that has been completed in the vicinity of the Pacific Commercentre. Existing land uses in the area include residential tracts of varying densities and small commercial centers. There are several large ranches that are planned for development as master planned communities containing a variety of residential, commercial and industrial uses.

An independent appraisal of the Matsushita Project dated March 16, 1999 was prepared by CB Richard Ellis, Inc., real estate appraisers, pursuant to which the market value of the land and the leased fee interest in the

Matsushita Project subject to the Matsushita Lease (described below) was estimated to be $18.9 million, in cash or terms equivalent to cash, as of December 21, 1999 (the anticipated completion date). This value estimate was based upon a number of assumptions, including that the Matsushita Project will be finished in accordance with plans and specifications, that total development costs would not exceed $17.8 million and that the building will be operated following completion at a stabilized level with Matsushita Avionics occupying 100% of the building at a rental rate calculated based upon the $17.8 million development budget. Prior to closing of the Matsushita Loan (described below), NationsBank will obtain a revised independent appraisal of the Matsushita Property reflecting a value estimate based upon a development budget of $18.4 million. Wells OP obtained an environmental report prior to closing of the Matsushita Property evidencing that the environmental condition of the Matsushita Property is satisfactory.

The Matsushita Project Loans. Wells OP obtained $3,500,000 in additional financing for the Matsushita Project from SouthTrust Bank, N.A. pursuant to the revolving credit facility (the "SouthTrust Loan") extended to Wells OP in connection with the acquisition of the PriceWaterhouseCoopers Building in Tampa, Florida (the "PWC Building"), which is secured by a first mortgage against the PWC Building. See Supplement No. 6 to the Prospectus for a discussion of the terms of the SouthTrust Loan. Subsequent to the acquisition of the PWC Building, the Company had used the proceeds from the sale of its shares to pay-down the balance of the SouthTrust Loan to zero, leaving in place a revolving credit facility secured by the PWC Building available to fund additional property acquisitions.

In addition, Wells OP obtained a commitment for a construction loan from NationsBank, N.A. ("NationsBank") in the maximum principal amount of $15,375,000, the proceeds of which will be used to fund the development and construction of the Matsushita Project (the "Matsushita Loan"). The Matsushita Loan shall mature 24 months from the date of the loan closing. The interest rate on the Matsushita Loan will be a variable rate equal to either (1) the NationsBank "prime rate," or (2) at the option of Wells OP, the rate per annum appearing on Telerate Page 3750 as the London Inter Bank Offered Rate for a 30 day period, plus 200 basis points. Wells OP will make monthly installments of interest and, commencing one year after the date of the loan closing, Wells OP will make monthly installments of principal in the amount of $10,703 until maturity. On the maturity date, the entire outstanding principal balance plus any accrued but unpaid interest shall be due and payable. At the closing, Wells OP will pay a nonrefundable origination fee of $76,900 to NationsBank. The Matsushita Loan will be secured by a first priority mortgage against the Matsushita Project. Leo F. Wells, III (an officer and director of the Company and the Advisor) and the Company will be co-guarantors of the Matsushita Loan. The Matsushita Loan, if obtained, will result in 100% financing of the Matsushita Project.

Although management of Wells OP currently anticipates obtaining the Matsushita Loan from NationsBank as described above, Wells OP has not yet entered into a loan agreement. Therefore, there is no guarantee that Wells OP will obtain the Matsushita Loan or that the loan obtained to fund the Matsushita Project will be on the terms described above.

Development Agreement. On March 31, 1999, Wells OP entered into a Development Agreement (the "Development Agreement") with ADEVCO Corporation, a Georgia corporation (the "Developer"), as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the Matsushita Project.

The Developer is an Atlanta based real estate development and management company formed in 1990 which specializes in the development of office buildings. The Developer has previously developed or is developing a total of seven office buildings for Affiliates of the Advisor. See Supplement No. 6 to the Prospectus for a description of the Developer and projects previously developed by the Developer.

The primary responsibilities of the Developer under the Development Agreement include:

- the supervision, coordination, administration and management of the work, activities and performance of the architect under the Architect's Agreement (as described below) and the contractor under the Construction Contract (as described below);

- the implementation of a development budget setting forth an estimate of all expenses and costs to be incurred with respect to the planning, design, development and construction of the Matsushita Project;

- the review of all applications for disbursement made by or on behalf of Wells OP under the Architect's Agreement and the Construction Contract;

- the supervision and management of tenant build-out at the Matsushita Project; and

- the negotiation of contracts with, supervision of the performance of, and review and verification of applications for payment of the fees, charges and expenses of such design and engineering professionals, consultants and suppliers as the Developer deems necessary for the design and construction of the Matsushita Project in accordance with the development budget.

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the Contractor of major subcontractors and reviewing all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Matsushita Project or any portion thereof. The Developer is required to advise Wells OP on a weekly basis as to the status of the Matsushita Project and submit to Wells OP monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells OP before incurring and paying any costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then prevailing status of the Matsushita Project and will not adequately provide for the completion of the Matsushita Project, the Developer will prepare and submit to Wells OP for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells OP. The Developer has agreed to indemnify Wells OP from any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the negligence, fraud or any willful act or omission by the Developer. Wells OP has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or authority, excluding negligence, fraud or willful acts of the Developer, and (2) the negligence, fraud or any willful act or omission on the part of Wells OP and its partners and their respective officers, directors and employees.

Wells OP may elect to provide funds to the Developer so that the Developer can pay Wells OP's obligations with respect to the construction and development of the Matsushita Project directly. All such funds of Wells OP which may be received by the Developer with respect to the development or construction of the Matsushita Project will be deposited in a bank account approved by Wells OP. If at any time the funds contained in the bank account of Wells OP temporarily exceeds the immediate cash needs of the Matsushita Project, the Developer may invest such excess funds in savings accounts, certificates of deposit, United States Treasury obligations and commercial paper as the Developer deems appropriate or as Wells OP may direct, provided that the form of any such investment is consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the Matsushita Project. The Developer shall be reimbursed for all advances, costs and expenses paid for and on behalf of Wells OP. The Developer will not be reimbursed, however, for its own administrative costs or for costs relating to travel and lodging incurred by its employees and agents. The Developer may be required to advance its own funds for the payment of any costs or expenses incurred by or on behalf of Wells OP in connection with the development of the Matsushita Project if there are cost overruns in excess of the contingency contained in the development budget.

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells OP will pay a development fee of $250,000. The fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Matsushita Project is completed.

It is anticipated that the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition of the Matsushita Property, the planning, design, development, construction and completion of the Matsushita Project, the build-out of tenant improvements under the Matsushita Lease and the contingency reserve will total approximately $18,400,000. The development budget may be adjusted upward or downward based upon changes agreed to by Wells OP and Matsushita Avionics. Since the development budget has not yet been finalized as of the date of this Supplement, a detailed breakdown of costs is not available at this time.

Under the terms of the Development Agreement, the Developer has agreed that, in the event that the total of all such costs and expenses exceeds $18,400,000 (except for changes agreed to by Wells OP and Matsushita Avionics), the amount of fees payable to the Developer shall be reduced by the amount of any such excess. Unless the fees otherwise payable to the Developer are reduced as set forth above, it is estimated that the total sums due and payable to the Developer under the Development Agreement will be approximately $250,000.

In the event the Developer should for any reason cease to manage the development of the Matsushita Project, Wells OP would have to locate a suitable successor development manager. No assurances can be given as to whether a suitable successor development manager could be found, or what the contractual terms or arrangement with any such successor would be.

Construction Contract. Wells OP anticipates entering into a construction contract (the "Construction Contract") with the general contracting firm of GWGC, Inc. doing business as Gordon & Williams General Contractors, Inc. (the "Contractor") for the construction of the Matsushita Project. The Contractor is a California corporation based in Laguna Hills, California specializing in commercial, industrial, amusement park and office buildings. The Contractor commenced operations in 1990. The Contractor is presently engaged in the construction of ten projects with a total construction value of in excess of $72 million, and since 1993, has completed 45 projects with a total construction value in excess of $1.9 billion. It is anticipated that the Contractor will begin construction of the Matsushita Project in May 1999.

The Construction Contract will provide that Wells OP shall pay the

Contractor a fee equal to 3% of the cost of the work performed by the Contractor, as adjusted by approved change orders, for the construction of the Matsushita Project, excluding tenant improvements. The Contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for completion of the Matsushita Project. In addition, the Contractor will be required to secure and pay for any additional business licenses, tap fees and building permits which may be necessary for construction of the Matsushita Project. Under the Construction Contract, the cost of the work and the Contractor's fees will be guaranteed not to exceed $6,500,000 (the "Guaranteed Maximum Price"), subject to additions and deductions by approved change orders. To the extent that costs incurred by the Contractor exceed such Guaranteed Maximum Price, the Contractor will be required to pay all such costs without reimbursement by Wells OP.

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

Wells OP will make monthly progress payments to the Contractor in an amount of 90% of the portion of the contract price properly allocable to labor, materials and equipment, less the aggregate of any previous payments made by Wells OP. Wells OP will pay the entire unpaid balance when the Matsushita Project has been fully completed in accordance with the terms and conditions of the Construction Contract. As a condition of final payment, the Contractor will be required to execute and deliver a release of all claims and liens against Wells OP.

The Contractor will be responsible to Wells OP for the acts or omissions of its subcontractors and suppliers of materials and of persons either directly or indirectly employed by them. The Contractor will agree to indemnify Wells OP from and against all liability, claims, damages, losses, expenses and costs of any kind or description arising out of or in connection with the performance of the Construction Contract, provided that such liability, claim, damage, loss or expense is caused in whole or in part by any action or omission of the Contractor, any subcontractor or materialmen, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. The Construction Contract will also require the Contractor to obtain and maintain, until completion of the Matsushita Project, adequate insurance coverage relating to the Matsushita Project, including insurance for workers' compensation, personal injury and property damage.

The Contractor will be required to work expeditiously and diligently to maintain progress in accordance with the construction schedule and to achieve substantial completion of the Matsushita Project within the contract time. The Contractor will be required to employ all such additional labor, services and supervision, including such extra shifts and overtime, as may be necessary to maintain progress in accordance with the construction schedule. It is anticipated that the Matsushita Project will be completed on or before December 20, 1999. Wells OP shall obtain a completion and performance bond in an amount sufficient to complete construction and development of the Matsushita Project to reduce the risk of non-performance and to assure compliance with approved plans and specifications. In addition, performance by the Contractor of the Construction Contract has been personally guaranteed by David Kraxberger, a principal of the Developer.

Architect's Agreement. Ware & Malcomb Architects, Inc. (the "Architect")
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is the architect for the Matsushita Project pursuant to the Architect's Agreement dated January 11, 1999 entered into with Wells OP. The Architect, which was founded in 1972, is based in Irvine, California, has a professional staff of over 75 persons, and specializes in the design of office buildings, corporate facilities, industrial and research and development buildings, healthcare and high-tech facilities, as well as commercial/retail centers. The Architect has additional offices in Woodland Hills and Pleasanton, California. The Architect had revenues in 1998 of over $12 million. The Architect is not affiliated with the Company or the Advisor.

The Architect's basic services under the Architect's Agreement include the schematic design phase, the design development phase, the construction documents phase, the bidding or negotiation phase and the construction phase. During the schematic design phase, the Architect will prepare schematic design documents consisting of drawings and other documents illustrating the scale and relationship of the Matsushita Project components. The Architect will be paid a fee of $93,371 for such services. During the design development phase, the Architect will prepare design development documents consisting of drawings and other documents to fix and describe the size and character of the entire Matsushita Project as to architectural, structural, mechanical, plumbing and fire protection and electrical systems, materials and such other elements as may be appropriate. The Architect will be paid $124,494 for these services. During the construction documents phase, the Architect will prepare construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the Matsushita Project. The Architect will be paid $311,236 for these services. During the bidding or negotiation phase, the Architect will assist Wells OP in obtaining bids or negotiated proposals and assist in awarding and preparing contracts for construction. The Architect will be paid $31,124 for these services. During the construction phase, the Architect is to provide administration of the Construction Contract and advise and consult with the Developer and Wells OP concerning various matters relating to the construction of the Matsushita Project. The Architect is required to visit the Matsushita Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells OP informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the Contractor based on observations of the site and evaluations of the Contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Contract described above. The Architect will also conduct inspections to determine the date of completion of the Matsushita Project and shall issue a final certificate for payment. The Architect will be paid $62,247 for its services performed during the construction phase.

The total amount of fees payable to the Architect under the Architect's Agreement is $622,472. Payments are being paid to the Architect on a monthly basis in proportion to the services performed within each phase of

service. In addition, the Architect and its employees and consultants are reimbursed for expenses including, but not limited to, transportation in connection with the Matsushita Project, living expenses in connection with out-of-town travel, long distance communications and fees paid for securing approval of authorities having jurisdiction over the Matsushita Project. It is estimated that the total reimbursable expenses in connection with the development of the Matsushita Project will be approximately $60,000.

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

Matsushita Avionics is a wholly owned subsidiary of Matsushita Electric Corporation of America ("Matsushita Electric"), a Delaware corporation. Matsushita Avionics manufactures and sells audiovisual products to the airline

industry for passenger use in airplanes. Matsushita Electric is a wholly owned subsidiary of Matsushita Electric Industrial Co., Ltd. ("Matsushita Industrial"), a Japanese company which is the world's largest consumer electronics manufacturer. Matsushita Electric oversees the North American operations of Matsushita Industrial. In North America, Matsushita Electric makes consumer, commercial and industrial electronics, including products ranging from juke boxes to flat digital television sets, primarily under the Panasonic brand name. Matsushita Electric has more than 20 plants in the U.S., Mexico and Canada and employs over 23,000 people. Matsushita Electric has guaranteed the obligations of Matsushita Avionics under the Matsushita Lease. Matsushita Electric reported net income for the fiscal year ended March 31, 1998 of over $709 million on gross revenues of over $8 billion and a net worth of over $1.2 billion.

The initial term of the Matsushita Lease will be seven years to commence (the "Matsushita Commencement Date") on the earlier of (1) the date Matsushita Avionics commences business in the premises, or (2) the date upon which a series of conditions are met, including but not limited to, Wells OP's completion of the improvements and a certificate of occupancy is issued. Matsushita Avionics has the option to extend the initial term of the Matsushita Lease for two successive five year periods. Each extension option must be exercised not more than 19 months and not less than 15 months prior to the expiration of the then current lease term.

The monthly base rent payable under the Matsushita Lease shall be as follows:

Lease Year	Monthly Installment of Base Rent
1-2	$152,500
3-4	$162,260
5-6	$172,020
7	$181,780

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

The monthly base rent payable during the option term shall be ninety-five percent (95%) of the stated rental rate at which, as of the commencement of the option term, tenants are leasing non-expansion, non-affiliated, non-sublease, non-encumbered, non-equity space comparable in size, location and quality to the Matsushita Project for a term of five years in the Lake Forest and Irvine area of Southern California. The monthly base rent during the option term shall be adjusted upward during the option term at the beginning of the 24th and 48th month of each option term by an amount equal to six percent (6%) of the monthly base rent payable immediately preceding such period. Within 30 days of tenant providing written notice of its intent to exercise a renewal option, Wells OP shall deliver to Matsushita Avionics notice containing the proposed rent for the option term. If, after reasonable good faith efforts, landlord and tenant are unable to agree upon the option rent before the 13th month prior to the expiration of the appropriate lease term, option rent shall be determined by arbitration.

In addition to the monthly base rent, Matsushita Avionics is required to pay additional rent equal to all "operating expenses" and "tax expenses" during the lease term. "Operating expenses" is defined to include all direct and indirect costs, expenses and assessments charged to the real property with respect to its efficient and economical operation, management, use, maintenance and repair, including insurance premiums. Tax expenses shall mean all federal,

state, county or local government taxes, fees or other impositions of every kind and nature in connection with the ownership, leasing and operation of the Matsushita Project. Matsushita Avionics shall also be responsible for the furnishing of all services and utilities to the premises, including but not limited to, heating, ventilation and air conditioning, electricity, water, telephone, janitorial and security services, window washing and landscaping services.

Under the terms of the Matsushita Lease, Matsushita Avionics shall operate, keep, and maintain, and as necessary, repair, restore, replace, and make any capital improvements to the structural portions of the building, including the ceilings, floor surface, interior walls and wall covering, shafts, stairs, parking areas, stairwells, elevator cabs, washrooms, and building mechanical, electrical, gas, plumbing and sprinkler systems. Wells OP shall maintain and repair the structural skeleton of the building consisting only of the floor slabs, foundation, roof structure, roof membrane, exterior walls and exterior glass and mullions.

Property Management Fees. Following construction and completion of the Matsushita Project, property management and leasing services will be performed by Wells Management Company, Inc. (the "Property Manager"), an Affiliate of the Company and the Advisor. As compensation for its services, the Property Manager will receive fees equal to 4.5% of the gross revenues for property management services and leasing services with respect to the Matsushita Project. In addition, the Property Manager will receive a one-time initial lease-up fee relating to the Matsushita Lease equal to the first month's rent plus 5% of the gross revenues over the initial term of the Matsushita Lease.

MANAGEMENT

The information contained on page 35 in the "Compensation of Directors and Officers" subsection of the "Management" section of the Prospectus is revised as of the date of this Supplement by the deletion of that full paragraph and the insertion of the following in lieu thereof:

> Each Independent Director of the Board of Directors is paid a fee of $250 for each board meeting attended by such director. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with meetings of the Board of Directors. No director who is also an officer of the Company receives separate compensation for services rendered as a director.
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> On March 17, 1999, the Board of Directors adopted the Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan (the "Plan") to foster and promote the long-term financial success of the Company by providing an incentive to persons not affiliated with the Company to serve as directors through stock ownership in the Company. If the Plan is approved by the Shareholders at the upcoming 1999 Annual Meeting of Shareholders, each of the seven Independent Directors of the Company will immediately receive an initial grant of options to purchase 2,500 shares of the Company (the "Initial Options"), and subsequent grants of options to purchase 1,000 shares of the Company on the date of each annual meeting of shareholders beginning with the 2000 Annual Meeting (the "Subsequent Options"). The Initial Options and the Subsequent Options are hereinafter collectively referred to as the "Options." However, options may not be granted at any time when the grant, along with grants to other Independent Directors, would exceed 10% of the issued and outstanding Shares. The option price for the Initial Options will be $12.00 per share. The option price for the Subsequent Options shall be the greater of (1) $12.00 per share or (2) the fair market value of the Shares as defined in Section 3.5 of the Plan.
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> One-fifth of the Initial Options are exercisable beginning on the date of their grant and an additional one-fifth of the Initial Options will become exercisable on each anniversary of the date of their grant for a period of four years until 100% of the shares become exercisable. The

Subsequent Options granted under the Plan will become exercisable on the second anniversary of the date of their grant.

A total of 100,000 shares have been authorized and reserved for issuance under the Plan. If the number of outstanding shares is increased, decreased or changed into, or exchanged for, a different number or kind of shares or securities of the Company through a reorganization or merger in which the Company is the surviving entity, or through a combination, recapitalization, reclassification, stock split, stock dividend, stock consolidation or otherwise, an appropriate adjustment will be made in the number and kind of shares that may be issued pursuant to the Options. A corresponding adjustment to the exercise price of the Options granted prior to any change will also be made. Any such adjustment, however, will be made without change in the total payment, if any, applicable to the portion of the Options not exercised but with a corresponding adjustment in the exercise price for each share.

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

No Option may be sold, pledged, assigned or transferred by an Independent Director in any manner otherwise than by will or the laws of descent or distribution.

Upon the dissolution or liquidation of the Company or upon the reorganization, merger or consolidation with one or more corporations as a result of which the Company is not the surviving corporation or upon sale of all or substantially all of the properties, the Plan will terminate, and any outstanding Options will terminate and be forfeited. Notwithstanding the foregoing, the Board of Directors may provide in writing in connection with, or in contemplation of, any such transaction for any or all of the following alternatives: (1) for the assumption by the successor corporation of the Options granted or the substitution by such corporation for such Options of options covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and exercise prices; (2) for the continuance of the Plan by such successor corporation in which event the Plan and the Options will continue in the manner and under the terms so provided; or (3) for the payment in cash or shares of common stock in lieu of and in complete satisfaction of such Options.

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

The information contained on page 46 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Prospectus is revised as of the date of this Supplement by the deletion of the first paragraph of that section and the insertion of the following paragraph in lieu thereof:

The Company commenced operations on June 5, 1998, upon the acceptance of subscriptions for the minimum offering of $1,250,000 (125,000 Shares). As of April 5, 1999, the Company had raised a total of $57,235,152 in offering proceeds (5,723,515 Shares), and had paid $2,003,230 in acquisition and advisory fees and acquisition expenses and $7,154,394 in selling commissions and organizational and offering expenses. As of April

5, 1999, the Company had invested $43,472,358 in properties and was holding net offering proceeds of $4,605,170 available for investment in additional properties.

The following shall be added to the "Management's Discussion and Analysis of Financial Condition and Result of Operations" section of the Prospectus:

YEAR 2000 ISSUES

The Company is presently reviewing the potential impact of Year 2000 compliance issues on its information systems and business operations. A full assessment of Year 2000 compliance issues was begun in late 1997 and was completed on March 31, 1999. Renovations and replacements of equipment have been and are being made as warranted. The costs incurred by the Company and its Affiliates thus far for renovations and replacements have been immaterial. Some testing of systems has begun and all testing is expected to be complete by June 30, 1999.

As to the status of the Company's information technology systems, it is presently believed that all major systems and software packages with the exception of the accounting and property management package are Year 2000 compliant. The Company's affiliated entities are purchasing the upgrade for the accounting and property management package system; however, it is not slated to be installed until second quarter 1999. At the present time, it is believed that all major non-information technology systems are Year 2000 compliant. The cost to upgrade any non-compliant systems is believed to be immaterial.

The Company is in the process of confirming with the Company's vendors, including third-party service providers such as banks, that their systems will be Year 2000 compliant. Based on the information received thus far, the primary third-party service providers with which the Company has relationships have confirmed their Year 2000 readiness.

The Company relies on computers and operating systems provided by equipment manufacturers, and also on application software designed for use with its accounting, property management and investment portfolio tracking. The Company has preliminarily determined that any costs, problems or uncertainties associated with the potential consequences of Year 2000 issues are not expected to have a material impact on the future operations or financial condition of the Company. The Company will perform due diligence as to the Year 2000 readiness of each property owned by the Company and each property contemplated for purchase by the Company.

The Company's reliance on embedded computer systems (i.e., microcontrollers) is limited to facilities related matters, such as office security systems and environmental control systems.

The Company is currently formulating contingency plans to cover any areas of concern. Alternate means of operating the business are being developed in the unlikely circumstance that the computer and phone systems are rendered inoperable. An off-site facility from which the Company could operate is being sought as well as alternate means of communication with key third-party vendors. A written plan is being developed for testing and dispensation to each staff member of the Advisor of the Company.

Management believes that the Company's risk of Year 2000 problems is minimal. In the unlikely event there is a problem, the worst case scenarios would include the risks that the elevator or security systems within the Company's properties would fail or the key third-party vendors upon which the Company relies would be unable to provide accurate investor information. In the event that the elevator shuts down, the Company has devised a plan for each building whereby the tenants will use the stairs until the elevators are fixed. In the event that the security system shuts down, the Company has devised a plan for each building to hire temporary

on-site security guards. In the event that a third-party vendor has Year 2000 problems relating to investor information, the Company intends to perform a full system back-up of all investor information as of December 31, 1999 so that the Company will have accurate hard-copy investor information.

The information contained on page 77 in the "Plan of Distribution" section of the Prospectus is revised as of the date of this Supplement by the addition of the following paragraph after the second full paragraph on that page:

Investors who wish to elect the Deferred Commission Option should make the election on their Subscription Agreement Signature Page, the revised form of which is included as Exhibit "B" to this Supplement. Election of the Deferred Commission Option shall authorize the Company to withhold dividends or other cash distributions otherwise payable to such investor for the purpose of paying commissions due under the Deferred Commission Option. Such dividends or cash distributions otherwise payable to investors may be pledged by the Company, the Dealer Manager, the Advisor or their Affiliates to secure one or more loans, the proceeds of which would be used to satisfy sales commission obligations.

FINANCIAL STATEMENTS AND PRIOR PERFORMANCE TABLES

The financial statements of the Company as of December 31, 1998 and 1997, and for each of the years in the two year period ended December 31, 1998, included in this Supplement in Appendix I have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this Supplement in reliance upon the authority of said firm as experts in giving said report.

The statement of revenues over certain operating expenses of the Vanguard Cellular Building for the period from Inception (November 16, 1998) to December 31, 1998, included in this Supplement in Appendix I, has been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and is included herein upon the authority of said firm as experts in giving said report. The pro forma financial information for Wells Real Estate Investment Trust, Inc. as of December 31, 1998 and for the year ended December 31, 1998, which are included in Appendix I to this Supplement, have not been audited.

Prior Performance Tables dated as of December 31, 1998 are included as Exhibit "A" to this Supplement.

APPENDIX I

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying consolidated balance sheets of WELLS REAL ESTATE INVESTMENT TRUST, INC. (a Maryland corporation) AND SUBSIDIARY as of December 31, 1998 and 1997 and the related consolidated statements of income, shareholders' equity, and cash flows for the year ended December 31, 1998. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. and subsidiary as of December 31, 1998 and 1997 and the results of their operations and their cash flows for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 27, 1999

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

ASSETS

	1998	1997
REAL ESTATE ASSETS, AT COST:		
Land	$ 1,520,834	$ 0
Building	20,076,845	0
Total real estate assets	21,597,679	0
INVESTMENT IN JOINT VENTURES	11,568,677	0
CASH AND CASH EQUIVALENTS	7,979,403	201,000
DEFERRED OFFERING COSTS	548,729	289,073
DEFERRED PROJECT COSTS	335,421	0
DUE FROM AFFILIATES	262,345	0
PREPAID EXPENSES AND OTHER ASSETS	540,319	0
Total assets	$42,832,573	$ 490,073

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:		
Accounts payable and accrued expenses	$ 187,827	$ 0
Note payable	14,059,930	0
Shareholder distributions payable	408,176	0
Due to affiliate	554,953	289,073
Total liabilities	15,210,886	289,073
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 16,500,000 shares authorized, 3,154,136 and 100 shares issued and outstanding, respectively	31,541	1
Additional paid-in capital	27,056,112	999
Retained earnings	334,034	0
Total shareholders' equity	27,421,687	1,000
Total liabilities and shareholders' equity	$42,832,573	$ 490,073

The accompanying notes are an integral part of these consolidated balance

sheets.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1998

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

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1998

	COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	CAPITAL	EARNINGS	EQUITY
BALANCE, DECEMBER 31, 1997	100	$ 1	$ 999	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	31,540,360
Net income	0	0	0	334,034	334,034
Distributions	0	0	(511,163)	0	(511,163)

Sales commissions	0	0	(2,996,334)	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	(946,210)
BALANCE, DECEMBER 31, 1998	$3,154,136	$31,541	$27,056,112	$334,034	$27,421,687

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 334,034
Adjustments to reconcile net income to net cash used in operating activities:	
Equity in income of joint ventures	(263,315)
Changes in assets and liabilities:	
Prepaid expenses and other assets	(540,319)
Accounts payable and accrued expenses	187,827
Due to affiliates	6,224
Total adjustments	(609,583)
Net cash used in operating activities	(275,549)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment in real estate	(21,299,071)
Investment in joint ventures	(11,276,007)
Deferred project costs paid	(1,103,913)
Distributions received from joint ventures	178,184
Net cash used in investing activities	(33,500,807)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable	14,059,930
Distributions	(102,987)
Issuance of common stock	31,540,360
Sales commission paid	(2,996,334)
Offering costs paid	(946,210)
Net cash provided by financing activities	41,554,759
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,778,403
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	201,000
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:	
Deferred project costs applied to real estate assets	$ 298,608
Deferred project costs contributed to joint ventures	$ 469,884

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Company owns interests in several properties through a joint venture among the Operating Partnership, Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), Wells Real Estate Fund X, L.P. ("Wells Fund X"), and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). This joint venture is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("Fund IX, X, XI, and REIT Joint Venture"). In addition, the Company owns two properties through joint ventures between the Operating Partnership and a joint venture between Wells Fund X and Wells Fund XI, referred to as "Fund X and XI Associates." In addition, the Operating Partnership directly owns an office building in Tampa, Florida.

Through its investment in the Fund IX, X, XI, and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Knoxville, Tennessee (the "ABB Building"), (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story warehouse facility in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Lucent Technologies Building").

The following properties are owned by the Operating Partnership through investments in joint ventures with Fund X and XI Associates: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild

Building") owned by Wells/Fremont Associates.

USE OF ESTIMATES AND FACTORS AFFECTING THE COMPANY

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

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

REAL ESTATE ASSETS

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

Management continually monitors events and changes in circumstances which could indicate that carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present which indicate that the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets by determining whether the carrying value of such real estate assets will be recovered through the future cash flows expected from the use of the asset and its eventual disposition. Management has determined that there has been no impairment in the carrying value of real estate assets held by the Company or the joint ventures as of December 31, 1998.

Depreciation of building and improvements is calculated using the straight-line method over 25 years. Tenant improvements are amortized over the life of the related lease or the life of the asset, whichever is shorter.

INVESTMENT IN JOINT VENTURES

The Operating Partnership does not have control over the operations of the joint ventures; however, it does exercise significant influence. Accordingly, the Operating Partnership's investment in the joint ventures is recorded using the equity method of accounting.

REVENUE RECOGNITION

All leases on real estate assets held by the Company or the joint ventures are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

DEFERRED LEASE ACQUISITION COSTS

Costs incurred to procure operating leases are capitalized and amortized on a straight-line basis over the terms of the related leases.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term

investments. Short-term investments are stated at cost, which approximates fair value, and consist of investments in money market accounts.

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, as stipulated in the prospectus, can be up to 3.5% of shareholder contributions, subject to certain overall limitations contained in the prospectus. Aggregate fees paid through December 31, 1998 were $1,103,913 and amounted to 3.5% of shareholders' contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint ventures or real estate assets. Deferred project costs at December 31, 1998 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Organization and offering expenses, to the extent they exceed 3% of gross proceeds, will be paid by the Advisor and not by the Company. Organization and offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses.

As of December 31, 1998 and 1997, the Advisor had paid organization and offering expenses related to the Company of $946,211 and $0, respectively.

4. RELATED-PARTY TRANSACTIONS

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

Fund IX, X, XI, and REIT Joint Venture	$ 38,360
Wells/Orange County Associates	77,123
Wells/Fremont Associates	146,862
	$262,345

The Company entered into a property management agreement with Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor. In consideration for supervising the management and leasing of the Operating Partnership's properties, the Operating Partnership will pay Wells Management management and leasing fees equal to the lesser of (a) fees that would be paid to a comparable outside firm, or (b) 4.5% of the gross revenues generally paid over the life of the lease plus a separate competitive fee for the one-time initial lease-up of newly constructed properties generally paid in conjunction with the receipt of the first month's rent. In the case of commercial properties which are leased on a long-term (ten or more years) net lease basis, the maximum property management fee from such leases shall be 1% of the gross revenues generally paid over the life of the leases except for a one-time initial leasing fee of 3% of the gross revenues on each lease payable over the first five full years of the original lease term.

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management by the joint ventures was $5,673 for the year ended December 31, 1998.

The Advisor performs certain administrative services for the Operating Partnership, such as accounting and other partnership administration, and incurs the related expenses. Such expenses are allocated among the Operating Partnership and the various Wells Real Estate Funds based on time spent on each fund by individual administrative personnel. In the opinion of

management, such allocation is a reasonable basis for allocating such expenses.

The Advisor is a general partner in various Wells Real Estate Funds. As such, there may exist conflicts of interest where the Advisor, while serving in the capacity as general partner for Wells Real Estate Funds, may be in competition with the Operating Partnership for tenants in similar geographic markets.

5. INVESTMENT IN JOINT VENTURES

The Operating Partnership's investment and percentage ownership in joint ventures at December 31, 1998 is summarized as follows:

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

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

Investment in joint ventures, beginning of year	$ 0
Equity in income of joint ventures	263,315
Contributions to joint ventures	11,745,890
Distributions from joint venture	(440,528)
Investment in joint ventures, end of year	$11,568,677

FUND IX, X, XI, AND REIT JOINT VENTURE

On March 20, 1997, Wells Fund IX and Wells Fund X entered into a joint venture agreement. The joint venture, Fund IX and X Associates, was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Wells Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the ABB Building, to the Fund IX and X Associates joint venture. A 83,885-square-foot, three-story building was constructed and commenced operations at the end of 1997.

On February 13, 1998, the joint venture purchased a two-story office building, known as the Ohmeda Building, in Louisville, Colorado. On March 20, 1998, the joint venture purchased a three-story office building, known as the 360 Interlocken Building, in Broomfield, Colorado. On June 11, 1998, Fund IX and X Associates was amended and restated to admit Wells Fund XI and the Operating Partnership. The joint venture was renamed the Fund IX, X, XI, and REIT Joint Venture. On June 24, 1998, the new joint venture purchased a one-story office building, known as the Lucent Technologies Building, in Oklahoma City, Oklahoma. On April 1, 1998, Wells Fund X purchased a one-story warehouse facility, known as the Iomega Building, in Ogden, Utah. On July 1, 1998, Wells Fund X contributed the Iomega Building to the Fund IX, X, XI, and REIT Joint Venture.

Following are the financial statements for the Fund IX, X, XI, and REIT Joint Venture:

THE FUND IX, X, XI, AND REIT JOINT VENTURE
(A GEORGIA JOINT VENTURE)
BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

Assets

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

Liabilities and Partners' Capital

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

THE FUND IX, X, XI, AND REIT JOINT VENTURE
(A GEORGIA JOINT VENTURE)
STATEMENTS OF INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 1998 AND
FOR THE PERIOD FROM INCEPTION (MARCH 20, 1997) TO DECEMBER 31, 1997

	1998	1997
Revenues:		
Rental income	$2,945,980	$ 28,512
Interest income	20,438	0
	2,966,418	28,512

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

THE FUND IX, X, XI, AND REIT JOINT VENTURE
(A GEORGIA JOINT VENTURE)
STATEMENTS OF PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1998 AND
FOR THE PERIOD FROM INCEPTION (MARCH 20, 1997) TO DECEMBER 31, 1997

	WELLS REAL ESTATE FUND IX	WELLS REAL ESTATE FUND X	WELLS REAL ESTATE FUND XI	WELLS OPERATING PARTNERSHIP, L.P.	TOTAL PARTNERS' CAPITAL
Balance, December 31, 1996	$ 0	$ 0	$ 0	$ 0	$ 0
Net loss	(10,145)	(10,035)	0	0	(20,180)
Partnership contributions	3,712,938	3,672,838	0	0	7,385,776
Balance, December 31, 1997	3,702,793	3,662,803	0	0	7,365,596
Net income	692,116	787,481	85,352	48,867	1,613,816
Partnership contributions	11,771,312	15,613,477	2,586,262	1,480,741	31,451,792
Partnership distributions	(1,206,121)	(1,356,622)	(150,611)	(86,230)	(2,799,584)
Balance, December 31, 1998	$ 14,960,100	$18,707,139	$2,521,003	$ 1,443,378	$37,631,620

THE FUND IX, X, XI, AND REIT JOINT VENTURE
(A GEORGIA JOINT VENTURE)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998 AND
FOR THE PERIOD FROM INCEPTION (MARCH 20, 1997) TO DECEMBER 31, 1997

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

Depreciation	1,216,293	36,863
Changes in assets and liabilities:		
Accounts receivable	(92,745)	(40,512)
Prepaid expenses and other assets	(111,818)	(329,310)
Accounts payable	29,967	379,770
Due to affiliates	1,927	2,479
Total adjustments	1,043,624	49,290
Net cash provided by operating activities	2,657,440	29,110
Cash flows from investing activities:		
Investment in real estate	(24,788,070)	(5,715,847)
Cash flows from financing activities:		
Distributions to joint venture partners	(1,799,457)	0
Contributions received from partners	24,970,373	5,975,908
Net cash provided by financing activities	23,170,916	5,975,908
Net increase in cash and cash equivalents	1,040,286	289,171
Cash and cash equivalents, beginning of period	289,171	0
Cash and cash equivalents, end of year	$ 1,329,457	$ 289,171
Supplemental disclosure of noncash activities:		
Deferred project costs contributed	$ 1,470,780	$ 318,981
Contribution of real estate assets	$ 5,010,639	$ 1,090,887

WELLS/ORANGE COUNTY ASSOCIATES

On July 27, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Orange County Associates. On July 31, 1998, Wells/Orange County Associates acquired a 52,000-square-foot warehouse and office building located in Fountain Valley, California, known as the Cort Furniture Building.

On September 1, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Orange County Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Cort Furniture Building.

Following are the financial statements for Wells/Orange County Associates:

WELLS/ORANGE COUNTY ASSOCIATES
(A GEORGIA JOINT VENTURE)
BALANCE SHEET
DECEMBER 31, 1998

Assets

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

Liabilities and Partners' Capital

Liabilities:	
Accounts payable	$ 1,550
Partnership distributions payable	176,614
Total liabilities	178,164

Partners' capital:	
Wells Operating Partnership, L.P.	2,958,617
Fund X and XI Associates	3,816,766
Total partners' capital	6,775,383
Total liabilities and partners' capital	$6,953,547

WELLS/ORANGE COUNTY ASSOCIATES
(A GEORGIA JOINT VENTURE)
STATEMENT OF INCOME
FOR THE PERIOD FROM INCEPTION (JULY 27, 1998)
TO DECEMBER 31, 1998

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

WELLS/ORANGE COUNTY ASSOCIATES
(A GEORGIA JOINT VENTURE)
STATEMENT OF PARTNERS' CAPITAL
FOR THE PERIOD FROM INCEPTION (JULY 27, 1998)
TO DECEMBER 31, 1998

	WELLS OPERATING PARTNERSHIP, L.P.	FUND X AND XI ASSOCIATES	TOTAL PARTNERS' CAPITAL
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	91,978	99,436	191,414
Partnership contributions	2,991,074	3,863,272	6,854,346
Partnership distributions	(124,435)	(145,942)	(270,377)
Balance, December 31, 1998	$2,958,617	$3,816,766	$6,775,383

WELLS/ORANGE COUNTY ASSOCIATES
(A GEORGIA JOINT VENTURE)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (JULY 27, 1998)

Cash flows from operating activities:	
Net income	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	92,087
Changes in assets and liabilities:	
Accounts receivable	(13,123)
Accounts payable	1,550
Total adjustments	80,514
Net cash provided by operating activities	271,928
Cash flows from investing activities:	
Investment in real estate (6,563,700) Cash flows from financing activities:	
Issuance of note payable	4,875,000
Payment of note payable	(4,875,000)
Distributions to partners	(93,763)
Contributions received from partners	6,566,430
Net cash provided by financing activities	6,472,667
Net increase in cash and cash equivalents	180,895
Cash and cash equivalents, beginning of period	0
Cash and cash equivalents, end of year	$ 180,895
Supplemental disclosure of noncash investing activities:	
Deferred project costs contributed	$ 287,916

WELLS/FREMONT ASSOCIATES

On July 15, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Fremont Associates. On July 21, 1998, Wells/Fremont Associates acquired a 58,424-square-foot warehouse and office building located in Fremont, California, known as the Fairchild Building.

On October 8, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Fremont Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Fairchild Building.

Following are the financial statements for Wells/Fremont Associates:

WELLS/FREMONT ASSOCIATES
(A GEORGIA JOINT VENTURE)
BALANCE SHEET
DECEMBER 31, 1998

Assets

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

Liabilities and Partners' Capital

Liabilities:

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

WELLS/FREMONT ASSOCIATES
(A GEORGIA JOINT VENTURE)
STATEMENT OF INCOME
FOR THE PERIOD FROM INCEPTION (JULY 15, 1998)
TO DECEMBER 31, 1998

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

WELLS/FREMONT ASSOCIATES
(A GEORGIA JOINT VENTURE)
STATEMENT OF PARTNERS' CAPITAL
FOR THE PERIOD FROM INCEPTION (JULY 15, 1998)
TO DECEMBER 31, 1998

	WELLS OPERATING PARTNERSHIP, L.P	FUND X AND XI ASSOCIATES	TOTAL PARTNERS, CAPITAL
Balance,December 31, 1997	$ 0	$ 0	$ 0
Net income	122,470	39,449	161,919
Partner contributions	7,274,075	2,083,334	9,357,409
Partnership distributions	(229,863)	(42,628)	(272,491)
Balance, December 31, 1998	$7,166,682	$2,080,155	$9,246,837

WELLS/FREMONT ASSOCIATES
(A GEORGIA JOINT VENTURE)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (JULY 15, 1998)
TO DECEMBER 31, 1998

Cash flows from operating activities:	
Net income	$ 161,919
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	142,720
Changes in assets and liabilities:	
Accounts receivable	(34,742)
Accounts payable	3,565
Due to affiliate	2,052
Total adjustments	113,595
Net cash provided by operating activities	275,514
Cash flows from investing activities:	
Investment in real estate	(8,983,111)
Cash flows from financing activities:	
Issuance of note payable	5,960,000
Payment of note payable	(5,960,000)
Distributions to partners	(83,001)
Contributions received from partners	8,983,110
Net cash provided by financing activities	8,900,109
Net increase in cash and cash equivalents	192,512
Cash and cash equivalents, beginning of period	0
Cash and cash equivalents, end of year	$ 192,512
Supplemental disclosure of noncash investing activities:	
Deferred project costs contributed	$ 374,299

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

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

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

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

Financial statement partners' capital Increase	$27,421,687
(decrease) in partners' capital resulting from:	
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	82,618

Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	3,942,545
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(35,427)
Accumulated expenses capitalized for income tax purposes, deducted for financial reporting purposes	1,634
Operating Partnership's distributions payable	408,176
Income tax basis partners' capital	$31,821,233

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 1998 is as follows:

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

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

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

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

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

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

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

	==========

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

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

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

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

8. COMMITMENTS AND CONTINGENCIES

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Company, the Operating Partnership, or the Advisor. In the normal course of business, the Company, the Operating Partnership, or the Advisor may become subject to such litigation or claims.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the VANGUARD CELLULAR BUILDING for the period from inception (November 16, 1998) to December 31, 1998. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Vanguard Cellular Building after acquisition by Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Vanguard Cellular Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses

presents fairly, in all material respects, the revenues over certain operating expenses of the Vanguard Cellular Building for the period from inception (November 16, 1998) to December 31, 1998 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
February 26, 1999

VANGUARD CELLULAR BUILDING

STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE PERIOD FROM INCEPTION

(NOVEMBER 16, 1998) TO DECEMBER 31, 1998

RENTAL REVENUES	$171,855
OPERATING EXPENSES, NET OF REIMBURSEMENTS	0
REVENUES OVER CERTAIN OPERATING EXPENSES	$171,855

The accompanying notes are an integral part of this statement.

VANGUARD CELLULAR BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE PERIOD FROM INCEPTION

(NOVEMBER 16, 1998) TO DECEMBER 31, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF REAL ESTATE PROPERTY ACQUIRED

On February 4, 1999, Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership, formed to acquire and hold real estate properties on behalf of Wells Real Estate Investment Trust, Inc. (the "Registrant"), acquired a four-story office building (the "Vanguard Cellular Building") containing approximately 81,859 rentable square feet,

for the price of $12,291,200 plus acquisition expenses, including legal fees, of approximately $240,900. Wells OP paid $6,382,100 in cash and obtained a loan in the amount of $6,450,000 from NationsBank, N. A. (the "NationsBank Loan"). As of February 4, 1999, $6,150,000 was outstanding on the NationsBank Loan. The NationsBank Loan gives Wells OP the option of extending the term of the loan after the initial six months. The interest rate for the initial six months of the NationsBank Loan is fixed at 7%. On August 1, 1999, Wells OP may extend the NationsBank Loan at a rate of LIBOR plus 200 basis points for up to 29 additional months. During the term of the extension, Wells OP is required to make quarterly principal installments in an amount equal to one-ninth of the outstanding principal balance as of October 1, 1999. The NationsBank Loan is secured by a first mortgage against the Vanguard Cellular Building. Legal fees, loan origination costs, and appraisal fees incurred from obtaining the NationsBank Loan totaled approximately $29,000.

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

RENTAL REVENUES

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as interest, depreciation, and management fees, not comparable to the operations of the Vanguard Cellular Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(UNAUDITED PRO FORMA FINANCIAL STATEMENTS)

The following unaudited pro forma balance sheet as of December 31, 1998 and the pro forma statement of income for the year ended December 31, 1998 have been prepared to give effect to Wells Real Estate Investment Trust, Inc.'s acquisition (through Wells Operating Partnership, L.P.) of the Vanguard Cellular Building as if it had occurred as of December 31, 1998 with respect to the balance sheet and on November 16, 1998 (lease inception date) with respect to the income statement. Wells Operating Partnership, L.P. is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells Operating Partnership, L.P.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual

results that would have been achieved had the acquisition been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

DECEMBER 31, 1998

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	TOTAL
ASSETS:			
Cash	$ 7,979,403	$(6,382,100)(a)	$ 1,597,329
Due to affiliate	262,345	0	262,345
Investment in JV	11,568,677	0	11,568,677
Prepaid and other assets	504,807	0	504,807
Deferred project costs	335,420	(265,896)(b)	69,498
Deferred offering costs	548,729	0	548,729
Loan origination costs, net	0	29,205	29,205
Tenant receivable	35,512	0	35,512
Land	1,520,834	689,584(a)(b)	2,210,418
Building, net	20,076,846	12,079,207(a)(b)	32,156,053
Total assets	$42,832,573	$ 6,150,000	$48,982,573
LIABILITIES:			
Notes payable	$14,059,930	$(6,150,000(a)	$20,209,930
Due to affiliates	554,953	0	554,953
Partnership distribution payable	408,176	0	408,176
Accounts payable	84,941	0	84,941
Commission payable	102,886	0	102,886
Minority interest	200,000	0	200,000
Total liabilities	15,410,886	6,150,000	21,560,886
SHAREHOLDERS' EQUITY:			
Common stock	31,541	0	31,541
Additional paid-in capital	27,056,112	0	27,056,112
Retained earnings	334,034	0	334,034
Total shareholders' equity	27,421,687	0	27,421,687
Total liabilities and shareholders' equity	$42,832,573	$ 6,150,000	$48,982,573

(a) Reflects Wells Real Estate Investment Trust Inc.'s purchase price related to the Vanguard Cellular Building.

(b) Reflects the deferred project costs allocated to the Vanguard Cellular Building.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA INCOME STATEMENT

FOR THE YEAR ENDED

DECEMBER 31, 1998

(UNAUDITED)

	WELLS REAL ESTATE INVESTMENT TRUST, INC.	PRO FORMA ADJUSTMENTS	TOTAL
REVENUE:			
Rental income	$ 20,994	$171,855(a)	$192,849
Equity in earnings of investment in joint ventures	263,315	0	263,315
Interest income	110,869	0	110,869
Total revenue	395,178	171,855	567,033
EXPENSES:			
Legal and accounting	19,552	0	19,552
Management and leasing fees	0	1,167	1,167
Partnership administration	17,861	0	17,861
Computer costs	616	0	616
Other operating	23,114	0	23,114
Total operating expenses	61,143	1,167	62,310
NET OPERATING INCOME	334,035	170,688	504,723
DEPRECIATION EXPENSE	0	60,896(b)	60,896
AMORTIZATION EXPENSE	0	1,217	1,217
INTEREST EXPENSE	0	54,255(c)	54,255
Net income	$334,035	$ 54,320	$388,355

(a) Rental income recognized on a straight-line basis.

(b) Depreciation expense on the Vanguard Cellular Building based on the straight-line method and a 25 year life.

(c) Interest expense on the $6,150,000 note payable which bears interest at 7%.

EXHIBIT "A"

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (the "Tables") provide information relating to real estate investment programs sponsored by the Advisor and its Affiliates ("Wells Prior Public Programs") which have investment objectives substantially similar to the Company. The Company's investment objectives are to maximize Net Cash From Operations; to preserve original Capital Contributions; and to realize capital appreciation over a period of time. (See "Investment Objectives and Criteria.") All of the Wells Prior Public Programs, except for the Company, have used a substantial amount of capital, and no acquisition indebtedness, to acquire their properties.

Prospective investors should read these Tables carefully together with the summary information concerning the Wells Prior Public Programs as set forth in the "Prior Performance Summary" section of this Prospectus.

Investors in the Company will not own any interest in the other Wells Prior Public Programs and should not assume that they will experience returns, if any, comparable to those experienced by investors in the Wells Prior Public Programs.

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

The following tables are included in this Supplement to the Prospectus:

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

TABLE II - Compensation to Sponsor (in Dollars)

TABLE III - Annual Operating Results of Wells Prior Public Programs

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

Additional information relating to the acquisition of properties by the Wells Prior Public Programs is contained in TABLE VI, which is included in Part II of the registration statement which the Company has filed with the Securities and Exchange Commission. As described above, no Wells Prior Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

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

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

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

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

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the general partners and their affiliates in Wells Prior Public Programs for which offerings have been completed since December 31, 1995. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties. All figures are as of December 31, 1998.

	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.
Dollar Amount Raised	$32,042,689/(3)/	$35,000,000/(4)/	$27,128,912/(5)/	$16,532,802/(6)/
Percentage Amount Raised	100.0%/(3)/	100.0%/(4)/	100%/(5)/	100%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0%	9.5%
Organizational Expenses	5.0%	5.0%	5.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	85.0%	85.0%	87.5%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	.1%	2.0%	2.4%	0.0%
Cash Down Payment	80.0%	66.4%	42.1%	29.5%
Acquisition Fees/(2)/	4.5%	4.5%	4.5%	3.5%
Development and Construction Costs	.4%	10.1%	12.0%	0.0%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	85.0%	83.0%	61.0%	33.0%

Percent Leveraged	0.0%	0.0%	0.0%	0.0%
Date Offering Began	01/06/95	01/05/96	12/31/96	12/31/97
Length of Offering	12 mo.	12 mo.	12 mo.	12mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	17 mo.	14 mo.	19 mo.	/(7)/
Number of Investors as of 12/31/98	2,247	2,118	1,812	1,345

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(1) Does not include General Partner contributions held as part of reserves.
(2) Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to affiliates of the General Partners.
(3) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund VIII, L.P. closed its offering on January 4, 1996, and the total dollar amount raised was $32,042,689.
(4) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996, and the total dollar amount raised was $35,000,000.
(5) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.
(6) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was $16,532,802.

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

TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by general partners or their affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Prior Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1995. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1998.

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

Dollar Amount of Property Sales and Refinancing					
Payments to Sponsors:					
Cash	--	--	--	--	--
Notes	--	--	--	--	--
Amount Paid to Sponsor from Property Sales and Refinancing:					
Real Estate Commissions	--	--	--	--	--
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

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(1) Includes compensation paid to General Partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P. and Wells Real Estate Fund VII, L.P. during the past three years. In addition to the amounts shown, affiliates of the General Partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. At December 31, 1998, the amount of such fees due the General Partners totaled $2,283,808.

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

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

(4) Includes $567,231 in net cash provided by operating activities, $4,769,678 in distributions to limited partners and $561,547 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; $732,687 in net cash provided by operating activities, $3,409,953 in distributions to limited partners and $329,779 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $500,687 in net cash provided by operating activities, $1,407,043 in distributions to limited partners and $192,271 in payments to sponsor for Wells Real Estate Fund X, L.P.; $50,858 in net cash used by operating activities, $99,874 in distributions to limited partners and $38,449 in payments to sponsor for Wells Restate Fund XI, L.P.; and $2,917,222 in net cash provided by operating activities, $24,700,228 in distributions to limited partners and $3,538,903 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six tables set forth operating results of Wells Prior Public Programs the offerings of which have been completed since December 31, 1993. The information relates only to public programs with investment objectives similar to those of the partnership. All figures are as of December 31 of the year indicated.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	$ 939,519	$ 884,802	$ 675,782	$ 1,002,567	$ 819,535
Profit on Sale of Properties	--	--	--	--	--

Less: Operating Expenses/(2)/	82,168	82,898	80,479	94,489	112,389
Depreciation and Amortization/(3)/	1,563	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 855,788	$ 795,654	$ 589,053	$ 901,828	700,896
Taxable Income: Operations	$1,206,968	$1,091,770	$ 809,389	$ 916,531	667,682
Cash Generated (Used By):					
Operations	(70,649)	(57,206)	(2,716)	278,728	276,376
Joint Ventures	1,829,428	1,500,023	1,044,891	766,212	203,543
	$1,758,779	$1,442,817	$1,042,175	$ 1,044,940	$ 479,919
Less Cash Distributions to Investors:					
Operating Cash Flow	1,745,626	1,442,817	1,042,175	1,044,940	245,800
Return of Capital		9,986	125,314	--	--
Undistributed Cash Flow from Prior Year Operations	13,153	--	$ 18,027	216,092	--
Cash Generated (Deficiency) after Cash Distributions	$ 13,153	$ (9,986)	(143,341)	$ (216,092)	$ 234,119
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	12,163,461
	$ 13,153	$ (9,986)	$ (143,341)	$ (216,092)	$12,397,580
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	1,776,909
Return of Original Limited Partner's Investment	--	--	--	--	--
Property Acquisitions and Deferred Project Costs	135,602	310,759	234,924	10,721,376	5,912,454
Cash Generated (Deficiency) after Cash Distributions and	$ (122,449)	$ (320,745)	$ (378,265)	$ (10,937,468)	$ 4,708,217
Special Items					
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	81	78	59	57	43
- Operations Class B Units	(280)	(247)	(160)	(60)	(12)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	80	75	56	56	41
- Operations Class B Units	(171)	(150)	(99)	(51)	(22)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	80	67	56	57	14
- Return of Capital Class A Units	--	--	--	4	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	80	67	50	61	14
- Return of Capital Class A Units	0	0	6	--	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

- ----------

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

(2) Includes partnership administrative expenses.

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

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

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	$ 846,306	$ 816,237	$ 543,291	$ 925,246	$ 286,371
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,722	76,838	84,265	114,953	78,420
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	4,688
Net Income GAAP Basis/(4)/	$ 754,334	$ 733,149	$ 452,776	$ 804,043	$ 203,263
Taxable Income: Operations	$1,109,096	$1,008,368	$ 657,443	$ 812,402	$ 195,067
Cash Generated (Used By):					
Operations	(72,194)	(43,250)	20,883	431,728	47,595
Joint Ventures	1,770,742	1,420,126	760,628	424,304	14,243
	$1,698,548	$1,376,876	$ 781,511	$ 856,032	$ 61,838
Less Cash Distributions to Investors:					
Operating Cash Flow	1,636,158	1,376,876	781,511	856,032	52,195
Return of Capital	--	2,709	10,805	22,064	--
Undistributed Cash Flow from Prior Year Operations	--	--	--	9,643	--
Cash Generated (Deficiency) after Cash Distributions	$ 62,390	$ (2,709)	$ (10,805)	$ (31,707)	$ 9,643
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	$ --	$ --	$ --	$ 805,212	$23,374,961
	$ 62,390	$ (2,709)	$ (10,805)	$ 773,505	$23,384,604
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	$ 244,207	$ 3,351,569
Return of Original Limited Partner's Investment	--	--	--	100	--
Property Acquisitions and Deferred Project Costs	181,070	169,172	736,960	14,971,002	4,477,765
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (118,680)	$ (171,881)	$(747,765)	$(14,441,804)	$15,555,270
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	85	86	62	57	29
- Operations Class B Units	(224)	(168)	(98)	(20)	(9)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	82	78	55	55	28
- Operations Class B Units	(134)	(111)	(58)	(16)	17
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	81	70	43	52	7
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	81	70	42	51	7
- Return of Capital Class A Units	--	--	1	1	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	62	54	29	30	4
- Return of Capital Class A Units	19	16	14	22	3
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

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(1) Includes $78,799 in equity in earnings of joint ventures and $207,572 from investment of reserve funds in 1994, $403,325 in equity in earnings of joint ventures and $521,921 from investment of reserve funds in 1995, $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996, $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997, and $839,037 in equity in earnings of joint ventures and $7,269 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 96% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,468 for 1994, $140,533 for 1995, $605,247 for 1996, $877,869 for 1997, and $955,245 for 1998.

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

B Limited Partners and $(280) to the General Partners for 1995; $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996; $1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997; and $1,704,213 to Class A Limited Partners, $(949,879) to Class B Limited Partners and $0 to the General Partners for 1998.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $1,364,217.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	1,362,513	$ 1,204,018	$ 1,057,694	$ 402,428	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	87,092	95,201	114,854	122,264	
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	
Net Income GAAP Basis/(4)/	1,269,171	$ 1,102,567	$ 936,590	273,914	
Taxable Income: Operations	1,683,192	$ 1,213,524	$ 1,001,974	404,348	
Cash Generated (Used By):					
Operations	(63,946)	7,909	623,268	204,790	
Joint Ventures	2,293,504	1,229,282	279,984	20,287	
	$ 2,229,558	$ 1,237,191	$ 903,252	225,077	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,218,400	1,237,191	903,252	--	
Return of Capital	--	183,315	2,443	--	
Undistributed Cash Flow from Prior Year	--	--	225,077	--	
Operations Cash Generated (Deficiency) after Cash Distributions	$ 11,158	$ (183,315)	$ (227,520)	225,077	
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions/(5)/	--	--	1,898,147	30,144,542	
	11,158	$ (183,315)	$ 1,670,627	30,369,619	
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	464,760	4,310,028	
Return of Limited Partner's Investment	--	8,600	--	--	
Property Acquisitions and Deferred Project Costs	1,850,859	10,675,811	7,931,566	6,618,273	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(1,839,701)	$(10,867,726)	$(6,725,699)	19,441,318	
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	91	73	46	28	
- Operations Class B Units	(212)	(150)	(47)	(3)	
Capital Gain (Loss)	--	--	--	--	
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	65	46	17	
- Operations Class B Units	(131)	(95)	(33)	(3)	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	54	43	--	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	83	47	43	--	
- Return of Capital Class A Units	--	7	0	--	
- Operations Class B Units	--	--	--	--	
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	67	42	33	--	
- Return of Capital Class A Units	16	12	10	--	

- Return of Capital Class B Units	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%			

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(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995, $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996, $1,034,907 in equity in earnings of joint ventures and $169,111 from investment of reserve funds in 1997, and $1,346,367 in equity in earnings of joint ventures and $16,146 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $14,058 for 1995, $265,259 for 1996, $841,666 for 1997, and $1,157,355 for 1998.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $294,221 to Class A Limited Partners, $(20,104) to Class B Limited Partners and $(203) to the General Partners for 1995; $1,207,540 to Class A Limited Partners, $(270,653) to Class B Limited Partners and $(297) to the General Partners for 1996; $1,947,536 to Class A Limited Partners, $(844,969) to Class B Limited Partners and $0 to the General Partners for 1997; and $2,431,246 to Class A Limited Partners, $(1,162,075) to Class B Limited Partners and $0 to the General Partners for 1998.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $989,966.

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

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	$ 1,561,456	$ 1,199,300	$ 406,891	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	105,251	101,284	101,885		
Depreciation and Amortization/(3)/	6,250	6,250	6,250		
Net Income GAAP Basis/(4)/	$ 1,449,955	$ 1,091,766	$ 298,756		
Taxable Income: Operations	$ 1,906,011	$ 1,083,824	$ 304,552		
Cash Generated (Used By):					
Operations	$ 80,147	$ 501,390	$ 151,150		
Joint Ventures	2,125,489	527,390	--		
	$ 2,205,636	$ 1,028,780	$ 151,150		
Less Cash Distributions to Investors:					
Operating Cash Flow	2,188,189	$ 1,028,780	149,425		
Return of Capital	--	$ 41,834	$ --		
Undistributed Cash Flow From Prior Year Operations	--	1,725	--		
Cash Generated (Deficiency) after Cash Distributions	$ 17,447	$ (43,559)	$ 1,725		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions	--	--	35,000,000		
	17,447	$ (43,559)	$35,001,725		

Use of Funds:			
Sales Commissions and Offering Expenses	--	323,039	4,900,321
Return of Original Limited Partner's Investment	--	100	--
Property Acquisitions and Deferred Project Costs	9,455,554	13,427,158	6,544,019
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(9,438,107)	$(13,793,856)	$23,557,385
Net Income and Distributions Data per $1,000 Invested:			
Net Income on GAAP Basis:			
Ordinary Income (Loss)			
- Operations Class A Units	88	53	28
- Operations Class B Units	(218)	(77)	(11)
Capital Gain (Loss)	--	--	--
Tax and Distributions Data per $1,000 Invested:			
Federal Income Tax Results:			
Ordinary Income (Loss)			
- Operations Class A Units	85	46	26
- Operations Class B Units	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--
Cash Distributions to Investors:			
Source (on GAAP Basis)			
- Investment Income Class A Units	73	36	13
- Return of Capital Class A Units	--	--	--
- Return of Capital Class B Units	--	--	--
Source (on Cash Basis)			
- Operations Class A Units	73	35	13
- Return of Capital Class A Units	--	1	--
- Operations Class B Units	--	--	--
Source (on a Priority Distribution Basis)/(5)/			
- Investment Income Class A Units	61	29	10
- Return of Capital Class A Units	12	7	3
- Return of Capital Class B Units	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%		

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(1) Includes $23,007 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996, and $593,914 in equity in earnings of joint ventures and $605,386 from investment of reserve funds in 1997, and $1,481,869 in equity in earnings of joint ventures and $79,587 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996, $469,126 for 1997, and $1,143,407 for 1998.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $330,270 to Class A Limited Partners, $(31,220) to Class B Limited Partners and $(294) to the General Partners for 1996; $1,564,778 to Class A Limited Partners, $(472,806) to Class B Limited Partners and $(206) to the General Partners for 1997; and $2,597,938 to Class A Limited Partners, $(1,147,983) to Class B Limited Partners and $0 to the General Partners for 1998.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $609,724.

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

	1998	1997	1996	1995	1994

Gross Revenues/(1)/	$ 1,204,597	$ 372,507	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	99,034	88,232			
Depreciation and Amortization/(3)/	55,234	6,250			
Net Income GAAP Basis/(4)/	$ 1,050,329	$ 278,025			
Taxable Income: Operations	$ 1,277,016	$ 382,543			
Cash Generated (Used By):					
Operations	300,019	$ 200,668			
Joint Ventures	886,846	--			
	1,186,865	$ 200,668			
Less Cash Distributions to Investors:					
Operating Cash Flow	1,186,865	--			
Return of Capital	19,510	--			
Undistributed Cash Flow From Prior Year Operations	200,668	--			
Cash Generated (Deficiency) after Cash Distributions	$ (220,178)	$ 200,668			
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--			
Increase in Limited Partner Contributions	--	27,128,912			
	$ (220,178)	$27,329,580			
Use of Funds:					
Sales Commissions and Offering Expenses	300,725	3,737,363			
Return of Original Limited Partner's Investment	--	100			
Property Acquisitions and Deferred Project Costs	17,613,067	5,188,485			
Cash Generated (Deficiency) after Cash Distributions and Special Items	$18,133,970	$18,403,632			
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	85	28			
- Operations Class B Units	(123)	(9)			
Capital Gain (Loss)	--	--			
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	78	35			
- Operations Class B Units	(64)	0			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	66	--			
- Return of Capital Class A Units	--	--			
- Return of Capital Class B Units	--	--			
Source (on Cash Basis)					
- Operations Class A Units	56	--			
- Return of Capital Class A Units	10	--			
- Operations Class B Units	--	--			
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	48	--			
- Return of Capital Class A Units	18	--			
- Return of Capital Class B Units	--	--			
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $(10,035) in equity in earnings of joint ventures and $382,542 from investment of reserve funds in 1997, and $869,555 in equity in earnings of joint ventures, $120,000 in rental income and $215,042 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $18,675 for 1997, and $674,986 for 1998.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $302,862 to Class A Limited Partners, $(24,675) to Class B Limited Partners and $(162) to the General Partners for 1997, and $1,779,191 to Class A Limited Partners, $(728,524) to Class B Limited Partners and $(338) to General Partners for 1998.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $388,585.

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

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

- Return of Capital Class A Units	--
- Return of Capital Class B Units	--
Source (on Cash Basis)	
- Operations Class A Units	7
- Return of Capital Class A Units	7
- Operations Class B Units	--
Source (on a Priority Distribution Basis)/(5)/	
- Investment Income Class A Units	11
- Return of Capital Class A Units	3
- Return of Capital Class B Units	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%

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(1) Includes $142,163 in equity in earnings of joint ventures and $120,566 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% including developed property in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $105,458 for 1998.
(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $254,862 to Class A Limited Partners, $(111,067) to Class B Limited Partners and $(500) to General Partners for 1998.
(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $24,621.

EXHIBIT "B"

SUBSCRIPTION AGREEMENT

To: WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Ladies and Gentlemen:

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

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

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

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

Prospective investors are hereby advised of the following:

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

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

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

SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY
CONDITIONS RESTRICTING TRANSFER OF SHARES

260.141.11 RESTRICTIONS ON TRANSFER.

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

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of the Rules), except:

(1) to the issuer;

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

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

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

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

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

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

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

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

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

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

(12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

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

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

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

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

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

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

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

[Last amended effective January 21, 1988.]

SPECIAL NOTICE FOR MAINE, MASSACHUSETTS, MINNESOTA, MISSOURI AND NEBRASKA RESIDENTS ONLY

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

STANDARD REGISTRATION REQUIREMENTS

The following requirements have been established for the various forms of registration. Accordingly, complete Subscription Agreements and such supporting material as may be necessary must be provided.

TYPE OF OWNERSHIP AND SIGNATURE(S) REQUIRED

1. INDIVIDUAL: One signature required.

2. JOINT TENANTS WITH RIGHT OF SURVIVORSHIP: All parties must sign.

3. TENANTS IN COMMON: All parties must sign.

4. COMMUNITY PROPERTY: Only one investor signature required.

5. PENSION OR PROFIT SHARING PLANS: The trustee signs the Signature Page.

6. TRUST: The trustee signs the Signature Page. Provide the name of the trust, the name of the trustee and the name of the beneficiary.

7. COMPANY: Identify whether the entity is a general or limited partnership. The general partners must be identified and their signatures obtained on the Signature Page. In the case of an investment by a general partnership, all partners must sign (unless a "managing partner" has been designated for the partnership, in which case he may sign on behalf of the partnership if a certified copy of the document granting him authority to invest on behalf of the partnership is submitted).

8. CORPORATION: The Subscription Agreement must be accompanied by (1) a certified copy of the resolution of the Board of Directors designating the officer(s) of the corporation authorized to sign on behalf of the corporation and (2) a certified copy of the Board's resolution authorizing the investment.

9. IRA AND IRA ROLLOVERS: Requires signature of authorized signer (e.g., an officer) of the bank, trust company, or other fiduciary. The address of the trustee must be provided in order for the trustee to receive checks and other pertinent information regarding the investment.

10. KEOGH (HR 10): Same rules as those applicable to IRAs.

11. UNIFORM GIFT TO MINORS ACT (UGMA) or UNIFORM TRANSFERS TO MINORS ACT (UTMA): The required signature is that of the custodian, not of the parent (unless the parent has been designated as the custodian). Only one child is permitted in each investment under UGMA or UTMA. In addition, designate the state under which the gift is being made.

INSTRUCTIONS TO SUBSCRIPTION AGREEMENT SIGNATURE PAGE TO WELLS REAL ESTATE INVESTMENT TRUST, INC. SUBSCRIPTION AGREEMENT

INVESTOR INSTRUCTIONS	PLEASE FOLLOW THESE INSTRUCTIONS CAREFULLY. FAILURE TO DO SO MAY RESULT IN THE REJECTION OF YOUR SUBSCRIPTION. ALL INFORMATION ON THE SUBSCRIPTION AGREEMENT SIGNATURE PAGE SHOULD BE COMPLETED AS FOLLOWS:	
1. INVESTMENT	a.	GENERAL: A minimum investment of $1,000 (100 Shares) is required, except for certain states which require a higher minimum investment. A CHECK FOR THE FULL PURCHASE PRICE OF THE SHARES SUBSCRIBED FOR SHOULD BE MADE PAYABLE TO THE ORDER OF "NATIONSBANK, N.A., AS ESCROW AGENT." Investors who have satisfied the minimum purchase requirements in Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P. or Wells Real Estate Fund XII, L.P. or in any other public real estate program may invest as little as $25 (2.5 Shares) except for residents of Maine, Minnesota, Nebraska or Washington. Shares may be purchased only by persons meeting the standards set forth under the Section of the Prospectus entitled "Investor Suitability Standards." Please indicate the state in which the sale was made.

	b.	DEFERRED COMMISSION OPTION: Please check the box if you have agreed with your Broker-Dealer to elect the Deferred Commission Option, as described in the Prospectus, as supplemented to date. By electing the Deferred Commission Option, you are required to pay only $9.40 per Share purchased upon subscription. For the next six years following the year of subscription, you will have a 1% sales commission ($.10 per Share) deducted from and paid out of dividends or other cash distributions otherwise distributable to you. Election of the Deferred Commission Option shall authorize the Company to withhold such amounts from dividends or other cash distributions otherwise payable to you.

2. ADDITIONAL INVESTMENTS	Please check if you plan to make one or more additional investments in the Company. All additional investments must be in increments of at least $25. Additional investments by residents of Maine must be for the minimum amounts stated under "Investor Suitability Standards" in the Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investment sin the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 7% of any such additional investments in the Company.
3. TYPE OF OWNERSHIP	Please check the appropriate box to indicate the type of entity or type of individuals subscribing.
4. REGISTRATION NAME AND ADDRESS	Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of both investors. In the case of partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 6, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birthdate and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.
5. INVESTOR NAME AND ADDRESS	Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 4. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birthdate and occupation of the beneficial owner of the trust.
6. SUBSCRIBER SIGNATURES	Please separately initial each representation made by the investor where indicated. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. Each investor must sign and date this Section. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign. PLEASE NOTE THAT THESE SIGNATURES DO NOT HAVE TO BE NOTARIZED.

7. DISTRIBUTIONS	a.	DISTRIBUTION REINVESTMENT PLAN: By electing the Distribution Reinvestment Plan, the investor elects to reinvest all distributions of Cash Available for Distribution in the Company and to have the option in the future to invest net cash from operations in limited partnerships sponsored by the Advisor or its affiliates which have substantially identical investment objectives as the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations and warranties as set forth in the Prospectus or Subscription Agreement or in the prospectus and subscription agreement of any future limited partnerships sponsored by the Advisor or its affiliates. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 7% of any reinvested distributions.
	b.	DISTRIBUTION ADDRESS: If cash distributions are to be sent to an address other than that provided in Section 4 (i.e., a bank, brokerage firm or savings and loan, etc.), please provide the name, account number and address.
8. BROKER-DEALER	This Section is to be completed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 8 including suitability certification. SIGNATURE PAGE MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE.	

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

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

SEE PRECEDING PAGE
FOR INSTRUCTIONS

Special Instructions:

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

1. ===== INVESTMENT =====

_____ # of Shares

_____ Total $ Invested

(# Shares x $10 = $ Invested)

Minimum purchase $1,000 or 100 Shares

MAKE INVESTMENT CHECK PAYABLE TO:
NATIONSBANK, N.A.,
AS ESCROW AGENT

[_] Initial Investment (Minimum $1,000)
[_] Additional Investment (Minimum $25)
State in which sale was made_____

Check the following box to elect the Deferred Commission Option: [_]
(This election must be agreed to by the Broker-Dealer listed below)

2. ===== ADDITIONAL INVESTMENTS =====

Please check if you plan to make additional investments in the Company: [_]
[If additional investments are made, please include social security number or other taxpayer identification number on your check.]
[All additional investments must be made in increments of at least $25.]

3. ===== TYPE OF OWNERSHIP =====

[_] IRA (06)
[_] Keogh (10)
[_] Qualified Pension Plan (11)
[_] Qualified Profit Sharing Plan (12)
[_] Other Trust _____
For the Benefit of _____

[_] Company (15)

[_] Individual (01)
[_] Joint Tenants With Right of Survivorship (02)
[_] Community Property (03)
[_] Tenants in Common (04)
[_] Custodian: A Custodian for _____ under the Uniform Gift to Minors Act or the Uniform Transfers to Minors Act of the State of _____ (08)
[_] Other _____

4. ===== REGISTRATION NAME AND ADDRESS =====

Please print name(s) in which Shares are to be registered. Include trust name if applicable.
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other _____

Taxpayer Identification Number
[_][_]-[_][_][_][_][_][_][_]

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

Street Address
or P.O. Box

City | State | Zip Code

Home
Telephone No. ( )

Business
Telephone No. ( )

Birthdate

Occupation

5. ===== INVESTOR NAME AND ADDRESS =====

(COMPLETE ONLY IF DIFFERENT FROM REGISTRATION NAME AND ADDRESS)
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other _____

Name

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

Street Address
or P.O. Box

City | State | Zip Code

Home
Telephone No. ( )

Business
Telephone No. ( )

Birthdate

Occupation

(REVERSE SIDE MUST BE COMPLETED)

6. ===== SUBSCRIBER SIGNATURES =====

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

(REVERSE SIDE MUST BE COMPLETED)

(a) I have received the Prospectus. _____ Initials _____ Initials

(b) I accept and agree to be bound by the terms and conditions of the Articles of Incorporation. _____ Initials _____ Initials

(c) I have (i) a net worth (exclusive of home, home furnishings and automobiles) of $150,000 or more; or (ii) a net worth (as described above) of at least $45,000 Initials and had during the last tax year or estimate that I will have during the

Initials current tax year a minimum of $45,000 annual gross income, or that I meet the higher suitability requirements imposed by my state of primary residence as set forth in the Prospectus under "Investor Suitability Standards."

_____ Initials _____ Initials

(d) If I am a California resident or if the Person to whom I subsequently propose to assign or transfer any Shares is a California resident, I may not consummate a sale or transfer of my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding.

_____ Initials _____ Initials

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

_____ Initials _____ Initials

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

Signature of Investor or Trustee | Signature of Joint Owner, if applicable | Date

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

7. ===== DISTRIBUTIONS =====

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

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

Name

Account Number

Street Address or P.O. Box

City State Zip Code

8. ===== BROKER-DEALER =====

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

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

Broker-Dealer Name Telephone No. ( )

Broker-Dealer Street Address or P.O. Box

City State Zip Code

Registered Representative Name Telephone No. ( )

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

City State Zip Code

Broker-Dealer Signature, if required | Registered Representative Signature

Please mail completed Subscription Agreement (with all signatures) and check(s) made payable to
NationsBank, N.A., as Escrow Agent to:
WELLS INVESTMENT SECURITIES, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
800-448-1010 or 770-449-7800

Overnight address:
3885 Holcomb Bridge Road
Norcross, Georgia 30092

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

FOR COMPANY USE ONLY:

ACCEPTANCE BY COMPANY Amount _____ Date _____
Received and Subscription Accepted: Check No. _____ Certificate No. _____
By: _____ Wells Real Estate Investment Trust, Inc.

Broker-Dealer # | Registered Representative # | Account #

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Items 31 through 35 and Item 37 of Part II are incorporated by reference to the Registrant's Registration Statement, as amended to date, Commission File No. 333-32099.

Item 36 Financial Statements and Exhibits.

(a) Financial Statements:

The following financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in the Prospectus:

Audited Balance Sheet

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheet as of December 31, 1997, and
(3) Notes to Consolidated Balance Sheet.

The following financial statements of Fund IX and X Associates are filed as part of this Registration Statement and are included in Supplement No. 2 to the Prospectus:

Financial Statements

(1) Report of Independent Public Accountants,
(2) Balance Sheets as of March 31, 1998 (Unaudited) and December 31, 1997 (Audited),
(3) Statements of Income (Loss) for the three months ended March 31, 1998 (Unaudited) and the Period from Inception (March 20, 1997) to December 31, 1997 (Audited),
(4) Statements of Partners' Capital for the three months ended March 31, 1998 (Unaudited) and the Period from Inception (March 20, 1997) to December 31, 1997 (Audited),
(5) Statements of Cash Flows for the three months ended March 31, 1998 (Unaudited) and the Period from Inception (March 20, 1997) to December 31, 1997 (Audited), and
(6) Notes to Financial Statements.

The following financial statements relating to the acquisition of the Lucent Building by the Joint Venture are filed as part of this Registration Statement and included in Supplement No. 2 to the Prospectus:

Audited Statement of Revenues Over Operating Expenses

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Operating Expenses for the three months ended March 31, 1998, and
(3) Notes to Statement of Revenues Over Operating Expenses for the three months ended March 31, 1998.

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

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of March 31, 1998,

(3) Pro Forma Statement of Loss for the year ended December 31, 1997, and
(4) Pro Forma Statement of Income for the three months ended March 31, 1998.

The following financial statements relating to the acquisition of

the Iomega Building by the IX-X-XI-REIT Joint Venture are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

Statement of Revenues Over Operating Expenses

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Cort Furniture Building by the Cort Joint Venture are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

Statement of Revenues Over Operating Expenses

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Fairchild Building by the Fremont Joint Venture are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

Statement of Revenues Over Operating Expenses

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 3 to the Prospectus:

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 1998,
(3) Pro Forma Statement of Income (Loss) for the year ended December 31, 1997, and
(4) Pro Forma Statement of Income for the six months ended June 30, 1998.

The following unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 6 to the Prospectus:

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Balance Sheet, and
(2) Pro Forma Balance Sheet as of September 30, 1998.

The following financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 7 to the Prospectus:

Audited Financial Statements

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheets as of December 31, 1998 and December 31, 1997,
(3) Consolidated Statement of Income for the year ended December 31, 1998,
(4) Consolidated Statement of Shareholders' Equity for the year ended December 31, 1998,
(5) Consolidated Statement of Cash Flows for the year ended December 31, 1998, and
(6) Notes to Consolidated Financial Statements.

The following financial statements relating to the acquisition of the Vanguard Cellular Building by Wells Operating Partnership, L.P. are filed as part of this Registration Statement and included in Supplement No. 7 to the Prospectus:

Statement of Revenues Over Certain Operating Expenses

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the period from Inception (November 16, 1998) to December 31, 1998, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the period from Inception (November 16, 1998) to December 31, 1998.

The following unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in Supplement No. 7 to the Prospectus:

Unaudited Pro Forma Financial Statements

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of December 31, 1998,
(3) Pro Forma Income Statement for the year ended December 31, 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)
3.2(a)	Amendment No. 1 to Bylaws of the Registrant, filed herewith
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit B to Prospectus)
4.2	Form of Dividend Reinvestment Plan (included as Exhibit C to Prospectus)
5.1	Form of Opinion of Hunton & Williams (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
8.1	Form of Opinion of Hunton & Williams as to Tax Matters (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.1	Form of Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.2	Form of Escrow Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3	Form of Advisory Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(a)	First Amendment to Advisory Agreement dated June 1, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(b)	Advisory Agreement dated January 30, 1999, filed herewith
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)

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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

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. 5 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 12/th/ day of April, 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. 5 to Registration Statement has been signed below on April 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 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. *	Director

- ----------
William H. Keogler, Jr.

* 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)
3.2(a)	Amendment No. 1 to Bylaws of the Registrant, filed herewith
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit B to Prospectus)
4.2	Form of Dividend Reinvestment Plan (included as Exhibit C to Prospectus)
5.1	Form of Opinion of Hunton & Williams (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
8.1	Form of Opinion of Hunton & Williams as to Tax Matters (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.1	Form of Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.2	Form of Escrow Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3	Form of Advisory Agreement (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(a)	First Amendment to Advisory Agreement dated June 1, 1998 (previously filed and incorporated by reference to the Registrant's Registration Statement on Form S-11, as amended to date, Commission File No. 333-32099)
10.3(b)	Advisory Agreement dated January 30, 1999, filed herewith
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

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24.1 Power of Attorney, filed herewith

EXHIBIT 3.2(A)

AMENDMENT NO. 1 TO BYLAWS

AMENDMENT NO. 1 TO BYLAWS
OF WELLS REAL ESTATE INVESTMENT TRUST, INC.
DATED MARCH 17, 1999

Pursuant to a Resolution adopted by the Board of Directors at the Quarterly Meeting of the Board of Directors held on March 17, 1999, Article II, Section 2 of the Bylaws of Wells Real Estate Investment Trust, Inc. is hereby amended to read as follows:

Section 2. Annual Meeting. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on such day during the month of June as the Board of Directors may determine; provided, however, such meeting shall not be held less than 30 days after delivery of the annual report to the stockholders. The purpose of each annual meeting of the stockholders is to elect directors of the Corporation and to transact such other business as may properly come before the meeting.

EXHIBIT 10.3(b)

1999 ADVISORY AGREEMENT

ADVISORY AGREEMENT

THIS ADVISORY AGREEMENT, dated as of January 30, 1999, is between WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation (the "Company"), and WELLS CAPITAL, INC., a Georgia corporation (the "Advisor").

W I T N E S S E T H

WHEREAS, the Company has filed with the Securities and Exchange Commission a Registration Statement (No. 333-32099) on Form S-11 covering its common stock shares ("Shares"), par value $.01, to be offered to the public, and the Company may subsequently issue securities other than such Shares ("Securities") or otherwise raise additional capital;

WHEREAS, the Company intends to continue to qualify as a REIT (as defined below), and to invest its funds in investments permitted by the terms of the Registration Statement and Sections 856 through 860 of the Code (as defined below);

WHEREAS, the Company desires to avail itself of the experience, sources of information, advice, assistance and certain facilities available to the Advisor and to have the Advisor undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision, of the Board of Directors of the Company all as provided herein; and

WHEREAS, the Advisor is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

(1) DEFINITIONS. As used in this Advisory Agreement (the "Agreement"), the following terms have the definitions hereinafter indicated:

Acquisition Expenses. Any and all expenses incurred by the Company, the Advisor, or any Affiliate of either in connection with the selection or acquisition of any Property, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, and title insurance.

Acquisition Fees. Any and all fees and commissions, exclusive of Acquisition Expenses, paid by any person or entity to any other person or entity (including any fees or commissions paid by or to any Affiliate of the Company or the Advisor) in connection with making or investing in mortgage loans and the selection or acquisition of any Property, including, without limitation, real estate commissions, acquisition fees, finder's fees, selection fees, nonrecurring management fees, consulting fees, loan fees, points, or any other fees or commissions of a similar nature.

Advisor. Wells Capital, Inc., a Georgia corporation, any successor advisor to the Company, or any person or entity to which Wells Capital, Inc. or any successor advisor subcontracts substantially all of its functions.

Affiliate or Affiliated. As to any individual, corporation, partnership, trust or other association (other than the Excess Shares Trust), (i) any Person or entity directly or indirectly; through one or more intermediaries controlling, controlled by, or under common control with another person or

entity; (ii) any Person or entity, directly or indirectly owning or controlling ten percent (10%) or more of the outstanding voting securities of another Person or entity; (iii) any officer, director, partner, or trustee of such Person or entity; (iv) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) if such other Person or entity is an officer, director, partner, or trustee of a Person or entity, the Person or entity for which such Person or entity acts in any such capacity.

Appraised Value. Value according to an appraisal made by an Independent Appraiser.

Articles of Incorporation. The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

Asset Management Fee. The fee payable to the Advisor for day-to-day professional management services in connection with the Company and its Properties pursuant to this Agreement.

Average Invested Assets. For a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in Properties and Loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

Board of Directors or Board. The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

Bylaws. The bylaws of the Company, as the same are in effect from time to time.

Cash from Financings. Net cash proceeds realized by the Company from the financing of Company Property or from the refinancing of any Company indebtedness.

Cash from Sales. Net cash proceeds realized by the Company from the sale, exchange or other disposition of any of its assets, including Secured Equipment Leases, after deduction of all expenses incurred in connection therewith. Cash from Sales shall not include Cash from Financings.

Cash from Sales and Financings. The total sum of Cash from Sales and Cash from Financings.

Cause. With respect to the termination of this Agreement, fraud, criminal conduct, willful misconduct or willful or negligent breach of fiduciary duty by the Advisor, breach of this Agreement, a default by the Sponsor under the guarantee by the Sponsor to the Company or the bankruptcy of the Sponsor.

Change of Control. A change of control of the Company of such a nature that would be required to be reported in response to the disclosure requirements of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, as enacted and in force on the date hereof (the "Exchange Act"), whether or not the Company is then subject to such reporting requirements; provided, however, that, without limitation, a change of control shall be deemed to have occurred if: (i) any "person" (within the meaning of Section 13(d) of the Exchange Act) is or becomes the "beneficial owner" (as that term is defined in Rule 13d-3, as enacted and in force on the date hereof, under the Exchange Act) of securities of the Company representing 8.5% or more of the combined voting power of the Company's securities then outstanding; (ii) there occurs a merger, consolidation or other reorganization of the Company which is not approved by the Board of Directors of the Company; (iii) there occurs a sale, exchange, transfer or other disposition of substantially all of the assets of the Company to another entity, which disposition is not approved by the Board

of Directors of the Company; or (iv) there occurs a contested proxy solicitation of the Stockholders of the Company that results in the contesting party electing candidates to a majority of the Board of Directors' positions next up for election.

Code. Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

Company. Wells Real Estate Investment Trust, Inc., a corporation organized under the laws of the State of Maryland.

Company Property. Any and all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Company (including all rents, income, profits and gains therefrom), and which is owned or held by, or for the account of, the Company.

Competitive Real Estate Commission. A real estate or brokerage commission for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property. The total of all real estate commissions paid by the Company to all Persons (including the Subordinated Disposition Fee payable to the Advisor) in connection with any Sale of one or more of the Company's Properties shall not exceed the lesser of (i) a Competitive Real Estate Commission or (ii) six percent of the gross sales price of the Property or Properties.

Contract Purchase Price. The amount actually paid or allocated (as of the date of purchase) to the purchase, development, construction or improvement of property, exclusive of Acquisition Fees and Acquisition Expenses.

Contract Sales Price. The total consideration received by the Company for the sale of a Company Property.

Cumulative Return. For the period for which the calculation is being made, the percentage resulting from dividing (A) the total Distributions paid on each Distribution date during such period (without regard to Distributions paid out of Cash from Sales and Financings), by (B) the product of (i) the average Invested Capital for such period (calculated on a daily basis), and (ii) the number of years (including fractions thereof) elapsed during such period.

Director. A member of the Board of Directors of the Company.

Distributions. Any distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

Equity Interest. The stock of or other interests in, or warrants or other rights to purchase the stock of or other interests in, any entity that has borrowed money from the Company or that is a tenant of the Company or that is a parent or controlling Person of any such borrower or tenant.

Equity Shares. Transferable shares of beneficial interest of the Company of any class or series, including common shares or preferred shares.

Final Closing Date. The last date on which purchasers of Shares offered pursuant to the Prospectus are issued such Shares.

Good Reason. With respect to the termination of this Agreement, (i) any failure to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform the Company's obligations under this Agreement; or (ii) any material breach of this Agreement of any nature whatsoever by the Company.

Gross Proceeds. The aggregate purchase price of all Shares sold for the account of the Company through the Offering, without deduction for Selling Commissions, volume discounts, the marketing support and due diligence expense reimbursement fee or Organization and Offering Expenses. For the purpose of computing Gross Proceeds, the purchase price of any Share for which reduced Selling Commissions are paid to the Managing Dealer or a Soliciting Dealer (where net proceeds to the Company are not reduced) shall be deemed to be $10.00.

Independent Appraiser. A qualified appraiser of real estate as determined by the Board. Membership in a nationally recognized appraisal society such as the American Institute of Real Estate Appraisers ("M.A.I.") or the Society of Real Estate Appraisers ("S.R.E.A.") shall be conclusive evidence of such qualification.

Independent Director. A Director who is not and within the last two years has not been directly or indirectly associated with the Advisor by virtue of (i) ownership of an interest in the Advisor or its Affiliates, (ii) employment by the Advisor or its Affiliates, (iii) service as an officer or director of the Advisor or its Affiliates, (iv) performance of services, other than as a

Director, for the Company, (v) service as a director or trustee of more than three real estate investment trusts advised by the Advisor, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. A business or professional relationship is considered material if the gross revenue derived by the Director from the Advisor and Affiliates exceeds 5% of either the Director's annual gross revenue during either of the last two years or the Director's net worth on a fair market value basis. An indirect relationship shall include circumstances in which a Director's spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law, or brothers- or sisters-in-law is or has been associated with the Advisor, any of its Affiliates, or the Company.

Independent Expert. A person or entity with no material current or prior business or personal relationship with the Advisor or the Directors and who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company.

Invested Capital. The amount calculated by multiplying the total number of Shares purchased by stockholders by the issue price, reduced by the portion of any Distribution that is attributable to Net Sales Proceeds and by any amounts paid by the Company to repurchase Shares pursuant to the Company's plan for redemption of Shares.

Joint Ventures. The joint venture or general partnership arrangements in which the Company is a co-venturer or general partner which are established to acquire Properties.

Listing. The listing of the Shares of the Company on a national securities exchange or over-the-counter market.

Managing Dealer. Wells Investment Securities, Inc., an Affiliate of the Advisor, or such entity selected by the Board of Directors to act as the managing dealer for the Offering. Wells Investment Securities, Inc. is a member of the National Association of Securities Dealers, Inc.

Net Income. For any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses (as defined herein) shall exclude the gain from the sale of the Company's assets.

Net Sales Proceeds. In the case of a transaction described in clause (i) (A) of the definition of Sale, the proceeds of any such transaction less the

amount of all real estate commissions and closing costs paid by the Company. In the case of a transaction described in clause (i) (B) of such definition, Net Sales Proceeds means the proceeds of any such transaction less the amount of any legal and other selling expenses incurred in connection with such transaction. In the case of a transaction described in clause (i) (C) of such definition, Net Sales Proceeds means the proceeds of any such transaction actually distributed to the Company from the Joint Venture. In the case of a transaction or series of transactions described in clause (i) (D) of the definition of Sale, Net Sales Proceeds means the proceeds of any such transaction less the amount of all commissions and closing costs paid by the Company. In the case of a transaction described in clause (ii) of the definition of Sale, Net Sales Proceeds means the proceeds of such

transaction or series of transactions less all amounts generated thereby and reinvested in one or more Properties within 180 days thereafter and less the amount of any real estate commissions, closing costs, and legal and other selling expenses incurred by or allocated to the Company in connection with such transaction or series of transactions. Net Sales Proceeds shall also include, in the case of any Property consisting of a building only, any amounts that the Company determines, in its discretion, to be economically equivalent to proceeds of a Sale. Net Sales Proceeds shall not include any reserves established by the Company in its sole discretion.

Offering. The initial public offering of Shares pursuant to the Prospectus.

Operating Expenses. All costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including advisory fees, but excluding (i) the expenses of raising capital such as Organizational and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad loan reserves, (v) the Advisor's subordinated 10% share of Net Sales Proceeds, (vi) the Subordinated Incentive Fee, (vii) the Property Management Fee and (viii) Acquisition Fees and Acquisition Expenses, real estate commissions on the sale of property, and other expenses connected with the acquisition, and ownership of real estate interests, mortgage loans or other property (such as the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property).

Organizational and Offering Expenses. Any and all costs and expenses, other than Selling Commissions and the 2.5% marketing support and due diligence expense reimbursement fee incurred by the Advisor or any Affiliate in connection with the formation, qualification and registration of the Company and the marketing and distribution of Shares, including, without limitation, the following: legal, accounting and escrow fees; printing, amending, supplementing, mailing and distributing costs; filing, registration and qualification fees and taxes; telegraph and telephone costs; and all advertising and marketing expenses, including the costs related to investor and broker-dealer sales meetings. The Organizational and Offering Expenses paid by the Company in connection with formation of the Company will not exceed 3% of the Gross Proceeds raised in connection with such Offering.

Person. An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d) (3) of the Securities Exchange Act of 1934, as amended, but does not include (i) an underwriter that participates in a public offering of Equity Shares for a period of 60 days following the initial purchase by such underwriter of such Equity

Shares in such public offering, or (ii) Wells Capital, Inc., during the period ending December 31, 1997, provided that the foregoing exclusions shall apply only if the ownership of such Equity Shares by an underwriter or Wells Capital, Inc. would not cause the Company to fail

to qualify as a REIT by reason of being "closely held" within the meaning of Section 856(a) of the Code or otherwise cause the Company to fail to qualify as a REIT.

Property or Properties. (i) The real properties, including the buildings located thereon, or (ii) the real properties only, or (iii) the buildings only, which are acquired by the Company, either directly or through joint venture arrangements or other partnerships.

Prospectus. "Prospectus" has the meaning set forth in Section 2(10) of the Securities Act of 1933, as amended (the "Securities Act"), including a preliminary Prospectus, an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

Real Estate Asset Value. The amount actually paid or allocated to the purchase, development, construction or improvement of a Property, exclusive of Acquisition Fees and Acquisition Expenses.

Registration Statement. The Registration Statement (No.333-32099) on Form S-11, of which the Prospectus is a part.

REIT. A "real estate investment trust" under Sections 856 through 860 of the Code.

Sale or Sales. (i) Any transaction or series of transactions whereby: (A) the Company sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including the lease of any Property consisting of the building only, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation awards; (B) the Company sells, grants, transfers, conveys, or relinquishes its ownership of all or substantially all of the interest of the Company in any Joint Venture in which it is a co-venturer or partner; or (C) any Joint Venture in which the Company as a co-venturer or partner sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards, but (ii) not including any transaction or series of transactions specified in clause (i) (A), (i) (B), or (i) (C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within 180 days thereafter.

Securities. Any Equity Shares, Excess Shares, as such term is defined in the Company's Articles of Incorporation, any other stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

Shares. The up to 16,500,000 shares of the common stock of the Company to be sold in the Offering.

Soliciting Dealers. Broker-dealers who are members of the National Association of Securities Dealers, Inc., or that are exempt from broker-dealer

registration, and who, in either case, have executed participating broker or other agreements with the Managing Dealer to sell Shares.

Sponsor. Any Person directly or indirectly instrumental in organizing, wholly or in part, the Company or any Person who will control, manage or participate in the management of the Company, and any Affiliate of such Person. Not included is any Person whose only relationship with the Company is that of an independent property manager of Company assets, and whose only compensation is as such. Sponsor does not include wholly independent third parties such as attorneys, accountants, and underwriters whose only compensation is for professional services.

Stockholders. The registered holders of the Company's Shares.

Stockholders' 8% Return. As of each date, an aggregate amount equal to an 8% cumulative, noncompounded, annual return on Invested Capital.

Subordinated Disposition Fee. The Subordinated Disposition Fee as defined in Paragraph 9(c).

Subordinated Incentive Fee. The fee payable to the Advisor under certain circumstances if the Shares are listed on a national securities exchange or over-the-counter market.

Termination Date. The date of termination of the Agreement.

Total Property Cost. With regard to any Company Property, an amount equal to the sum of the Real Estate Asset Value of such Property plus the Acquisition Fees paid in connection with such Property.

2%/25% Guidelines. The requirement pursuant to the guidelines of the North American Securities Administrators Association, Inc. that, in any 12 month period, total Operating Expenses not exceed the greater of 2% of the Company's Average Invested Assets during such 12 month period or 25% of the Company's Net Income over the same 12 month period.

Valuation. An estimate of value of the assets of the Company as determined by an Independent Expert.

(2) APPOINTMENT. The Company hereby appoints the Advisor to serve as its advisor on the terms and conditions set forth in this Agreement, and the Advisor hereby accepts such appointment.

(3) DUTIES OF THE ADVISOR. The Advisor undertakes to use its best efforts to present to the Company potential investment opportunities and to provide a continuing and suitable investment program consistent with the investment objectives and policies of the Company as determined and adopted from time to time by the Directors. In performance of this undertaking, subject to the supervision of the Directors and consistent with the provisions of the

Registration Statement, Articles of Incorporation and Bylaws of the Company, the Advisor shall, either directly or by engaging an Affiliate:

(a) serve as the Company's investment and financial advisor and provide research and economic and statistical data in connection with the Company's assets and investment policies;

(b) provide the daily management of the Company and perform and supervise the various administrative functions reasonably necessary for the management of the Company;

(c) investigate, select, and, on behalf of the Company, engage and conduct business with such Persons as the Advisor deems necessary to the proper performance of its obligations hereunder, including but not limited to consultants, accountants, correspondents, lenders,

technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, banks, builders, developers, property owners, mortgagors, and any and all agents for any of the foregoing, including Affiliates of the Advisor, and Persons acting in any other capacity deemed by the Advisor necessary or desirable for the performance of any of the foregoing services, including but not' limited to entering into contracts in the name of the Company with any of the foregoing;

(d) consult with the officers and Directors of the Company and assist the Directors in the formulation and implementation of the Company's financial policies, and, as necessary, furnish the Directors with advice and recommendations with respect to the making of investments consistent with the investment objectives and policies of the Company and in connection with any borrowings proposed to be undertaken by the Company;

(e) subject to the provisions of Paragraphs 3(g) and 4 hereof, (i) locate, analyze and select potential investments in Properties, (ii) structure and negotiate the terms and conditions of transactions pursuant to which investment in Properties will be made; (iii) make investments in Properties on behalf of the Company in compliance with the investment objectives and policies of the Company; (iv) arrange for financing and refinancing and make other changes in the asset or capital structure of, and dispose of, reinvest the proceeds from the sale of, or otherwise deal with the investments in, Property; and (v) enter into leases and service contracts for Company Property and, to the extent necessary, perform all other operational functions for the maintenance and administration of such Company Property;

(f) provide the Directors with periodic reports regarding prospective investments in Properties;

(g) obtain the prior approval of the Directors (including a majority of all Independent Directors) for any and all investments in Properties;

(h) negotiate on behalf of the Company with banks or lenders for loans to be made to the Company, and negotiate on behalf of the Company with investment banking firms and broker-dealers or negotiate private sales of Shares and Securities or obtain loans for the Company, but in no event in such a way so that the Advisor shall be acting as broker-dealer or underwriter; and provided, further, that any fees and costs payable to third parties incurred by the Advisor in connection with the foregoing shall be the responsibility of the Company;

(i) obtain reports (which may be prepared by the Advisor or its Affiliates), where appropriate, concerning the value of investments or contemplated investments of the Company in Properties;

(j) from time to time, or at any time reasonably requested by the Directors, make reports to the Directors of its performance of services to the Company under this Agreement;

(k) provide the Company with all necessary cash management services;

(l) do all things necessary to assure its ability to render the services described in this Agreement;

(m) deliver to or maintain on behalf of the Company copies of all appraisals obtained in connection with the investments in Properties; and

(n) notify the Board of all proposed material transactions before they are completed.

(4) AUTHORITY OF ADVISOR.

(a) Pursuant to the terms of this Agreement (including the restrictions included in this Paragraph 4 and in Paragraph 7), and subject to the continuing and exclusive authority of the Directors over the management of the Company, the Directors hereby delegate to the Advisor the authority to (1) locate, analyze and select investment opportunities, (2) structure the terms and conditions of transactions pursuant to which investments will be made or acquired for the Company, (3) acquire Properties in compliance with the investment objectives and policies of the Company, (4) arrange for financing or refinancing Property, (5) enter into leases and service contracts for the Company's Property, [and perform other property management services], (6) oversee non-affiliated property managers and other non-affiliated Persons who perform services for the Company; and (7) undertake accounting and other record-keeping functions at the Property level.

(b) Notwithstanding the foregoing, any investment in Properties, including any acquisition of Property by the Company (as well as any financing acquired by the Company in connection with such acquisition), will require the prior approval of the Directors [(including a majority of the Independent Directors)].

(c) If a transaction requires approval by the Independent Directors, the Advisor will deliver to the Independent Directors all documents required by them to properly evaluate the proposed investment in the Property.

The prior approval of a majority of the Independent Directors and a majority of the Directors not otherwise interested in the transaction will be required for each transaction with the Advisor or its Affiliates.

The Directors may, at any time upon the giving of notice to the Advisor, modify or revoke the authority set forth in this Paragraph 4. If and to the extent the Directors so modify or revoke the authority contained herein, the Advisor shall henceforth submit to the Directors for prior approval such proposed transactions involving investments in Property as thereafter require prior approval, provided however, that such modification or revocation shall be effective upon receipt by the Advisor and shall not be applicable to investment transactions to which the Advisor has committed the Company prior to the date of receipt by the Advisor of such notification.

(5) BANK ACCOUNTS. The Advisor may establish and maintain one or more bank accounts in its own name for the account of the Company or in the name of the Company and may collect and deposit into any such account or accounts, and disburse from any such account or accounts, any money on behalf of the Company, under such terms and conditions as the Directors may approve, provided that no funds shall be commingled with the funds of the Advisor; and the Advisor shall from time to time render appropriate accountings of such collections and payments to the Directors and to the auditors of the Company.

(6) RECORDS; ACCESS. The Advisor shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Directors and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours. The Advisor shall at all reasonable times have access to the books and records of the Company.

(7) LIMITATIONS ON ACTIVITIES. Anything else in this Agreement to the contrary notwithstanding, the Advisor shall refrain from taking any action which, in its sole judgment made in good faith, would (a) adversely affect the status of the Company as a REIT, (b) subject the Company to regulation under the Investment Company Act of 1940, as amended, or (c) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company, its Shares or its Securities, or otherwise not be permitted by the Articles of Incorporation or Bylaws of the Company, except if such action shall be ordered by the Directors, in which case the Advisor shall notify promptly the Directors of the Advisor's judgment of the potential impact

of such action and shall refrain from taking such action until it receives further clarification or instructions from the Directors. In such event the Advisor shall have no liability for acting in accordance with the specific instructions of the Directors so given. Notwithstanding the foregoing, the Advisor, its directors, officers, employees and stockholders, and stockholders, directors and officers of the Advisor's Affiliates shall not be liable to the Company or to the Directors or stockholders for any act or omission by the Advisor, its directors, officers or employees, or stockholders, directors or officers of the Advisor's Affiliates except as provided in Paragraphs 20 and 21 of this Agreement.

(8) RELATIONSHIP WITH DIRECTORS. Directors, officers and employees of the Advisor or an Affiliate of the Advisor or any corporate parents of an Affiliate, or directors, officers or stockholders of any director, officer or corporate parent of an Affiliate may serve as a Director and as officers of the Company, except that no director, officer or employee of the Advisor or its Affiliates who also is a Director or officer of the Company shall receive any compensation from the Company for serving as a Director or officer other than reasonable reimbursement for travel and related expenses incurred in attending meetings of the Directors.

(9) FEES.

(a) Acquisition Fees. The Advisor may receive as compensation for services rendered in connection with the investigation, selection and acquisition (by purchase, investment or exchange) of Property an Acquisition Fee payable by the Company. The Acquisition Fees shall be reduced to the extent that, and, if necessary to limit, the total compensation paid to all persons involved in the acquisition of any Property to the amount customarily charged in arm's-length transactions by other persons or entities rendering similar services as an ongoing public activity in the same geographical location and for comparable types of Properties and to the extent that other acquisition fees, finder's fees, real estate commissions, or other similar fees or commissions are paid by any person in connection with the transaction.

(b) Subordinated Disposition Fee. If the Advisor or an Affiliate provides a substantial amount of the services (as determined by a majority of the Independent Directors) in connection with the Sale of one or more Properties, the Advisor or an Affiliate shall receive a Subordinated Disposition Fee equal to the lesser of (i) one-half of a Competitive Real Estate Commission or (ii) 3% of the sales price of such Property or Properties. The Subordinated Disposition Fee will be paid only if Stockholders have received total Distributions in an amount equal to the sum of their aggregate Invested Capital and their aggregate Stockholders' 8% Return. To the extent that Subordinated Disposition Fees are not paid by the Company on a current basis due to the foregoing limitation, the unpaid fees will be accrued and paid at such time as the subordination conditions have been satisfied. The Subordinated Disposition Fee may be paid in addition to real estate commissions paid to non-Affiliates, provided that the total real estate commissions paid to all Persons by the Company shall not exceed an amount equal to the lesser of (i) 6% of the Contract Sales Price of a Property or (ii) the Competitive Real Estate Commission. In the event this Agreement is terminated prior to such time as the Stockholders have received total Distributions in an amount equal to 100% of Invested Capital plus an amount sufficient to pay the Stockholders' 8% Return through the Termination Date, an appraisal of the Properties then owned by the Company shall be made and the Subordinated Disposition Fee on Properties previously sold will be deemed earned if the Appraised Value of the Properties then owned by the Company plus total Distributions received prior to the Termination Date equals 100% of Invested Capital plus an amount sufficient to pay the Stockholders' 8% Return through the Termination Date. Upon Listing, if the Advisor has accrued but not been paid such Subordinated Disposition Fee, then for purposes of determining whether the subordination conditions have been satisfied, Stockholders will be deemed to have received a 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.

(c) Subordinated Share of Net Sales Proceeds. The Subordinated Share of Net Sales Proceeds shall be payable to the Advisor in an amount equal to 10% of Net Sales Proceeds remaining after the Stockholders have received Distributions equal to the sum of the Stockholders' 8% Return and 100% of Invested Capital. Following Listing, no Subordinated Share of Net Sales Proceeds will be paid to the Advisor. In the event the fee set forth in this section is paid to the Advisor, no Net Sales Proceeds will be paid to the Advisor.

(d) Subordinated Incentive Fee. Upon Listing, the Advisor shall be paid the Subordinated Incentive fee in an amount equal to 10% of the amount by which (i) the market value of the Company, measured by taking the average closing price or average of bid and asked price, as the case may be, over a period of 30 days during which the Shares are traded, with such period beginning 180 days after Listing (the "Market Value"), plus the total Distributions paid to Stockholders from the Company's inception until the date of Listing, exceeds (ii) the sum of (A) 100% of Invested Capital and (B) the total Distributions required to be paid to the Stockholders in order to pay the Stockholders' 8% Return from inception through the date the Market Value is determined. The Company shall have the option to pay such fee in the form of cash, Shares, a promissory note or any combination of the foregoing. The Subordinated Incentive Fee will be reduced by the amount of any prior payment to the Advisor of a deferred, subordinated share of Net Sales Proceeds from a Sale or Sales of a Property. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee will be paid to the Advisor. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee will be paid to the Advisor.

(e) Loans from Affiliates. If any loans are made to the Company by an Affiliate of the Advisor, the maximum amount of interest that may be charged by such Affiliate shall be the lesser of (i) 1% above the prime rate of interest charged from time to time by [The Bank of New York] and (ii) the rate that would be charged to the Company by unrelated lending institutions on comparable loans for the same purpose. The terms of any such loans shall be no less favorable than the terms available between non-Affiliated Persons for similar commercial loans.

(f) Changes to Fee Structure. In the event of Listing, the Company and the Advisor shall negotiate in good faith to establish a fee structure appropriate for a perpetual-life entity. A majority of the Independent Directors must approve the new fee structure negotiated with the Advisor. In negotiating a new fee structure, the Independent Directors shall consider all of the factors they deem relevant, including, but not limited to: (i) the amount of the advisory fee in relation to the asset value, composition and profitability of the Company's portfolio; (ii) the success of the Advisor in generating opportunities that meet the investment objectives of the Company; (iii) the rates charged to other REITs and to investors other than REITs by Advisors performing the same or similar services; (iv) additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, including loan administration, underwriting or broker commissions, servicing, engineering, inspection and other fees, whether paid by the REIT or by others with whom the REIT does business; (v) the quality and extent of service and advice furnished by the Advisor; (vi) the performance of the investment portfolio of the REIT, including income, conversion or appreciation of capital, and number and frequency of problem investments; and (vii) the quality of the Property portfolio of the Company in

relationship to the investments generated by the Advisor for its own account. The new fee structure can be no more favorable to the Advisor than the current fee structure.

(10) EXPENSES.

(a) In addition to the compensation paid to the Advisor pursuant to Paragraph 9 hereof, the Company shall pay directly or reimburse the Advisor for all of the expenses paid or incurred by the Advisor in connection with the services it provides to the Company pursuant to this Agreement, including, but not limited to:

(i) the Company's Organizational and Offering Expenses; provided, however, that within 60 days after the end of the month in which the Offering terminates, the Advisor shall reimburse the Company for any Organizational and Offering Expenses reimbursement received by the Advisor pursuant to this Paragraph 10, to the extent that such reimbursement exceeds 3% of the Gross Proceeds. The Advisor shall be responsible for the payment of all the Company's Organizational and Offering Expenses in excess of 3% of the Gross Proceeds;

(ii) Acquisition Expenses incurred in connection with the selection and acquisition of Properties at the lesser of the actual cost or 90% of the competitive rate charged by unaffiliated persons providing similar goods and services in the same geographic location;

(iii) the actual cost of goods and services used by the Company and obtained from entities not affiliated with the Advisor, other than Acquisition Expenses, including brokerage fees paid in connection with the purchase and sale of securities;

(iv) interest and other costs for borrowed money, including discounts, points and other similar fees;

(v) taxes and assessments on income or Property and taxes as an expense of doing business;

(vi) costs associated with insurance required in connection with the business of the Company or by the Directors;

(vii) expenses of managing and operating Properties owned by the Company, whether payable to an Affiliate of the Company or a non-affiliated Person.

(viii) all expenses in connection with payments to the Directors and meetings of the Directors and Stockholders;

(ix) expenses associated with Listing or with the issuance and distribution of Shares and Securities, such as selling commissions and fees, advertising expenses, taxes, legal and accounting fees, Listing and registration fees, and other Organization and Offering Expenses;

(x) expenses connected with payments of Distributions in cash or otherwise made or caused to be made by the Company to the Stockholders;

(xi) expenses of organizing, revising, amending, converting, modifying, or terminating the Company or the Articles of Incorporation;

(xii) expenses of maintaining communications with Stockholders, including the cost of preparation, printing, and mailing annual reports and other Stockholder reports, proxy statements and other reports required by governmental entities;

(xiii) administrative service expenses (including personnel costs; provided, however, that no reimbursement shall be made for costs of personnel to the extent that such personnel perform services in transactions for which the Advisor receives a separate fee); and

(xiv) audit, accounting and legal fees.

(b) Expenses incurred by the Advisor on behalf of the Company and payable

pursuant to this Paragraph 10 shall be reimbursed no less than monthly to the Advisor. The Advisor shall prepare a statement documenting the expenses of the Company during each quarter, and shall deliver such statement to the Company within 45 days after the end of each quarter.

(11) OTHER SERVICES. Should the Directors request that the Advisor or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 3, such services shall be separately compensated at such rates and in such amounts as are agreed by the Advisor and the Independent Directors of the Company, subject to the limitations contained in the Articles of Incorporation, and shall not be deemed to be services pursuant to the terms of this Agreement.

(12) FIDELITY BOND. The Advisor shall maintain a fidelity bond for the benefit of the Company which bond shall insure the Company from losses of up to $200,000 per occurrence and shall be of the type customarily purchased by entities performing services similar to those provided to the Company by the Advisor.

(13) REIMBURSEMENT TO THE ADVISOR. The Company shall not reimburse the Advisor at the end of any fiscal quarter Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year. Any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company. If there is an Excess Amount in any Expense Year and the Independent Directors determine that such excess was justified, based on unusual and nonrecurring factors which they deem sufficient, the Excess Amount may be carried over and included in Operating Expenses in subsequent Expense Years, and reimbursed to the Advisor in one or more of such years, provided that Operating Expenses in any Expense Year, including any Excess Amount to be paid to the Advisor, shall not exceed the 2%/25% Guidelines. Within 60 days after the end of any fiscal quarter of the Company for which total Operating Expenses for the Expense Year exceed the 2%/25% Guidelines, there shall be sent to the stockholders a written disclosure of such fact, together with an explanation of the factors the Independent Directors considered in determining that such excess expenses were justified. Such determination shall be reflected in the minutes of the meetings of the Board of Directors. The Company will not reimburse the Advisor or its Affiliates for services for which the Advisor or its Affiliates are entitled to compensation in the

form of a separate fee. All figures used in the foregoing computation shall be determined in accordance with generally accepted accounting principles applied on a consistent basis.

(14) OTHER ACTIVITIES OF THE ADVISOR. Nothing herein contained shall prevent the Advisor from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by the Advisor or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of the Advisor or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. The Advisor may, with respect to any investment in which the Company is a participant, also render advice and service to each and every other participant therein. The Advisor shall report to the Directors the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Advisor's obligations to the Company and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association. The Advisor or its Affiliates shall promptly disclose to the Directors knowledge of such condition or circumstance. If the Sponsor, Advisor, Director or Affiliates thereof have sponsored other investment programs with similar investment objectives which have investment funds available at the same time as the Company, it shall be the duty of the Directors (including the Independent Directors) to adopt the method set forth in the Registration Statement or another reasonable method by which

properties are to be allocated to the competing investment entities and to use their best efforts to apply such method fairly to the Company.

The Advisor shall be required to use its best efforts to present a continuing and suitable investment program to the Company which is consistent with the investment policies and objectives of the Company, but neither the Advisor nor any Affiliate of the Advisor shall be obligated generally to present any particular investment opportunity to the Company even if the opportunity is of character which, if presented to the Company, could be taken by the Company. The Advisor or its Affiliates may make such an investment in a property only after (i) such investment has been offered to the Company and all public partnerships and other investment entities affiliated with the Company with funds available for such investment and (ii) such investment is found to be unsuitable for investment by the Company, such partnerships and investment entities.

In the event that the Advisor or its Affiliates is presented with a potential investment which might be made by the Company and by another investment entity which the Advisor or its Affiliates advises or manages, the Advisor shall consider the investment portfolio of each entity, cash flow of each entity, the effect of the acquisition on the diversification of each entity's portfolio, rental payments during any renewal period, the estimated income tax effects of the purchase on each entity, the policies of each entity relating to leverage, the funds of each entity available for investment and the length of time such funds have been available for investment. In the event that an investment opportunity becomes available which is suitable for both the Company and a public or private entity which the Advisor or its Affiliates are Affiliated, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. The Advisor may consider the

property for private placement only if such property is deemed inappropriate for any investment entity which is advised or managed by the Advisor, including the Company.

(15) RELATIONSHIP OF ADVISOR AND COMPANY. The Company and the Advisor are not partners or joint venturers with each other, and nothing in this Agreement shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

(16) TERM; TERMINATION OF AGREEMENT. This Agreement shall continue in force until January 30, 2000, subject to an unlimited number of successive one-year renewals upon mutual consent of the parties. It is the duty of the Directors to evaluate the performance of the Advisor or annually before renewing the Agreement, and each such renewal shall be for a term of no more than one year.

(17) TERMINATION BY EITHER PARTY. This Agreement may be terminated upon 60 days written notice without Cause or penalty, by either party (by a majority of the Independent Directors of the Company or a majority of the Board of Directors of the Advisor, as the case may be).

(18) ASSIGNMENT TO AN AFFILIATE. This Agreement may be assigned by the Advisor to an Affiliate with the approval of a majority of the Directors (including a majority of the Independent Directors). The Advisor may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Directors. This Agreement shall not be assigned by the Company without the consent of the Advisor, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

(19) PAYMENTS TO AND DUTIES OF ADVISOR UPON TERMINATION. Payments to the Advisor pursuant to this Section (19) shall be subject to the 2%/25% Guidelines to the extent applicable.

(a) After the Termination Date, the Advisor shall not be entitled to compensation for further services hereunder except it shall be entitled to receive from the Company within 30 days after the effective date of such termination all unpaid reimbursements of expenses and all earned but unpaid fees payable to the Advisor prior to termination of this Agreement.

(b) The Advisor shall promptly upon termination:

(i) pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement, after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled;

(ii) deliver to the Directors a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Directors;

(iii) deliver to the Directors all assets, including Properties, and documents of the Company then in the custody of the Advisor; and

(iv) cooperate with the Company to provide an orderly management transition.

(20) INDEMNIFICATION BY THE COMPANY. The Company shall indemnify and hold harmless the Advisor and its Affiliates, including their respective officers, directors, partners and employees, from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Maryland or the Articles of Incorporation of the Company. Notwithstanding the foregoing, the Advisor shall not be entitled to indemnification or be held harmless pursuant to this paragraph 20 for any activity which the Advisor shall be required to indemnify or hold harmless the Company pursuant to paragraph 21. Any indemnification of the Advisor may be made only out of the net assets of the Company and not from Stockholders.

(21) INDEMNIFICATION BY ADVISOR. The Advisor shall indemnify and hold harmless the Company from contract or other liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of the Advisor's bad faith, fraud, willful misfeasance, misconduct, negligence or reckless disregard of its duties, but the Advisor shall not be held responsible for any action of the Board of Directors in following or declining to follow any advice or recommendation given by the Advisor.

(22) NOTICES. Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Directors and to the Company:
Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

To the Advisor:
Wells Capital, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a

change in its address for the purposes of this Paragraph 22.

(23) MODIFICATION. This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

(24) SEVERABILITY. The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

(25) CONSTRUCTION. The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Florida.

(26) ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

(27) INDULGENCES, NOT WAIVERS. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

(28) GENDER. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

(29) TITLES NOT TO AFFECT INTERPRETATION. The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

(30) EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

(31) NAME. Wells Capital, Inc. has a proprietary interest in the name "Wells" Accordingly, and in recognition of this right, if at any time the Company ceases to retain Wells Capital, Inc. or an Affiliate thereof to perform the services of Advisor, the Directors of the

Company will, promptly after receipt of written request from Wells Capital, Inc., cease to conduct business under or use the name "Wells" or any diminutive thereof and the Company shall use its best efforts to change the name of the Company to a name that does not contain the name "Wells" or any other word or words that might, in the sole discretion of the Advisor, be susceptible of

indication of some form of relationship between the Company and the Advisor or any Affiliate thereof. Consistent with the foregoing, it is specifically recognized that the Advisor or one or more of its Affiliates has in the past and may in the future organize, sponsor or otherwise permit to exist other investment vehicles (including vehicles for investment in real estate) and financial and service organizations having "Wells" as a part of their name, all without the need for any consent (and without the right to object thereto) by the Company or its Directors.

(32) INITIAL INVESTMENT. The Advisor has contributed to the Company $200,000 in exchange for 20,000 units of limited partnership interest in Wells Operating Partnership, L.P. ("Units") (the "Initial Investment"). The Advisor or its Affiliates may not sell any of the Units purchased with the Initial Investment while the Advisor acts in such advisory capacity to the Company, provided, that such Units may be transferred to Affiliates of the Advisor. The restrictions included above shall not apply to any Shares acquired by the Advisor or its Affiliates other than the Shares acquired through the Initial Investment. The Advisor shall not vote any Shares it now owns, or hereafter acquires, in any vote for the election of Directors or any vote regarding the approval or termination of any contract with the Advisor or any of its Affiliates.

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By: /s/ Brian M. Conlon

Name: Brian M. Conlon

Title: Executive Vice President

WELLS CAPITAL, INC.

By: /s/ Leo F. Wells, III

Name: Leo F. Wells, III

Title: President

EXHIBIT 10.44

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

BETWEEN WALSH HIGGINS NO. 33, L.P.

AND

WELLS OPERATING PARTNERSHIP, L.P.

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

THIS AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY (the "Agreement"), is made and entered into as of the 30th day of November, 1998, by and between WALSH HIGGINS NO. 33, L.P., a Pennsylvania limited partnership (hereinafter referred to as "Seller") and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as "Purchaser").

W I T N E S S E T H:

WHEREAS, Seller desires to sell and Purchaser desires to purchase the Property (as hereinafter defined) subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, the mutual agreements contained herein, the sum of Ten and No/100 Dollars ($10.00) in hand paid by Purchaser to Seller at and before the sealing and delivery of these presents and for other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby expressly acknowledged by the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. Definitions and Meanings. In addition to any other terms whose definitions are fixed and defined by this Agreement, each of the following defined terms, when used in this Agreement with an initial capital letter or letters, shall have the meaning ascribed thereto in this Paragraph 1:

"Agreement" means this Agreement for the Purchase and Sale of Property, together with all exhibits attached hereto and made a part hereof.

"Architect" means the architectural firm of VOA Associates.

"Architect's Agreement" means the agreement between the Seller and the Architect under which the Architect has been 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.

"Building" means the first-class, single tenant, four-story office building, containing approximately 81,859 square feet of gross floor area which the Seller is currently developing and constructing upon the Land.

"Closing" means the consummation of the purchase and sale contemplated by this Agreement by the deliveries required under Paragraphs 11, 12 and 13 hereof.

"Completion Date" means the first day on which all of the following have occurred: (i) the construction and equipping of the Project has been substantially completed in accordance with the Plans and Specifications, inclusive of landscaping plans, and excepting

only Punch List Items which will cost less than $30,000.00 in order to complete and/or correct, 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 Tenant (other than the Specialty Space) 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, and any Punch List Items have been completed to the satisfaction of Tenant, except for Punch List Items which will cost less than $70,000.00 in order to complete and/or correct, (iii) all facilities and improvements required to be constructed and installed on the Land under any of the Permitted Exceptions have been constructed, installed and completed in a good and workmanlike manner and in compliance with the terms, provisions and requirements of the Permitted Exceptions, (iv) permanent or temporary certificates of use and 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 Tenant (other than the Specialty Space), (v) the Initial Term Commencement Date under the Lease has occurred, Tenant is occupying its premises for business purposes, and Tenant has commenced to pay monthly Base Rent and Additional Rent payable by Tenant under the Lease, (vi) Tenant has executed and delivered to the "Landlord" under the Lease an estoppel certificate substantially in the form attached to the Lease as Exhibit 19.9 thereto, stating the date that the Lease Term commenced and that Tenant has accepted the premises and possession thereof, and certifying as to the matters set forth therein without any material qualifications or exceptions, including any exception for any Punch List Items costing more than $100,000.00 in the aggregate to complete or correct (i.e., not more than $30,000 with respect to the base building work and not more than $70,000 with respect to Tenant Improvements), (vii) any sums or amounts payable to the Tenant under Section 2.6 of the Lease have been paid in full, (viii) Purchaser has received copies of all Warranties issued with respect to the Project and a final Contractor's Affidavit and Lien Waiver from Archer Western Contractors, Ltd., and (ix) Seller has received either a certificate of compliance from the Committee under the Declaration and has provided a copy thereof to Purchaser, or Seller has obtained and delivered to Purchaser a certificate from the Architect, addressed to Purchaser, stating that Architect has reviewed the approval of the plan and specifications relating to the Project granted by the Committee under the Declaration and that the Project has been constructed in accordance with the plans and specifications approved by such Committee. Notwithstanding the foregoing to the contrary, in the event the Title Company is unwilling to issue an owner's title insurance policy to Purchaser without exception for unfiled or inchoate mechanics', laborers' or materialmen's liens until all Punch List Items have been completed, the Completion Date shall not occur until the Punch List Items have been completed.

"Construction Agreements" means, collectively, the construction contracts between the Seller and the Contractors with respect to the Project.

"Contractors" means, collectively, Archer Western Contractors, Ltd. and all other firms, engineers or consultants employed by Seller as a general contractor or as a special purpose contractor with respect to the Project; and singly any such general or special purpose contractor.

"Declaration" means the Declaration of Covenants, Conditions and Restrictions by Russell J. Klick, Declarant, dated December 1, 1979, and recorded December 25, 1979, in Record Book 91, page 362, Dauphin County, Pennsylvania Recorder's Office.

"Earnest Money" means the amounts deposited by the Purchaser with the Escrow Agent as Earnest Money as provided in Paragraph 3 hereof.

"Effective Date" means the date on which this Agreement is duly executed by both Seller and Purchaser, and said date shall be inserted in the first paragraph on page 1 hereof.

"Environmental Laws" means the following, as the same may have been

amended: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. (S) 9601, et seq.; the Resource Conservation Act of 1976, 42 U.S.C. (S) 6921, et seq.; the Toxic Substances Control Act, 15 U.S.C. (S) 2601, et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. (S) 136; the Federal Water Pollution Control Act, 33 U.S.C. (S) 1251, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. (S) 1801, et seq.; the Federal Solid Waste Disposal Act, 42 U.S.C. (S) 6901, et seq.; the Clean Air Act, 42 U.S.C. (S) 7401, et seq.; and any other legislation or ordinance of any Governmental Authority identified by its terms as pertaining to hazardous substances or waste.

"Environmental Report" means the Phase I Environmental Site Assessment Final Report prepared for Walsh, Higgins & Company by Skelly and Loy, Inc., dated August 1997.

"Escrow Agent" means Ticor Title Insurance Company.

"Existing Loan Documents" means the documents and instruments evidencing or securing the construction loan made to Seller with respect to the Improvements

"Good and Marketable Title" means fee simple title to the Land and the Improvements insurable by the Title Company at its standard rates on American Land Title Association (ALTA) Owner's Policy Form B-1992 without exception, except for the Permitted Exceptions and standard exceptions (which standard exceptions shall be deleted or insured over at Closing based upon the Seller's affidavit and the Survey).

"Governmental Authority" means any federal, state, or municipal government, branch, authority, district, agency, court, tribunal, department, officer, official, board, commission or other instrumentality having jurisdiction with respect to the Property or the matter in issue, as the case may be.

"Hazardous Substances" means petroleum, including crude oil or any fraction thereof, asbestos, polychlorinated biphenyls, and any other substance identified as hazardous substances or hazardous materials in the Environmental Laws.

"Improvements" means the approximately 81,859 gross square foot office building and related structures, the Site Improvements, and other improvements constructed and to be constructed located on the Land as contemplated by the Plans and Specifications.

"Inspection Period" means the period from the Effective Date through the date which is thirty (30) days after the Effective Date.

"Intangible Personal Property" means all intangible personal property owned by Seller and now, or hereafter, located upon the Land or used in connection with the Property, including, without limitation, all (i) tradenames, (ii) logos, (iii) warranties and guaranties given in connection with the construction and repair of the Improvements or the purchase of any Personal Property, and (iv) certificates of occupancy (or the local equivalents), permits, licenses, approvals and authorizations issued by any Governmental Authority.

"Land" means that certain tract or parcel of land containing approximately 10.5 acres, located in Susquehanna Township, Dauphin County, Pennsylvania, and being described in Exhibit "A" attached hereto and by reference made a part hereof.

"Lease" means that certain Build to Suit Office Lease Agreement between Seller and Tenant (and joined in by Walsh, Higgins & Company) dated as of September 26, 1997, as amended by Amendment No. 1 to Build-to-Suit Lease Agreement dated September 15, 1998.

"Lease Guaranty" means that certain Guaranty dated September 26, 1997, executed by Vanguard in favor of Seller as "Landlord" under the Lease.

"Leasing Agents" means Svatos/Larson, Ball & Gould, Inc. in cooperation with Gelcor Realty, Inc.

"Permitted Exceptions" means the exceptions listed on Exhibit "E" attached hereto and by reference made a part hereof and any Title Objections to which Purchaser fails to object or which Purchaser waives pursuant to Paragraph 8 hereof.

"Personal Property" means all tangible personal property owned by Seller and now, or hereafter, located upon the Land or used in connection with the ownership, operation, management or maintenance of the Property, including, without limitation, all machinery, apparatus, equipment, engines, motors, appliances, office equipment, furniture, coverings, blinds, curtains, vehicles, accessories, and the property described on Exhibit "F" attached hereto and by reference made a part hereof.

"Plans and Specifications" means those certain working drawings, plans and specification described on Exhibit "G" attached hereto and by reference made a part hereof.

"Project" means the Building, the Tenant Improvements and the Site Improvements, collectively.

"Property" means, collectively, the Real Estate, the Personal Property, and the Intangible Property.

"Punch List Items" means the details of construction, decoration, landscaping and mechanical adjustment which remain to be performed or completed after substantial completion of the Project in accordance with the Plans and Specifications and which, in the aggregate, are minor in character and do not and will not interfere with Tenant's use or enjoyment of the Project, as determined by the Architect.

"Purchase Price" means the amount which Purchaser shall pay to consummate the purchase and sale of the Property as provided in Paragraph 4 of this Agreement.

"Real Estate" means (i) the Land, (ii) the Improvements, and (iii) all rights, members, rights-of-way, easements, mineral rights, privileges, options, leases, licenses, and appurtenances in any manner belonging to, or pertaining to, the Land and the Improvements.

"Service Contracts" means the contracts entered into by or on behalf of Seller for the maintenance and operation of the Property, as listed on Exhibit "H" attached hereto and by reference made a part hereof.
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"Site Improvements" means the surface level parking facilities, sufficient to accommodate approximately 371 automobiles, any and all on and off-site road improvements, walkways, complete utilities and drainage systems, landscaping work, exterior lighting, ground-mounted signs and other site improvements to be constructed and installed and upon the Land pursuant to the Plan and Specifications, the Lease and the Permitted Exceptions.

"Specialty Space" means the so called Display Area, Learning Center/White Coats Room and Network Services Center located on the second floor of the Building, containing not more than 4,750 square feet of usable area in the aggregate, and as to which Seller and Tenant have agreed in writing that Tenant, and not Seller, is responsible for the completion of tenant improvements therein at Tenant's cost.

"Tenant" means Pennsylvania Cellular Telephone Corp., a North Carolina corporation.

"Lease Amendment" means the amendment to the Lease to be executed by Tenant with respect to the Lease, as provided in Paragraph 10(d) hereof, such amendment to be in the form attached hereto as Exhibit "D" and incorporated herein by this reference.

"Tenant Improvements" means all improvements constructed and to be constructed by the "Landlord" under the Lease on or within the Building for use or operation by the Tenant under or pursuant to the Lease, including the "Initial Interior Build-Out" (as defined in the Lease) but excluding the "Tenant Work" (as defined in the Lease) to be performed by Tenant.

"Title Commitment" means a title insurance commitment issued by the Title Company for issuance to Purchaser, at regular rates, of an owner's policy of title insurance in

accordance with American Land Title Association (ALTA) Owner's Policy Form B-1992 pursuant to which Purchaser's Good and Marketable Title to the Real Estate shall be insured in the amount of the Purchase Price upon the Closing. Such Title Commitment shall include coverage against matters of survey (other than the matters disclosed on the as-built survey to be obtained by Seller as provided herein) and a commitment to provide affirmative title insurance coverage for all easements, if any, appurtenant to the Land and/or Improvements, and such Title Commitment will provide assurance that the Owner's Policy issued pursuant thereto will include a comprehensive endorsement, assurance of lack of encroachments (PA endorsement 301), assurance that the Owner's Policy will describe the same Land as that set forth in the as-built survey to be obtained by Seller as provided herein and assurance that the Land abuts upon and has access to Interstate Drive, a publicly dedicated street.

"Title Company" means Ticor Title Insurance Company.

"Title Objection" and Title Objections mean any mortgages, deeds of trust, deeds to secure debt, liens, financing statements, security interests, easements, leases, restrictive covenants, agreements, options, claims, clouds, encroachments, rights, taxes, assessments, mechanics' or materialmen's liens (inchoate or perfected), liens for federal or state estate or inheritance taxes and other encumbrances of any nature whatsoever, whether existing of record or otherwise, together with any and all matters of any kind or description, including, without limitation, matters of survey and any litigation or other proceedings affecting Seller and which affect title to the Real Estate or the right, power and authority of the Seller to convey Good and Marketable Title to the Real Estate to Purchaser in accordance with the terms of this Agreement, other than the exceptions listed on Exhibit "E" attached hereto and by reference made a part hereof.

"Vanguard" means Vanguard Financial Corporation, a North Carolina corporation.

"Warranties" means all warranties and guaranties relating to the construction, operation, maintenance, repair, and use of the Improvements and Personal Property.

2. Purchase and Sale of Property. Subject to and in accordance with the terms and provisions of this Agreement, Seller hereby agrees to sell the Property to Purchaser and Purchaser hereby agrees to purchase the Property from Seller.

3. Earnest Money. Within two (2) business days after the full execution of this Agreement, Purchaser shall deliver to Escrow Agent, whose offices are at 203 North LaSalle Street, Suite 1390, Chicago, Illinois 60601, Purchaser's check, payable to Escrow Agent, in the amount of Two Hundred Fifty Thousand and No/100 ($250,000.00) (the "Earnest Money"), which Earnest Money shall be held and disbursed by Escrow Agent pursuant to a written Escrow Agreement and Escrow Instructions, copies of which are attached hereto as Exhibit "B" and by this reference made a part hereof. The Earnest Money shall be paid by Escrow Agent to Seller at Closing (as hereinafter defined) and shall be applied as a credit to the Purchase Price (as hereinafter defined). All interest and other income from time to time earned on the Earnest Money shall belong to Purchaser and shall be disbursed to Purchaser at any time or from time to time as Purchaser shall direct Escrow Agent, all as provided in the

Escrow Agreement. In no event shall such interest or other income be deemed a part of the Earnest Money.

4. Purchase Price. Subject to adjustment and credits as otherwise specified in this Agreement, the purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be Twelve Million Two Hundred Ninety-One Thousand Two Hundred and No/100 Dollars ($12,291,200.00). The amount of the Purchase Price has been determined by Seller and Purchaser based upon the assumption that the annual Base Rent (as defined in the Lease) payable by the Tenant under the Lease for the first ten (10) Lease Years (as defined in the Lease) shall be in the amounts set forth on Exhibit "L" attached hereto and by reference made a part hereof. At the Closing, Purchaser will pay the Purchase Price to Seller by cashier's check or by wire transfer of immediately available federal funds, less the Earnest Money to be paid to Seller at Closing and subject to adjustments and prorations for which provisions are made in this Agreement.

In the event all Punch List Items have not been completed and/or corrected as of the date of Closing, or in the event the permanent certificates of use or occupancy or their equivalent have not 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 Tenant, Seller shall deposit with the Title Company in escrow, such portion of the Purchase Price equal to one hundred fifty percent (150%) of the costs and expenses of completing and/or correcting such Punch List Items, and/or obtaining such permanent certificates of occupancy, as reasonably estimated by the Architect. The amount of the Purchase Price paid by Seller into escrow at Closing shall be paid to Seller by the Title Company upon the completion and/or correction of all such Punch List Items and the receipt by Purchaser of such permanent certificates of occupancy.

Seller shall deposit $25,000.00 of the Purchase Price in escrow with the Title Company at Closing to ensure Seller's compliance with Landlord's obligation under Section 2.7 of the Lease to use its reasonable commercial efforts to furnish to Tenant three (3) copies of any and all service contracts, warranties, equipment specifications, manufacturer's information and operating instructions in connection with the Initial Improvements (as that term is defined in the Lease), as the same may be reasonably available to Landlord from its suppliers. Such amount of the Purchase Price paid by Seller into escrow at Closing, including all interest accrued thereon, shall be paid to Seller by the Title Company upon Seller's satisfaction of those obligations. Such escrowed amount, including all interest accrued thereon, shall be paid by Title Company

to Purchaser on the date which is five (5) months after the Closing if Seller fails prior to such date to satisfy those delivery obligations.

In the event any "Scope Change" or "Scope Changes" (as such terms are defined in the Lease) shall have occurred and shall have resulted in one or more written "Change Orders" (as defined in the

Lease) having the effect (as certified by Seller and acknowledged by Tenant, each in writing) of increasing or decreasing the Base Rent payable by the Tenant as provided in Section 2.4 of the Lease, the Purchase Price shall be adjusted as follows: In the event the Base Rent (as defined in the Lease) shall decrease as a result of the Change Orders, the Purchase Price shall decrease by an amount equal to the quotient derived by dividing the amount of such decrease in the annual Base Rent for the first Lease Year (as defined in the Lease) by .10125. In the event the Base Rent shall increase as a result of Change Orders, the Purchase Price shall increase by an amount equal to the quotient derived by dividing the amount of such increase in the annual Base Rent for the first Lease Year by .10125; provided, however, in no event shall the Purchase Price be so increased by more than $72,125.93.

5. Purchaser's Inspection and Review Rights. Commencing on the Effective Date of this Agreement and continuing through the Inspection Period, upon at least one (1) full day prior verbal notice to Seller in each case, Purchaser and its agents, engineers, or representatives, with Seller's 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 borings and other tests to obtain information necessary to determine surface and subsurface conditions, provided that such activities do not materially interfere with the business operations of the Tenant on the Property. Purchaser shall also have the right following the Inspection Period to conduct a pre-closing inspection of the Property. Purchaser hereby agrees to hold Seller harmless from any liens, claims, liabilities, and damages incurred through the exercise of such privilege granted in this Paragraph 5 (but excluding any liability arising out of the existing environmental condition of the Property and excluding any claims arising out of a release of existing or in-place Hazardous Substances on or under the Property unless caused by the negligence of Purchaser or its agents, engineers or representatives), and Purchaser further agrees to repair any damage to the Property caused by the exercise of such privilege (excluding any damage arising out of a release of existing or in-place Hazardous Substances on or under the Property unless caused by the negligence of Purchaser or its agents, engineers or representatives). Purchaser's obligations under the preceding sentence shall survive the Closing and any termination of this Agreement. Within three (3) days after the Effective Date of this Agreement, to the extent not already provided to Purchaser, Seller shall provide to Purchaser complete copies of all Service Contracts, if any, copies of all existing environmental reports (including the Environmental Report), wetlands reports, soil reports and other reports from any tests and studies obtained by Seller or any affiliate of Seller, evidence of the existing zoning of the Land (including a zoning letter from the appropriate jurisdiction and a copy of the zoning ordinance), evidence of satisfaction of subdivision requirements, if any, copies of property tax assessments and property tax bills for the Property for the period of Seller's ownership, evidence of availability of all required utilities, a copy of the written approval of the Plans and Specifications by the Committee under the Declaration, copies of all permits obtained with respect to the Improvements, a written inventory and listing of the Personal Property and Seller's operating budget with respect to the Property for the 1999 calendar year. In addition, at all reasonable times during the Inspection Period, Seller shall make available to Purchaser, or Purchaser's agents and representatives, at Seller's office in Chicago, Illinois, and for copying at Purchaser's expense, all records and files relating to the acquisition, operation and leasing of the Property, including, without limitation, title matters, tenant files, including correspondence to and from the Tenant, commission agreements, tax bills, warranties and guaranties in effect with respect to the Improvements and Personal Property, plans and

specifications, engineering reports and reports of insurance carriers insuring the Property, and other information relating to the Property (but excluding any construction contracts or development budgets relating to the Property). Seller further agrees to in good faith assist and cooperate with Purchaser in coming to a thorough understanding of such records and files relating to the Property as to which access shall be provided as herein required.

6. Special Condition to Closing. Purchaser shall have the right during the Inspection Period, on the basis of its investigations, examinations, inspections, market studies, feasibility studies, lease reviews, and tests relating to the Property and the operation thereof, to determine, in Purchaser's sole opinion and discretion, the suitability of the Property for acquisition by Purchaser. Purchaser shall have the right to terminate this Agreement at any time prior to the expiration of the Inspection Period by giving written notice to Seller of such election to terminate. If Purchaser fails to timely terminate this Agreement as provided herein, such termination right under this Paragraph 6 shall be of no further force or effect. In the event Purchaser so elects to terminate this Agreement, Escrow Agent shall pay to Seller from the Earnest Money the sum of Twenty-Five Dollars ($25.00) and the balance of the Earnest Money shall be refunded by Escrow Agent to Purchaser, whereupon, except as expressly provided to the contrary in this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement. Seller acknowledges that the sum of $25.00 is good and adequate consideration for the termination rights granted to Purchaser hereunder.

7. General Conditions Precedent to Purchaser's Obligations Regarding the Closing. In addition to the conditions to Purchaser's obligations set forth in Paragraph 6 above, the obligations and liabilities of Purchaser hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions prior to or simultaneously with the Closing, any of which may be waived by written notice from Purchaser to Seller:

(a) The Completion Date has occurred, and Seller has complied with and otherwise performed each of the covenants and obligations of Seller set forth in this Agreement.

(b) All representations and warranties of Seller as set forth in this Agreement shall be in all respects true and correct in all material respects as of the date of Closing.

(c) There has been no adverse change to the title to the Property which has not been cured and the Title Company has issued the Title Commitment on the Real Estate and is prepared to issue to Purchaser upon the Closing a fee simple ALTA owner's title insurance policy on the Real Estate pursuant to the Title Commitment and without exception to matters other than Permitted Exceptions.

(d) The Tenant shall not be in default (without regard to the expiration of any applicable cure period provided in the Lease with such Tenant) under the terms of the Lease as of the date of Closing.

(e) Seller shall have obtained an executed Lease Amendment from the Tenant in the form attached hereto as Exhibit "D" and by reference made a part hereof.

(f) Seller shall have obtained an executed Estoppel Certificate from the Tenant, addressed to Purchaser, in the form attached to the Lease as Exhibit 19.9

thereto, and Seller shall have obtained an executed Guarantor Estoppel Certificate from Vanguard in the form attached hereto as Exhibit "M" and by reference made a part hereof, each dated no more than thirty (30) days prior to Closing. The Estoppel Certificate from the Tenant shall state the date that the Lease Term commenced and that Tenant has accepted the premises and possession thereof, and the certifications made by the Tenant in such Estoppel Certificate shall not be subject to any material qualifications or exceptions, except that Tenant may make an exception for the Punch List Items with respect to Tenant Improvements which will cost less than $70,000 in order to complete and/or correct and Punch List Items with respect to base building work which will cost less than $30,000 in order to complete and/or correct.

(g) Seller shall have obtained and delivered to Purchaser the as-built survey which complies with the minimum detail requirements for land title surveys as adopted by the American Land Title Association and American Congress on Surveying and Mapping, adopted in 1992, and the other items described in Paragraph 10(e) below.

In the event Purchaser shall reasonably determine that any of the foregoing conditions have not been satisfied or waived in writing by Purchaser at or prior to the Closing, Purchaser shall have the right to terminate this Agreement by giving written notice of such election to Seller, whereupon the Earnest Money shall be disbursed in the same manner as provided in Paragraph 6 above.

8. Title to the Property. Good and Marketable Title to the Real Estate shall be conveyed by Seller to Purchaser by Special Warranty Deed, free and clear of all liens, easements, restrictions, and encumbrances whatsoever, excepting only the Permitted Exceptions. Within fifteen (15) days after the Effective Date, Seller shall, at Seller's sole cost and expense, cause the Title Company to deliver to Purchaser a Title Commitment, together with, copies of all documents and instruments referred to therein. Purchaser shall have until the date which is ten (10) days after the receipt of the original such Title Commitment, together with copies of all documents and instruments referred to therein, during which to examine the Title Commitment and such title documents after which Purchaser shall notify Seller of any objections with respect to the form of the Title Commitment or any defects or objections affecting the record marketability of the title to the Property, other than the Permitted Exceptions. If Purchaser fails to give such notice of defects or objections as to any matters disclosed by such Title Commitment, such matters shall be deemed to be additional Permitted Exceptions. Seller shall then have ten (10) days after receipt of such notice of title defects or objections from Purchaser to advise Purchaser in writing which of such title defects or objections Seller does not intend to satisfy or cure; provided, however, Seller hereby agrees that Seller shall satisfy or cure any such defects or objections consisting of taxes, assessments, mortgages (including the Existing Loan Documents), deeds of trust, mechanic's or materialmen's liens or monetary encumbrances willfully caused by Seller. In the event Seller fails to give such written advice to Purchaser within such ten (10) day period, Seller shall be deemed to have agreed to satisfy or cure all such defects or objections set forth in Purchaser's notice. Seller shall have until Closing to satisfy or cure all such defects and objections which Seller agreed (or is deemed to have agreed) to satisfy or cure as provided above. In the event there exist defects or objections which are not required herein to be satisfied or cured by Seller

prior to Closing or in the event Seller fails or refuses to cure any defects and objections which are required herein to be satisfied or cured by Seller prior to the Closing, then, at the option of Purchaser, (i) Purchaser may terminate this Agreement by written notice to Seller and Escrow Agent, in which event the Earnest Money shall be immediately refunded to Purchaser, and this Agreement shall be deemed of no force and effect and Purchaser and Seller shall have no further rights, obligations or liabilities hereunder, except as

expressly provided herein, (ii) if any such defect or objection is one that Seller agreed (or is deemed to have agreed) to satisfy or cure as provided above, Purchaser may cure such defect or objection, in which event the Purchase Price payable pursuant to Paragraph 4 hereof shall be reduced by an amount equal to the actual cost and expense incurred by Purchaser in connection with the curing of such defect or objection, (iii) Purchaser may accept title to the Property subject to such defects and objections, or (iv) any combination of items (ii) and (iii). In the event Purchaser elects to cure any such defects and objections pursuant to item (ii) hereof, Purchaser at its option, upon giving notice to Seller, may extend the date of Closing until the curing of such defects or objections or thirty (30) days from and after the previously scheduled date of Closing, whichever shall first occur. If any defect or objection shall not have been cured within such period, Purchaser may exercise its option under either item (i) or (iii) hereof. Purchaser and Seller agree that if mechanic's or materialmen's liens in the aggregate amount of less than $150,000.00 shall exist, in lieu of Seller satisfying such liens as required above, Seller may elect to cause the Title Company to provide affirmative insurance coverage to Purchaser with respect to such liens in Purchaser's owner's title insurance policy issued to Purchaser at Closing, and any incremental cost of providing such affirmative insurance coverage shall be paid by Seller at Closing.

From time to time, Purchaser may request an update to the effective date of the Title Commitment and give notice to Seller of all defects or objections appearing subsequent to the effective date of the Title Commitment (or previous update thereof).

9. Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser:

(a) Lease. Seller has delivered to Purchaser a complete and accurate copy of the Lease. The Lease has not been further supplemented or modified or amended, and there are no agreements or commitments between Seller and the Tenant relating to the Property other than as expressly set forth in the Lease. Seller is the "Landlord" under the Lease and owns legal and beneficial title to the Lease and the rents and other income thereunder subject only to the Existing Loan Documents.

(b) Lease - Assignment. To the best of Seller's knowledge, the Tenant has not assigned its interest in its Lease or sublet any portion of the premises leased to such Tenant under its Lease.

(c) Lease - Default. (i) Seller has not received any notice of termination or default under the Lease, (ii) to the best of Seller's knowledge, there are no existing or uncured defaults by Seller or by the Tenant under the Lease, (iii) to the best of Seller's knowledge, there are no events which with passage of time or notice, or both, would constitute a default by Seller or by the Tenant under the Lease, and to the best of

Seller's knowledge Seller has complied with each and every undertaking, covenant, and obligation of Seller under the Lease required to be complied with and/or performed as of the date this representation is made or reaffirmed, as the case may be, (iv) the Tenant has not asserted any defense, set-off, or counterclaim with respect to its tenancy or its obligation to pay rent, additional rent, or other charges pursuant to its Lease, and (v) neither Seller nor the Tenant has the right to terminate the Lease pursuant to Section 1.5 thereof. Further, Tenant has not indicated to Seller either orally or in writing its request or its intent to terminate its Lease prior to the expiration of the term of the Lease or to reduce the size of the premises leased by the Tenant.

(d) Lease - Rents and Special Consideration. Except as expressly set forth in the Lease, the Tenant: (i) has not prepaid any rent under the Lease, (ii) is not entitled to receive any rent concession in connection with its tenancy under its Lease, and (iii) does not have any option or other evidence of any right or interest in or to the Property. The sums required to be paid by Seller to the Tenant under Section 2.1 of the Lease were paid in full by Seller to the Tenant prior to delinquency.

(e) Lease - Commissions. No rental, lease, or other commissions with respect to the Lease is payable to Seller or any party affiliated with or related to Seller or will be payable to Seller or any party affiliated with or related to Seller in connection with any renewal or extension of the Lease or any expansion of the premises leased by the Tenant. The only commission obligation of Seller with respect to the Lease is set forth in the commission agreement between Seller and Leasing Agents dated September 19, 1997, accepted September 22, 1997, a true and complete copy of which has been provided to Purchaser. Seller has heretofore paid to Leasing Agents $270,000.00 of the commission payable to Leasing Agents under the aforesaid commission agreement and the remaining balance of such commission ($270,000.00) shall be due and payable to Leasing Agents as provided in the aforesaid commission agreement, and shall be paid by Seller at or prior to Closing. Except for the remaining $270,000.00 of the total commission in the amount of $540,000.00 payable by Seller to Leasing Agents as provided in the aforesaid commission agreement, and except as otherwise expressly provided in such commission agreement, no commission obligations currently exist with respect to the Lease or will accrue in the future with respect to the Lease arising out of the acts or agreements of Seller, including any such commission obligations which may result in the future from the exercise by the Tenant thereunder of any right or option in the Lease to extend the term of such Lease or to expand the space leased thereunder. Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim, whether or not meritorious, for any real estate commission, finder's fee, or like compensation in connection with the Lease or in connection with the exercise by Tenant thereunder of any right or option in the Lease to extend the term of such Lease or to expand the space leased thereunder arising out of any act or agreement by Seller, excepting only such claim by Leasing Agents under the aforesaid commission agreement.

(f) Intentionally Omitted.

(g) Service Contracts. Complete and accurate copies of all of the Service Contracts, if any, will be delivered by Seller to Purchaser as provided in Paragraph 5 hereof. To the best of Seller's knowledge, (i) all such Service Contracts are in full force and effect in accordance with their respective provisions, (ii) all payments required to be made by Seller or the "Owner" thereunder have been paid in full, and (iii) there is no default, or claim of default, or any event which with the passage of time or notice, or both, would constitute a default on the part of any party to any of such Service Contracts. All such Service Contracts are terminable without penalty or obligation to pay any severance or similar compensation on no more than thirty (30) days' notice. Seller agrees to cancel, effective no later than the Closing, any of the Service Contracts specified by Purchaser in a written notice to Seller given at least thirty (30) days prior to the Closing. To the best of Seller's knowledge, all Service Contracts are assignable by Seller to Purchaser and no Service Contract prohibits such assignment or provides for any right, claim, or cause of action against Purchaser or the Property upon such assignment. Seller has canceled or will cancel, effective as of the Closing, any agreement in the nature of a management agreement or service contract between Seller and any partner of Seller or any party affiliated with or related to Seller or any partner of Seller.

(h) Warranties and Guaranties. Within three (3) days after the Effective Date of this Agreement, Seller shall provide Purchaser with complete and accurate copies of all such warranties and guaranties which are written, which are known by Seller to relate to the Property and which are in the possession or control of Seller.

(i) No Other Agreements. Other than the Lease, the Existing Loan Documents, the Architect's Agreement, the Construction Agreements, the Service Contracts, and the Permitted Exceptions, there are no leases, contracts, service contracts, management agreements, or other agreements or instruments in force and effect, oral or written, as to which Seller or any affiliate of Seller is a party, that grant to any person whomsoever or any entity whatsoever any right, title, interest or benefit in or to all or any part of the Property, any rights to acquire all or any part of the Property or any rights relating to the development, use, operation, management, maintenance, or repair of all or any part of the Property.

(j) No Litigation. There are no actions, suits, or proceedings pending, or to the best of Seller's knowledge threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property, nor does Seller know of any basis for such action. Seller also has no knowledge of any pending or threatened application for changes in the zoning applicable to the Property or any portion thereof.

(k) Condemnation. No condemnation or other taking by eminent domain of the Property or any portion thereof has occurred and, to the best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings (or proceedings in the nature or in lieu thereof) affecting the Property.

(l) Proceedings Affecting Access. There are no pending or, to the best of Seller's knowledge, threatened proceedings that could have the effect of impairing or restricting access between the Property and adjacent public roads.

(m) No Roll-Back Taxes. To the best of Seller's knowledge, the has not been classified under any designation authorized by law to obtain a special low ad valorem tax rate or to receive a reduction, abatement or deferment of ad valorem taxes which, in such case, will result in additional, catch-up or roll-back ad valorem taxes in the future in order to recover the amounts previously reduced, abated or deferred.

(n) No Assessments. To the best of Seller's knowledge, no special assessments have been made against the Property, whether or not they have become liens, and all impact fees, permit fees, storm drainage area fees, sewer connection fees, exactions or similar charges or sums payable as result of the construction of the Improvements have been paid in full or will be paid in full prior to the Closing.

(o) Permits. Seller has obtained all licenses, permits and approvals required to be obtained from Governmental Authorities in order to construct and install the Project, and to the best of Seller's knowledge, the Project has been constructed in compliance with all such licenses, permits and approvals.

(p) Plans and Specifications. The Plans and Specifications are

consistent with and include all of the "Final Plans" (as defined in the Lease) and have been approved in writing by the Tenant as provided in Section 2.2 of the Lease. To the best of Seller's knowledge, the Plans and Specifications comply with the requirements of the Lease, including the standards applicable to the Final Plans set forth in Section 2.2 of the Lease.

(q) Conditions of Improvements. Seller is not aware of any structural or other defects, latent or otherwise, in the Improvements, except for Punch List Items. The heating, ventilating, air conditioning, electrical, plumbing, water, elevator, roofing, storm drainage and sanitary sewer systems at or servicing the Land and Improvements are, to the best of Seller's knowledge, in good condition and working order and Seller is not aware of any defects or deficiencies, latent or otherwise, therein, except for Punch List Items. Except for Punch List Items, to the best of Seller's knowledge, the Improvements have been constructed and installed in accordance with the Plans and Specifications and the requirements and conditions of all governmental permits applicable thereto and any private restrictive covenants affecting the Property.

(r) Compliance With Governmental Requirements. To the best of Seller's knowledge, there are no violations of law, municipal or county ordinances, or other legal requirements with respect to the Property, and the Improvements and Tenant Improvements, when construction thereof is completed in accordance with the Plans and Specifications, will comply with (i) all applicable legal requirements with respect to the construction thereof, including, without limitation, the Americans with

Disabilities Act, and (ii) the Permitted Exceptions. The Property is currently zoned in a classification such as will permit the operation of the Property for the uses thereof permitted in the Lease, and the conditions, if any, to the granting of the zoning of the Property have been satisfied. To the best of Seller's knowledge, the Property is not located in a wetland area or in a designated or recognized flood plain, flood plain district, flood hazard area or area of similar characterization.

(s) Declaration. Seller has obtained the written approval of the Plans and Specifications by the Architectural Control Committee established under the Declaration, and to the best of Seller's knowledge, no other approvals are required to be obtained under the Declaration in connection with the Project. To the best of Seller's knowledge, the Plans and Specifications comply with all requirements of the Declaration, including without limitation, requirements relating to design, color scheme, setbacks, landscaping, floor area ratios, building heights, signs, sewer systems, water drainage, and irrigation. Seller has not received any notice, and Seller is not aware, of any default by Seller or with respect to the Property or any event, or occurrence which, with the giving of notice or lapse of time, or both, would result in a default of Seller or with respect to the Property under the Declaration. Seller has paid all fees with respect to the review and approval of the Plans and Specifications under Article II, Section 4 of the Declaration. Seller has not joined in or consented to any modification or amendment to the Declaration that is not recorded in the Dauphin County, Pennsylvania Recorder's office, and to the best of Seller's knowledge, the Declaration has not been modified or amended other than by a document that is of record in the Dauphin County, Pennsylvania Recorder's office.

(t) Utilities. All utilities necessary for the use of the Property

by the Tenant, including water, sanitary sewer, storm sewer, natural gas, electricity, and telephone, are installed in accordance with the Plans and Specifications and are currently operational, and such utilities either enter the Property through adjoining public streets, or, if they pass through adjoining private land, do so in accordance with valid public easements or private easements which inure to the benefit of the Property.

(u) Existing Surveys. Seller has heretofore delivered to Purchaser the most current boundary survey of the Land in the possession or control of Seller.

(v) Initial Utility Charges. All installation and connection charges for utilities serving the Property have been paid in full or will be paid in full prior to the Closing.

(w) Employees. There are no employment, collective bargaining, or agreements or arrangements between Seller and any of its employees or others which will be binding on Purchaser or any of Purchaser's successors in title.

(x) Authorization. Seller is a duly organized and validly existing limited partnership under the laws of the Commonwealth of Pennsylvania. This Agreement has been duly authorized and executed on behalf of Seller, all necessary action on the part of Seller to authorize the transactions herein contemplated has been taken, and no

further action is necessary for such purpose, and this Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting generally the enforcement of creditor's rights. Neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will (i) be in violation of Seller's partnership agreement, (ii) conflict with or result in the breach or violation of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Seller, or (iii) constitute a breach of any evidence of indebtedness or agreement of which Seller is a party or by which Seller is bound.

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

At Closing, Seller shall reaffirm to Purchaser that all such representations and warranties of Seller in this Agreement remain true and correct as of the date of the Closing, except for any changes in any such representations or warranties that occur and are disclosed by Seller to Purchaser expressly and in writing at any time and from time to time prior to Closing upon their occurrence, which disclosures shall thereafter be updated by Seller to the date of Closing. If there is any change in any representations or warranties and Seller does not cure or correct such changes prior to Closing, then Purchaser may, at Purchaser's option, (i) close and consummate the transaction contemplated by this Agreement, except that after such closing and consummation Purchaser shall have the right to seek actual monetary damages from Seller for any such changes willfully caused by Seller or any such representations or warranties willfully breached by Seller, or (ii) terminate this Agreement by written notice to Seller, whereupon the Earnest Money shall be immediately returned to Purchaser, and thereafter the parties hereto shall have no further rights or obligations hereunder, except only (1) for such rights or obligations that, by the express terms hereof, survive any termination of this Agreement and (2) that Purchaser

shall have the right to seek actual monetary damages from Seller for any changes in such representations and warranties willfully caused by Seller or any such representations and warranties willfully breached by Seller. Purchaser shall not have the right to seek or recover consequential damages arising from Seller's breach or default under this Agreement. As used herein, the term "to the best of Seller's knowledge" or similar phrase shall mean the actual knowledge of Tim McEnery, Gerald A. Pientka, Robert McCormick and Dennis Shaw.

10. Seller's Additional Covenants. Seller does hereby further covenant and agree as follows:

(a) Operation of Property. Seller hereby covenants that, from the Effective Date of this Agreement up to and including the date of Closing, Seller shall: (i) not negotiate with any third party respecting the sale of the Property or any interest therein, (ii) except for the Lease Amendment, not modify, amend, or terminate the Lease without the prior written consent of Purchaser, (iii) not enter into any new service contract or other agreement respecting the Property without the prior written consent of Purchaser, (iv) not waive any rights of Seller under the Lease or any

Service Contract, (v) not voluntarily grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, without the prior written consent of Purchaser, (vi) neither transfer nor remove any personal property or fixtures from the Property except for purposes of replacement thereof, in which case such replacements shall be properly installed and shall be comparable in quality to the items being replaced, and (vii) continue to use all commercially reasonable efforts to cause the Completion Date to occur within the time period contemplated by this Agreement.

(b) Completion of Construction. Seller shall, from and after the Effective Date of this Agreement to the date of Closing (and thereafter if not completed as of the date of Closing), continue to prosecute the completion of the Punch List Items in accordance with the Plans and Specifications with all due diligence.

(c) Preservation of Lease. Seller shall, from and after the Effective Date of this Agreement to the date of Closing, use commercially reasonable efforts to perform and discharge all of the duties and obligations and otherwise comply with every covenant and agreement of the landlord under the Lease, at Seller's expense, in the manner and within the time limits required thereunder. Furthermore, Seller shall, for the same period of time, use diligent and good faith efforts to cause the Tenant under the Lease to perform all of its duties and obligations and otherwise comply with each and every one of its covenants and agreements under the Lease. Seller's obligations under Section 2.7 of the Lease to (1) assign and transfer to Tenant, after the conclusion of the Initial Improvements Warranty Period, all assignable (without cost to Landlord or Contractor) warranties then in effect which were given to Landlord or Contractor in the first instance and (2) use its reasonable commercial efforts to furnish to Tenant three (3) copies of any and all service contracts, warranties, equipment specifications, manufacturer's information and operating instructions in connection with the Initial Improvements (as that term is defined in the Lease), as the same may be reasonably available to Landlord from its suppliers, shall survive the Closing. Seller will deliver to Purchaser copies of the documents delivered to Tenant pursuant to the terms of this paragraph.

(d) Lease Amendment. Prior to Closing, Seller shall use commercially

reasonable efforts to obtain and deliver to Purchaser a fully completed Lease Amendment with respect to the Lease in the form attached hereto as Exhibit "D" and by this reference made a part hereof, duly executed by the
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Tenant, Seller and the "Contractor" thereunder. Contractor agrees to join in such Lease Amendment.

(e) As-Built Survey. Seller agrees to obtain at Seller's cost and
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deliver to Purchaser, after the Improvements have been substantially completed, and prior to the Closing, an as-built survey of the Real Estate prepared for and certified to Purchaser and the Title Company by a registered land surveyor approved by Purchaser, which approval shall not be unreasonably withheld. The as-built survey shall be dated not earlier than one (1) month prior to the Closing. Seller shall use commercially reasonable efforts to cause the surveyor to prepare the as-built survey in compliance with the minimum detail requirements for land title surveys as adopted by the

American Land Title Association and American Congress on Surveying and Mapping, adopted in 1992, and in a manner so as to show the following items, whether covered by the foregoing minimum detail requirements or not:

(i) The political subdivision, county, and such other notations as will accurately describe the property surveyed.

(ii) All courses and distances of the boundaries of the Land.

(iii) The location of all Improvements (including measured dimensions) on the Land with the dimensions in relation to lot and building lines. If any applicable restrictions, recorded plats, or zoning ordinances require a building to be set back specified distances from streets or property lines, the as-built survey must show measured distances from said building to said streets or lines.

(iv) The location of all rights-of-way, water courses, drains, sewers, utility easements, driveways, or roads which serve the Real Estate or to which the Real Estate is subject.

(v) The names and widths of streets with the distance from the nearest corner to the beginning point of Land surveyed.

(vi) The total acreage or square foot area of the Land and the location and number of paved parking spaces.

(vii) The names of adjoining owners on all sides of the Land.

(viii) Certification by the surveyor that the real property, as shown and described in the as-built survey, does not constitute an illegal subdivision of land under applicable county or city ordinances.

(ix) Certification as to whether or not the Land lies within a flood zone as determined by the United States Department of Housing and Urban Development. If the Land lies within a flood zone, the certification should reflect the flood zone classification.

(f) Tenant and Guarantor Estoppel Certificates. Within thirty (30)
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days prior to Closing, Seller shall obtain and deliver to Purchaser a fully executed Estoppel Certificate from the Tenant, addressed to Purchaser, in the form attached to the Lease as Exhibit 19.9 thereto and a fully executed Guarantor Estoppel Certificate from Vanguard in the form attached hereto as Exhibit "M" and by reference made a part hereof.
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(g) Insurance. From and after the date of this Agreement to the date and time of Closing, Seller shall maintain all-risk or special form property insurance covering the Improvements on the Property in the amount of the full insurable value thereof, together with loss of rent insurance for a period of not less than six (6) months.

11. Closing. Provided that all of the conditions set forth in this Agreement are theretofore fully satisfied or performed, it being fully understood and agreed, however, that Purchaser may waive expressly and in writing, at or prior to Closing, any conditions that are unsatisfied or unperformed at such time, the consummation of the sale by Seller and purchase by Purchaser of the Property (herein referred to as the "Closing") shall be held on or before the date which is seven (7) business days after the later of (i) the Completion Date or (ii) the expiration of the Inspection Period, at an office in either Susquehanna Township or Harrisburg, Pennsylvania, at such specific office, and at such specific time and date as shall be mutually agreed upon by Purchaser and Seller prior to Closing. In the event Seller and Purchaser fail to mutually agree upon the date, time and place for Closing, the Closing shall occur at 1:30 p.m. on the last date for such Closing as provided above, at the office of The Sentinel Agency, Inc., the agent for the Title Company, at 3003 North Front Street, Harrisburg, Pennsylvania 17110. In the event Seller shall fail to cause the Completion Date to occur prior to January 25, 1998, this Agreement shall automatically terminate and the Earnest Money shall be immediately returned to Purchaser, and unless such failure is due to the default or breach by Seller of its obligations hereunder, the parties shall have no further obligations or liabilities hereunder, except for such obligations or liabilities which expressly survive the termination of this Agreement. The final date for Closing as provided in this Paragraph 11 is subject to extension as provided in Paragraph 30 below.

12. Seller's Closing Documents. For and in consideration of, and as a condition precedent to Purchaser's delivery to Seller of the Purchase Price described in Paragraph 4 hereof, Seller shall obtain or execute, at Seller's expense, and deliver to Purchaser at Closing the following documents (all of which shall be duly executed, acknowledged, and notarized where required and shall survive the Closing):

(a) Deed. A Special Warranty Deed conveying to Purchaser Good and Marketable Title to the Real Estate, together with all rights, members, easements, and appurtenances thereof, subject only to the Permitted Exceptions. The legal description set forth in the Special Warranty Deed shall be identical to Exhibit "A" attached hereto. In the event the as-built survey of the Real Estate obtained by Seller as provided in Paragraph 10(e) hereof shall differ from the legal description set forth on Exhibit "A" hereto, Seller shall execute and deliver to Purchaser a quitclaim deed containing a legal description based upon such as-built survey;

(b) Bill of Sale. A Bill of Sale conveying to Purchaser title to the Personal Property in the form and substance of Exhibit "I" attached hereto and by this reference made a part hereof;

(c) Blanket Transfer. A Blanket Transfer and Assignment in the form and substance of Exhibit "J" attached hereto and by this reference made a part hereof;

(d) Assignment and Assumption of Lease. An Assignment and Assumption of Lease in the form and substance of Exhibit "K" attached hereto and by this reference made a part hereof, assigning to Purchaser all of Seller's right, title, and interest in and to the Lease and the rents thereunder (provided that the form of

such Assignment and Assumption of Lease is subject to modification as provided in Paragraph 30 below);

(e) Seller's Certificate. A certificate evidencing the reaffirmation of the truth and accuracy of Seller's representations, warranties, and agreements set forth in Paragraphs 9 and 20 hereof;

(f) Estoppel Certificates. A fully completed Estoppel Certificate with respect to the Lease, addressed to Purchaser, in the form attached to the Lease as an exhibit thereto, duly executed by the Tenant thereunder, and a fully completed Guarantor Estoppel Certificate with respect to the Guaranty in the form attached hereto as Exhibit "M" and by reference made a part hereof, duly executed by Vanguard. In the event Seller is unable to obtain the Tenant Estoppel Certificate and Guarantor Estoppel Certificate with respect to the Lease and Guaranty, respectively, and if Purchaser's elects to waive the conditions set forth in Paragraph 7(f) hereof and proceed to Closing, Seller shall make a written representation and warranty to Purchaser at Closing with respect to the factual matters set forth in the form of such Estoppel Certificates;

(g) FIRPTA Certificate. An executed affidavit that Seller is not a foreign entity in accordance with the provisions of Section 1445 of the Internal Revenue Code of 1986, as amended;

(h) Surveys and Plans. Such surveys, site plans, plans and specifications, and other matters relating to the Property as are described in subparagraph (a) of the Blanket Transfer and Assignment and are in the possession or control of Seller;

(i) Lease. An original executed counterpart of the Lease and the Lease Guaranty;

(j) Service Contracts. An original executed counterpart of each Service Contract;

(k) Construction Expense Statements. Statements, certified to be complete and accurate by Seller, of construction expenses and other expense information required in order to compute any adjustments to annual Base Rent under the Lease;

(l) Corporate Resolution. A copy of a resolution of the Board of Directors each corporate general partner of Seller, certified by the Secretary or Assistant Secretary of such corporate general partner of Seller to be in force and unmodified as of the date and time of Closing, authorizing the execution and delivery of documents required hereunder, and a certificate of incumbency designating the signatures of the officers or members of such corporate general partner of Seller who are to execute and

deliver all such documents on behalf of such corporate general partner of Seller;

(m) Partnership Consent. A certified consent to this Agreement, the transactions contemplated herein, and the execution and delivery of the documents required hereunder, signed by all partners of Seller;

(n) Keys and Records. Any keys to any doors or locks on the Property in the possession or control of Seller and the original tenant files and other books and records relating to the operation, management, repair and maintenance of the Property in Seller's possession or control;

(o) Tenant Notice. Notice from Seller to the Tenant of the sale of the Property to Purchaser in such form as Purchaser and Seller shall reasonably approve;

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

(q) Construction Plans. Seller's construction plans, including but not limited to the Plans and Specifications and any and all other surveys, plans and specifications for engineering, architectural, landscaping, electrical, civil, sewage, storm water, drainage or elevations, or any combination thereof with respect to the Land or Improvements thereon or both Land and Improvements;

(r) Certificates of Occupancy. Original certificates of occupancy for all space within the Improvements, unless such originals are required to be (and are) posted in the Building;

(s) Warranties. The originals of all Warranties issued with respect to the Project or required to be issued with respect to the Project pursuant to the Plans and Specifications;

(t) Indemnity by Walsh, Higgins & Company. An Indemnification substance of Agreement duly executed by Walsh, Higgins & Company in the form and Exhibit "N" attached hereto and by reference made a part hereof. Walsh, Higgins & Company joins in this Agreement solely for the purpose of agreeing to execute and deliver such Indemnification Agreement at the Closing;

(u) Lien Waiver by Leasing Agents. A written acknowledgment by Leasing Agents that they have been paid in full the entire leasing commission in the amount of $540,000.00 payable to Leasing Agents under the commission agreement relating to the Lease and waiving and releasing any lien or claim or right to a lien for such commission; and

(v) Other Documents. Such other documents as are customarily and reasonably required by the Title Company, including an owner's affidavit.

13. Purchaser's Closing Documents. Purchaser shall obtain or execute, at Purchaser's expense, and deliver to Seller at Closing the following documents, all of which shall be duly executed and acknowledged where required and shall survive the Closing:

(a) Assignment and Assumption of Lease. The Assignment and Assumption of Lease in the form and substance of Exhibit "K" attached hereto (provided that the form of such Assignment and Assumption of Lease is subject to modification as provided in Paragraph 30 below);

(b) Blanket Transfer. A Blanket Transfer and Assignment in the form and substance of Exhibit "J" attached hereto;

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

(d) Corporate Resolution. A copy of a resolution of the Board of Directors any corporate general partner of Purchaser, certified by the Secretary or Assistant Secretary of such corporate general partner of Purchaser to be in force and unmodified as of the date and time of Closing, authorizing the execution and delivery of documents required hereunder, and a certificate of incumbency designating the signatures of the officers of such corporate general partner of Purchaser who are to execute and deliver all such documents on behalf of such corporate general partner of Purchaser; and

(e) Other Documents. Such other documents as are customarily and reasonably required by the Title Company.

14. Closing Costs. Seller shall pay the cost of obtaining the Title Commitment, including the cost of the examination of title to the Property made in connection therewith, the cost of the as-built survey obtained by Seller as provided in Paragraph 10(e) hereof, fifty percent (50%) of the cost of any transfer or documentary tax imposed by the Commonwealth of Pennsylvania or any county or municipality upon the conveyance of the Property pursuant hereto, the escrow fees charged by the Title Company for serving as escrow agent with respect to the portion of the Purchase Price deposited with Title Company to assure completion of the Punch List Items and obtaining permanent certificates of occupancy for the Building and the tenant space as provided in Paragraph 4 hereof, and assuring the performance by Seller of its obligations regarding the transfer of warranties to Purchaser and satisfaction of certain delivery obligations under Section 2.7 of the Lease as provided in Paragraph 4 hereof, the attorneys' fees of Seller, and all other costs and expenses incurred by Seller in closing and consummating the purchase and sale of the Property pursuant hereto. Purchaser shall pay the recording fees on the Special Warranty Deed (and quitclaim deed if required pursuant to Paragraph 12[a] hereof) of the Property from Seller to Purchaser to be recorded in connection with this transaction, the premium for Purchaser's owner's policy of title insurance and any endorsements thereto (but excluding any incremental cost for providing affirmative insurance coverage with respect to any mechanic's or materialmen's liens), fifty percent (50%) of the cost of any transfer or documentary tax imposed by the Commonwealth of Pennsylvania or

any county or municipality upon the conveyance of the Property pursuant hereto, the attorneys' fees of Purchaser, and all other costs and expenses incurred by

Purchaser in closing and consummating the purchase and sale of the Property pursuant hereto.

15. Prorations. The following items shall be prorated and/or credited between Seller and Purchaser as of Midnight preceding the date of Closing:

(a) Rents. Rent, additional rent, operating costs, and other income of the Property (other than security deposits) collected by Seller from the Tenant for the month of Closing. Purchaser shall also receive a credit against the Purchase Price payable by Purchaser to Seller at Closing for any rent or other sums (not including security deposits) prepaid by the Tenant for any period following the month of Closing, or otherwise. Purchaser shall receive a credit against the Purchase Price payable by Purchaser to Seller at Closing for the total sum of all security deposits paid by the Tenant under the Lease and not theretofore applied to delinquent rent and other charges payable by the Tenant. Seller hereby acknowledges that Purchaser shall not be legally responsible to Seller for the collection of any uncollected rent or other income under the Lease that is past due or otherwise due and payable as of the date of Closing. Purchaser agrees that if (i) the Tenant is in arrears on the date of Closing in the payment of rent or other charges under such Tenant's Lease, and (ii) upon Purchaser's receipt of any rental or other payment from such Tenant, such Tenant is, or after application of a portion of such payment will be, current under the Lease in the payment of all accrued rental and other charges that become due and payable on the date of Closing or thereafter and in the payment of any other obligations of the Tenant to Purchaser, then Purchaser shall refund to Seller, out of and to the extent of the portion of such payment remaining after Purchaser deducts therefrom any and all sums due and owning it from such Tenant from and after the date of Closing, an amount up to the full amount of any arrearage existing on the date of Closing.

(b) Property Taxes. Unless the Tenant is obligated under the Lease to pay the same directly to the taxing authority (and not to the Landlord under the Lease), city, state, county, and school district ad valorem taxes based on the ad valorem tax bills for the Property, if then available, or if not, then on the basis of the latest available tax figures and information. Should such proration be based on such latest available tax figures and information and prove to be inaccurate on receipt of the ad valorem tax bills for the Property for the year of Closing, either Seller or Purchaser, as the case may be, may demand at any time after Closing a payment from the other correcting such malapportionment. In addition, if after Closing there is an adjustment or reassessment by any governmental authority with respect to, or affecting, any ad valorem taxes for the Property for the year of Closing or any prior year, any additional tax payment for the Property required to be paid with respect the year of Closing shall be prorated between Purchaser and Seller and any such additional tax payment for the Property for any year prior to the year of Closing shall be paid by Seller. This agreement shall expressly survive the Closing.

(c) Utility Charges. Seller shall pay or cause to be paid all utility bills received prior to Closing and shall be responsible for utilities furnished to the Property prior to Closing. Purchaser shall be responsible for the payment of all bills for utilities furnished to the Property subsequent to the Closing. Except to the extent that payment for utility services directly to the utility supplier is the responsibility of the Tenant under this Lease, Seller and Purchaser hereby agree to prorate as of midnight preceding the date of Closing and pay their respective shares of all utility bills received subsequent to Closing (if they include a service period prior to the date of Closing), which agreement shall

survive Closing. Seller shall be entitled to all deposits presently in effect with the utility providers.

(d) Service Contracts. Charges under the Service Contracts shall be prorated as of Midnight preceding the date of Closing.

(e) Other Tenant Charges. Where the Lease contains the Tenant's obligations for taxes, common area expenses, operating expenses or additional charges of any nature, and where Seller shall have collected on an estimated basis any portion thereof in excess of amounts owed by Seller for such items for the period prior to the date of Closing, then there shall be an adjustment and credit given to Purchaser on the date of Closing for such excess amounts collected. Purchaser shall apply all such excess amounts to the charges owed by Purchaser for such items for the period after the date of Closing, and if required by the Lease, shall rebate or credit the Tenant with any remainder. If it is determined subsequent to the Closing that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by more than the amount previously credited to Purchaser at Closing, then Seller shall promptly pay to Purchaser the deficiency. If it is determined subsequent to Closing that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by less than the amount previously credited to Purchaser at Closing, then Purchaser shall promptly pay to Seller the overpayment.

16. Purchaser's Default. In the event of default by Purchaser under the terms of this Agreement, Seller's sole and exclusive remedy shall be to receive the Earnest Money as liquidated damages and thereafter the parties hereto shall have no further rights or obligations hereunder whatsoever except for obligations which expressly survive the termination of this Agreement. It is hereby agreed that Seller's damages will be difficult to ascertain and that the Earnest Money constitutes a reasonable liquidation thereof and is intended not as a penalty, but as fully liquidated damages. Seller agrees that in the event of a default by Purchaser prior to Closing, Seller shall not initiate any proceeding to recover damages from Purchaser, but shall limit its recovery to the receipt and retention of the Earnest Money. The limitations on Purchaser's liability under this Paragraph 16 shall be inapplicable to the liability of Purchaser for payments, if any, due by Purchaser to Seller under Paragraphs 5 and 22 hereof.

17. Seller's Default. In the event of default by Seller under the terms of this Agreement occurring prior to Closing, except as otherwise specifically set forth herein, at Purchaser's option: (i) Purchaser may terminate this Agreement by written notice to Seller, whereupon the Earnest Money shall be immediately returned by Escrow Agent to Purchaser,

and the parties hereto shall have no further rights or obligations hereunder except for rights and obligations hereunder which expressly survive the termination of this Agreement, or (ii) Purchaser shall be entitled to an immediate refund of all but $25.00 of the Earnest Money and to pursue against Seller any remedy granted to Purchaser at law or in equity, including, without limitation, specific performance; provided, however, (a) Purchaser shall not have the right to seek or recover consequential damages arising from Seller's breach or default under this Agreement, and (b) the damages recoverable against Seller for any such default occurring prior to Closing shall not exceed $250,000.00. In the event of any default by Seller occurring after Closing under any of the terms of this Agreement which survive Closing, Purchaser may pursue any remedy granted to Purchaser at law or in equity; provided, however, Purchaser shall not have the right to seek or recover consequential damages arising from Seller's breach or default under this Agreement.

18. Condemnation. If, prior to the Closing, all or any part of the Property which Purchaser reasonably determines will interfere with the operation of the Property is subjected to a bona fide threat of condemnation by a body having the power of eminent domain or is taken by eminent domain or condemnation (or sale in lieu thereof), or if Seller has received notice that any condemnation action or proceeding with respect to the Property is contemplated by a body having the power of eminent domain, Seller shall give Purchaser immediate written notice of such threatened or contemplated condemnation or of such taking or sale, and Purchaser may by written notice to Seller given within thirty (30) days of the receipt of such notice from Seller, elect to cancel this Agreement. If Purchaser chooses to cancel this Agreement in accordance with this Paragraph 18, then the Earnest Money shall be returned immediately to Purchaser by Escrow Agent and the rights, duties, obligations, and liabilities of the parties hereunder shall immediately terminate and be of no further force and effect, except for such obligations hereunder which expressly survive termination of this Agreement. If Purchaser does not elect to cancel this Agreement in accordance herewith, this Agreement shall remain in full force and effect and the sale of the Property contemplated by this Agreement, less any interest taken by eminent domain or condemnation, or sale in lieu thereof, shall be effected with no further adjustment and without reduction of the Purchase Price, and at the Closing, Seller shall assign, transfer, and set over to Purchaser all of the right, title, and interest of Seller in and to any awards that have been or that may thereafter be made for such taking. At such time as all or a part of the Property is subjected to a bona fide threat of condemnation and Purchaser shall not have elected to terminate this Agreement as hereinabove provided, Purchaser shall be permitted to participate in the proceedings as if Purchaser were a party to the action. Seller shall not settle or agree to any award or payment pursuant to condemnation, eminent domain, or sale in lieu thereof without obtaining Purchaser's prior written consent thereto in each case.

19. Damage or Destruction. If any of the Improvements shall be destroyed or damaged prior to the Closing, and if either the estimated cost of repair or replacement exceeds Two Hundred Thousand Dollars ($200,000.00) or if the cost of repair or replacement is not fully covered by Seller's casualty insurance, or if the damage could result in the termination of the Lease, Purchaser may, by written notice given to Seller within twenty (20) days after receipt of written notice from Seller of such damage or destruction, elect to terminate this Agreement, in which event the Earnest Money shall immediately be returned by Escrow Agent to Purchaser and the rights, duties, obligations, and liabilities of all parties hereunder

shall immediately terminate and be of no further force or effect, except for such obligations hereunder which expressly survive termination of this Agreement. If Purchaser does not elect to terminate this Agreement pursuant to this Paragraph 19, or has no right to terminate this Agreement (because the damage or destruction is fully insured, does not exceed $200,000.00 and could not result in the termination of the Lease), and the sale of the Property is consummated, Purchaser shall be entitled to receive all casualty insurance proceeds paid or payable to Seller by reason of such destruction or damage under the insurance required to be maintained by the Tenant pursuant to the Lease (less amounts of insurance theretofore received and applied by Seller to costs actually incurred for restoration). Seller shall not settle or release any damage or destruction claims without obtaining Purchaser's prior written consent in each case. All said insurance proceeds received by Seller by the date of Closing shall be paid by Seller to Purchaser at Closing. In addition, at Closing, Seller shall pay over to Purchaser, and assign to Purchaser, all proceeds of any rent loss insurance for the period of time commencing on the date of Closing. If the amount of said casualty or rent loss insurance proceeds is not settled by the date of Closing, Seller shall execute at Closing all proofs of loss, assignments of claim, and other similar instruments in order that Purchaser receive all of Seller's right, title, and interest in and under said insurance proceeds.

20. Hazardous Substances. Seller agrees and warrants to Purchaser that, to the best of Seller's knowledge, except as disclosed in the Environmental Report, (i) no Hazardous Substances, nor any other pollutants, toxic materials, or contaminants have been or shall prior to Closing be discharged, disbursed, released, stored, treated, generated, disposed of, or allowed to escape on the Property, (ii) no asbestos or asbestos containing materials have been installed, used, incorporated into, or disposed of on the Property, (iii) no polychlorinated biphenyls are located on or in the Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device or form, (iv) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled, (v) no investigation, administrative order, consent order and agreement, litigation, or settlement with respect to Hazardous Substances is proposed, threatened, anticipated or in existence with respect to the Property, and (vi) the Land has not previously been used as a landfill, cemetery, or as a dump for garbage or refuse. Seller hereby indemnifies Purchaser and agrees to holds Purchaser harmless from and against any lost, cost, damage, liability or expense due to or arising out of the breach of any representation or warranty contained in this Paragraph 20; provided, however, Purchaser shall not have the right to seek or recover consequential damages arising out of the breach of any representation or warranty contained in this Paragraph 20. The representations and warranties set forth in this Paragraph 20 and the indemnification given herein shall expressly survive the execution and delivery of the Special Warranty Deed conveying the Real Estate from Seller to Purchaser as provided in Paragraph 26 hereof.

21. Assignment. This Agreement and Purchaser's rights, duties, and obligations hereunder may not be delegated, transferred, or assigned by Purchaser without the prior written consent of Seller, and any assignee or transferee proposed by Purchaser shall expressly assume all of Purchaser's duties, liabilities and obligations under this Agreement by written instrument delivered to Seller. Notwithstanding the foregoing to the contrary, upon prior written notice to Seller, this Agreement, and Purchaser's rights and duties hereunder, may be freely assigned and transferred to any partnership having Purchaser, Wells Capital, Inc. or Leo

F. Wells, III as a direct or indirect general partner thereof or to The Bank of New York, as agent for Purchaser or for any partnership having Purchaser, Wells Capital, Inc. or Leo F. Wells, III as a direct or indirect general partner thereof, provided that the original Purchaser shall remain liable for all of the obligations of the Purchaser hereunder arising or accruing prior to such assignment.

22. Broker's Commission. Seller has agreed to pay to First Fidelity Mortgage Corporation ("Broker") a real estate sales commission in accordance with a separate agreement between Seller and Broker. Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Seller, including any claim asserted by Broker. Likewise, Purchaser shall and does hereby indemnify and hold harmless Seller from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Purchaser, except any such claim asserted by Broker. The obligations of Seller and Purchaser under this Paragraph 22 shall survive the Closing and any termination of this Agreement.

23. Notices. Wherever any notice or other communication is required or permitted hereunder, such notice or other communication shall be in writing and

shall be delivered by overnight courier, by hand, or sent by U.S. registered or certified mail, return receipt requested, postage prepaid, to the addresses set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

PURCHASER: Wells Operating Partnership, L.P.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
Attn: Mr. Michael Berndt

with a copy to: Troutman Sanders LLP
NationsBank Plaza, Suite 5200
600 Peachtree Street, N.E.
Atlanta, Georgia 30308-2216
Attn: Mr. John W. Griffin

SELLER Walsh Higgins No. 33, L.P.
c/o Walsh, Higgins & Company
Suite 800
101 East Erie Street
Chicago, Illinois 60611
Attn: Mr. Tim McEnery

with a copy to: O'Brien, O'Rourke & Hogan
10 South LaSalle Street, Suite 2900
Chicago, Illinois 60603
Attn: Mr. Howard I. Goldblatt

Any notice or other communication mailed as hereinabove provided shall be deemed effectively given or received on the date of delivery, if delivered by hand or by overnight courier, or otherwise on the third (3rd) business day following the postmark date of such notice or other communication.

24. Possession. Possession of the Property shall be granted by Seller to Purchaser on the date of Closing, subject only to the Lease and the Permitted Exceptions.

25. 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.

26. Survival of Provisions. All covenants, warranties, and agreements set forth in this Agreement shall survive the execution or delivery of any and all deeds and other documents at any time executed or delivered under, pursuant to, or by reason of this Agreement, and shall survive the payment of all monies made under, pursuant to, or by reason of this Agreement; provided, however, that the representations and warranties contained in Paragraphs 9, 20 and 28 hereof shall automatically expire on the date which is one (1) year after the date of Closing, except to the extent that a notice of breach of any such representation or warranty has been given prior to such expiration, and except that the representations and warranties contained in Paragraph 9(e) hereof shall not be subject to any time limitation.

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

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

28. Purchaser's Authorization. Purchaser represents to Seller that this Agreement has been duly authorized and executed on behalf of Purchaser and that this Agreement constitutes the valid and binding agreement of Purchaser, enforceful in accordance with these terms, subject to bankruptcy, insolvency, and similar laws affecting generally the enforcement of creditor's rights. Neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will (i) be in violation of Purchaser's partnership agreement, (ii) conflict with or result in the breach or violation of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Purchaser, or (iii) constitute a breach of any evidence of indebtedness or agreement of which Purchaser is a party or by which Purchaser is bound.

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

30. Reconciliation with Tenant. As of the date of this Agreement, Seller and the Tenant under the Lease have not yet reconciled the amount of "Change Order Costs" payable by the Tenant to the Seller under the Lease. Seller acknowledges that the Purchaser does not desire to acquire the Property if at the time of Closing any material dispute exists between Seller and the Tenant regarding the payment of rent, charges or the "Charge Order Costs" under the Lease. Purchaser acknowledges that Seller does not desire to sell the Property if at the time of Closing any material dispute exists between Seller and the Tenant regarding the payment of rent, charges or "Change Order Costs" under the Lease, unless Seller reserves certain remedies under the Lease pertaining to the recovery of such rent, charges and "Change Order Costs". Accordingly, the obligations of Purchaser under this Agreement shall be conditioned upon Seller's agreement to delete from the Assignment and Assumption of Lease to be executed and delivered at Closing that certain language which is underlined and set forth in bold print in the form of such Assignment and Assumption of Lease attached hereto as Exhibit "K". Likewise, the obligations of Seller under this Agreement shall be conditioned upon Purchaser's agreement to include in the Assignment and Assumption of Lease to be executed and delivered at Closing that certain language which is underlined and set forth in bold print in the form of such

Assignment and Assumption of Lease attached hereto as Exhibit "K". Seller agrees to keep Purchaser apprised of the status of Seller's efforts to reconcile with Tenant the amounts of such rents, charges and "Change Order Costs" payable by Tenant. If by the final date of Closing determined in accordance with Paragraph 11 above, Seller and Purchaser have not yet determined whether the language which is underlined and set forth in bold print in the form of said Assignment and Assumption of Lease will be deleted or included, the Closing shall be postponed until the date which is three (3) business days after Seller and Purchaser make such determination; provided, however, in no event shall the final date for Closing be postponed beyond January 29, 1999. If such determination is not made by Seller and Purchaser on or before the final date for Closing (as postponed as

provided herein), this Agreement shall terminate, Escrow Agent shall pay to Seller from the Earnest Money the sum of Twenty Five Dollars ($25.00) and the balance of the Earnest Money shall be refunded by Escrow Agent to Purchaser, whereupon, except as expressly provided to the contrary in this Agreement, no party shall have any other or further rights or obligations under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective seals to be affixed hereunto as of the day, month and year first above written.

"SELLER":

WALSH HIGGINS NO. 33, L.P.,
a Pennsylvania limited partnership

By: W/H Real Estate Enterprises Corp., an Illinois corporation, general partner

By: /s/ Gerald A. Pientka

Name: Gerald A. Pientka

Title: Vice President

(CORPORATE SEAL)

"PURCHASER":

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

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

By: /s/ Michael C. Berndt

Name: Michael C. Berndt

Title: VP & C/O

(CORPORATE SEAL)

The undersigned Walsh, Higgins & Company joins in this Agreement solely for the purposes set forth in Paragraphs 10(d) and 12(t) hereof.

WALSH, HIGGINS & COMPANY,
an Illinois corporation

By: /s/ Gerald A. Pientka

Name: Gerald A. Pientka

Title: President

(CORPORATE SEAL)

EXHIBIT 10.45

PROMISSORY NOTE

FOR $6,425,000

FROM WELLS OPERATING PARTNERSHIP, L.P.

TO

NATIONSBANK, N.A.

PROMISSORY NOTE

$6,425,000.00 February 4, 1999

1. Payment Schedule and Maturity Date. FOR VALUE RECEIVED, the undersigned (herein called "Maker") hereby promises to pay to the order of NationsBank, N.A., a national banking association ("Lender"), without offset, in immediately available funds in lawful money of the United States of America, at NationsBank Plaza, 600 Peachtree Street, N.E. in the City of Atlanta, Fulton County, Georgia, the principal sum of SIX MILLION FOUR HUNDRED TWENTY-FIVE MILLION AND NO/100 DOLLARS ($6,425,000.00) (or the unpaid balance of all principal advanced against this Note, if that amount is less) together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided, as follows:

a. Maturity Date. The final maturity of the indebtedness evidenced by this Note shall be January 4, 2002 (the "Maturity Date").

b. Interest Installments. All interest accruing hereunder from the date hereof through the Maturity Date shall be due and payable in arrears commencing on March 1, 1999, and continuing on the first (1st) day of each succeeding calendar month thereafter through and including January 1, 2002.

c. First Installment of Principal. A first installment of principal in the amount of Six Million One Hundred Fifty Thousand and No/100 Dollars ($6,150,000.00) shall be due and payable August 1, 1999.

d. Quarterly Installment of Principal. Commencing on October 1, 1999, and continuing on the first (1st) day of each succeeding calendar quarter through and including October 1, 2001, equal consecutive quarterly installments of principal shall be due and payable by Maker to Lender, each of which installments shall be in an amount equal to one-ninth (1/9th) of the outstanding principal balance of the indebtedness evidence by this Note as of October 1, 1999.

e. Final Payment of Principal and Interest. The entire outstanding principal balance of this Note together with all accrued and unpaid interest thereon shall

be finally due and payable on the Maturity Date.

2. Security; Loan Documents. The security for this Note includes an Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement (which, as it may have been or may be amended, restated, modified or supplemented from time to time, is herein called the "Mortgage") of even date herewith from Maker to Lender, conveying and encumbering certain property in Dauphin County, Pennsylvania described therein (the "Property"). This Note, the Mortgage and any other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note, are, as the same have been or may be

amended, restated, modified or supplemented from time to time, herein sometimes called individually a "Loan Document" and together the "Loan Documents."

3. Interest Rate.

(a) Stated Rate. Subject to the further provisions of this Section 3, the unpaid principal balance of this Note from day to day outstanding which is not past due shall bear interest at a rate per annum equal to the lesser of (i) the Maximum Rate (hereinafter defined) or (ii) the Stated Rate (hereinafter defined) computed on the Annual Basis (hereinafter defined). The term "Stated Rate" as used in this Note means either:

(i) a variable rate ("Variable Rate") equal to either (a) the Prime Rate (hereinafter defined), or (b) at the election of Maker, but subject to the terms and conditions set forth herein, the Variable Eurodollar Basis (hereinafter defined); or

(ii) at the election of Maker, but subject to the terms and conditions set forth herein, the Fixed Eurodollar Basis (hereinafter defined).

If a Variable Rate applies, then the Stated Rate shall, unless otherwise specified herein and subject to the following clause, change with each change in such Variable Rate as of the date of any such change, without notice, subject always to the limitations set out in this Section 3; provided, however, that if on any day the Variable Rate shall exceed the maximum permitted by application of the Maximum Rate in effect on that day, the Variable Rate shall be limited to, but shall remain at and vary with, the maximum permitted by application of the Maximum Rate on that day and on each day thereafter until the total amount of interest accrued at the Variable Rate on the unpaid balance of this Note equals the total amount of interest which would have accrued if there were no limitation by the Maximum Rate, or until the earlier payment in full of this Note.

The term "Annual Basis" as used in this Note means computation of interest for the actual number of days elapsed and as if each year were composed of 360 days; however, use of the Annual Basis is subject always to limitation by the Maximum Rate and in no event shall any such computation result in an amount of interest in excess of the Maximum Amount (hereinafter defined). In any event, all interest at the Maximum Rate shall be computed on the Annual Basis of 365 days (366 in a leap year).

The term "Business Day" as used in this Note means any day on which the offices of Lender are open for the conduct of its banking business in Atlanta, Georgia and also on which commercial banks are open for international business (including dealings in United States dollar deposits) in London, England.

The term "Eurodollar Borrowing" as used in this Note means a separate and
distinct portion of the indebtedness evidenced by this Note which bears interest at either a Fixed Eurodollar Basis or the Variable Eurodollar Basis.

The term "Eurodollar Reserve Percentage" as used in this Note means the reserve percentage either (a) applicable during an Interest Period, with respect to a Fixed Eurodollar Borrowing, or (b) applicable from day to day, with respect to a Variable Eurodollar Borrowing, under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or if more than one such percentage is so applicable, the daily average for such percentage for those days during which any such percentage shall be applicable) for determining the maximum reserve requirement (including, without limitation, any basic, marginal, supplemental or emergency reserve requirement) for Lender in respect of liabilities or assets consisting of or including "Eurocurrency Liabilities" as defined in Regulation D of the Board of Governors of the Federal Reserve Board as from time to time in effect, whether or not Lender has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Borrowings shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to Lender. Each Fixed Eurodollar Basis and the Variable Eurodollar Basis shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

The term "Fixed Eurodollar Basis" as used in this Note means a per annum rate of interest (rounded upwards, if necessary, to the nearest whole one-sixteenth of 1%) determined pursuant to the following formula:

$$\text{Fixed Eurodollar Basis} = \frac{\text{[Fixed Eurodollar Rate]}}{\text{[100\% - Eurodollar Reserve Percentage]}}$$

PLUS two hundred (200) basis points, after adjustment for insurance costs and other appropriate regulatory costs and adjustments.

The term "Fixed Eurodollar Borrowing" as used in this Note means a separate and distinct portion of the indebtedness evidenced by this Note which bears interest at a Fixed Eurodollar Basis.

The term "Fixed Eurodollar Rate" as used in this Note means, for any Eurodollar Borrowing for any Interest Period therefor, the rate per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Fixed Eurodollar Rate" shall mean, for any Fixed Eurodollar Borrowing for any Interest Period therefor, the rate per annum appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

The term "Interest Period" as used in this Note means, with respect to any Fixed Eurodollar Borrowing, a period from the date on which the Fixed Eurodollar Basis

shall become effective as to such Fixed Eurodollar Borrowing to one (1) month, two (2) months, three (3) months, or six (6) months thereafter, subject however to the following:

(i) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day; and

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month; and

(iii) no Interest Period shall extend beyond the Maturity Date.

The term "Maximum Rate" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or the law of the State of Georgia permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. The Maximum Rate shall be applied by taking into account all amounts characterized by applicable law as interest on the debt evidenced by this Note, so that the aggregate of all interest does not exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount").

The term "Prime Rate" as used in this Note means, on any day, the rate of interest per annum then most recently established by Lender as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general.

The term "Variable Eurodollar Basis" as used in this Note means a per annum rate of interest determined pursuant to the following formula:

$$\text{Variable Eurodollar Basis} = \frac{\text{[Variable Eurodollar Rate]}}{\text{[100\% - Eurodollar Reserve Percentage]}}$$

PLUS two hundred (200) basis points, after adjustment for insurance costs and other appropriate regulatory costs and adjustments.

The term "Variable Eurodollar Borrowing" as used in this Note means a separate and distinct portion of the indebtedness evidenced by this Note which bears interest at the Variable Eurodollar Basis.

The term "Variable Eurodollar Rate" as used in this Note means, as such rate changes each day, without notice, the rate per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) for a thirty-day period, with the applicable Variable Eurodollar Rate for each day being the Variable Eurodollar Rate that appeared, as aforesaid, two Business Days prior to such day. If for any reason such rate is not available, the term "Variable Eurodollar Rate" shall mean, as such rate changes each day, without notice, the rate per annum appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) for a thirty-day period, with the applicable Variable Eurodollar

Rate for each day being the Variable Eurodollar Rate that appeared, as aforesaid, two Business Days prior to such day; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

(b) Initial Stated Rate; Application of Prime Rate. The Stated Rate as of the date hereof is the Variable Eurodollar Basis. Maker may elect to change the Variable Rate from the Variable Eurodollar Basis to the Prime Rate, or from the Prime Rate to the Variable Eurodollar Basis, once per calendar month, which election shall be effective on the first (1st) Business Day following receipt by Lender of written notice from Maker setting forth the rate elected. Any portion of the outstanding principal balance hereof which, prior to the Maturity Date, does not bear interest at either the Variable Eurodollar Basis or the Fixed Eurodollar Basis, for any reason, shall bear interest at the Prime Rate.

(c) Election of Fixed Eurodollar Basis. On any Business Day on which (i) a portion of the outstanding principal balance of this Note is then accruing interest at a Variable Rate (or is scheduled to begin accruing interest at a Variable Rate on either of the next two (2) Business Days), (ii) such portion of the outstanding principal balance is equal to or greater than Six Million Dollars ($6,000,000.00), and (iii) no Default shall have occurred and remain uncured following the expiration of any applicable grace period, Maker shall have the right to request that Lender advise Maker as to the current Fixed Eurodollar Basis, for one or more specified Interest Periods, with respect to such portion of the outstanding principal balance. The request for such advice must be received by Lender no later than 9:30 a.m., Atlanta, Georgia time, on such Business Day. Lender shall endeavor so to advise Maker of the Fixed Eurodollar Basis no later than 10:00 a.m., Atlanta, Georgia time, on the same day. Lender's determination of the Fixed Eurodollar Basis shall be conclusive. No later than 10:00 a.m., Atlanta, Georgia time, on the same day, Maker shall have the option to elect, subject to the availability to Lender of funds in the specified amount, at the specified Fixed Eurodollar Rate, for the specified Interest Period, which election by Maker shall be irrevocable, that such portion of the outstanding principal balance shall bear interest at the Fixed Eurodollar Basis, based upon the quoted Fixed Eurodollar Rate, for the specified Interest Period for such Fixed Eurodollar Rate. Maker shall communicate notice of its election to exercise the above option by telephone or by telex, but any telephonic notice shall be immediately confirmed in writing given by Maker to Lender. Each Fixed Eurodollar Basis selected by Maker shall become effective, and the Interest Period applicable thereto shall commence, on the second (2nd) Business Day following the date of such selection. No more than one (1) Fixed Eurodollar Borrowing may be outstanding at any given time.

(d) Suspension of Eurodollar Borrowings. If, at any time,

(i) Lender shall have reasonably determined (which determination shall be conclusive and binding) that by reason of circumstances affecting the London interbank market or other Eurodollar market, as applicable, adequate and reasonable means do not exist for ascertaining the Fixed Eurodollar Basis or the Variable Eurodollar Basis, as the case may be, or

(ii) Lender shall have reasonably determined (which determination shall be conclusive and binding) that the Fixed Eurodollar Basis or the Variable Eurodollar Basis, as the case may be, will not adequately and fairly reflect the cost to Lender of such Eurodollar Borrowing,

then Lender shall forthwith give notice thereof to Maker, whereupon until Lender notifies Maker that the circumstances giving rise to such suspension no longer exist, the obligation of Lender to allow new Fixed Eurodollar Borrowings or Variable Eurodollar Borrowings, as the case may be, shall be suspended.

(e) Conversion to Prime Rate. If, after the date of this Note, the adoption

of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender (or any of its non-United States offices) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for Lender to make, maintain or fund Eurodollar Borrowings, Lender shall forthwith give notice thereof to Maker, whereupon until Lender notifies Maker that the circumstances giving rise to such suspension no longer exist, the obligation of Lender to allow Eurodollar Borrowings shall be suspended. If Lender shall determine that it may not lawfully continue to maintain any outstanding Eurodollar Borrowing to maturity and shall so specify in such notice, such Eurodollar Borrowing shall be immediately converted to a borrowing at the Prime Rate.

(f) Additional Compensation to Lender. If, after the date of this Note, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject Lender to any tax, duty or other direct charge with respect to Eurodollar Borrowings or this Note or shall change the basis of taxation of payments to Lender of the principal of or interest on Eurodollar Borrowings or any other amounts due under this Note in respect of Eurodollar Borrowings or its obligations to allow Eurodollar Borrowings (except for changes in the rate of tax on the overall net income of Lender imposed by the jurisdiction in which Lender's principal executive office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Borrowing any such requirement included in an applicable Eurodollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, Lender or shall impose on Lender or the interbank market for Eurodollar deposits any other condition affecting Eurodollar Borrowings, this Note or the obligation of Lender to allow Eurodollar Borrowings;

and the result of any of the foregoing is to increase the cost to Lender of allowing or maintaining Eurodollar Borrowings or to reduce the amount of any sum received or receivable by Lender under this Note with respect thereto, by an amount deemed by Lender, in its good faith judgment, to be material, then, within fifteen (15) days after demand by Lender, Maker shall pay to Lender such additional amount or amounts as will compensate Lender for such increased cost or reduction. Lender will promptly notify Maker of any event of which it has knowledge, occurring after the date hereof, which will entitle Lender to compensation pursuant to this paragraph. A certificate of Lender claiming compensation under this paragraph, setting forth the additional amount or amounts to be paid to it hereunder and explaining in reasonable detail the estimates, data and calculations of such amount, shall be conclusive and binding in the absence of manifest error. In determining such amount, Lender may use any reasonable averaging and attribution methods. In lieu of paying the compensation to Lender described in this paragraph, Maker may elect, promptly upon receiving notice from Lender of the event entitling Lender to such compensation, to have any Eurodollar Borrowing converted to a borrowing at the Prime Rate, subject to Maker's paying to Lender a Make-Whole Amount (hereinafter defined) as a result of such conversion.

(g) Past Due Rate. From and after maturity (whether by acceleration or otherwise), any principal of, and to the extent permitted by applicable law, any interest on this Note, and any other sum payable hereunder, shall bear

interest, payable on demand, at a rate per annum (the "Past Due Rate") equal to the lesser of (i) the Stated Rate plus four percent (4%) or (ii) the Maximum Rate.

(h) Late Charge. If any principal or interest is not paid when due, Maker shall pay, on demand, a late charge of four cents ($.04) for each dollar of each installment which becomes past due for a period exceeding ten (10) days to help defray the added expense incurred in handling said delinquent installment, provided that in no event shall interest be due or payable in excess of the Maximum Rate.

4. Prepayment. Maker may prepay the principal balance of this Note, in full at any time or in part from time to time, provided that (i) Lender shall have actually received from Maker at least five (5) business days' prior written notice of Maker's intent to prepay, of the amount of principal which will be prepaid (the "Prepaid Principal") and of the date on which the prepayment will be made; (ii) the prepayment must not, in Lender's judgment, result in a breach or loss of rights under any commitment or agreement by any third party for payment or purchase of the loan evidenced by this Note or of the Property; (iii) each prepayment shall be in the amount of $1,000.00

or a larger integral multiple of $1,000.00 (unless the prepayment retires the outstanding balance of this Note in full); and (iv) each prepayment shall be in the amount of 100% of the Prepaid Principal, plus accrued unpaid interest thereon to the date of prepayment, plus any other sums which have become due to Lender under the Loan Documents on or before the date of prepayment but have not been paid, and, if the Prepaid Principal bears interest at a Fixed Eurodollar Basis, plus the Make-Whole Amount (hereinafter defined). The "Make-Whole Amount" shall equal the aggregate of any loss, cost, liability or expense incurred by Lender as a result of a prepayment or conversion of any Fixed Eurodollar Borrowing or portion thereof, including, without limitation, any loss in obtaining, liquidating or employing funds from third parties, and any loss of yield, as determined by Lender, on a present value basis, in its judgment reasonably exercised; but the Make-Whole Amount shall in no event be less than zero and nothing herein shall be construed or operate to require Maker to pay a Make-Whole Amount except in connection with Maker's exercise of the right to prepay Fixed Eurodollar Borrowings granted above or the conversion of a Fixed Eurodollar Borrowing to a borrowing at the Prime Rate, as described in Section 3, above, or to pay any amount greater than is permitted by applicable law. If a Make-Whole Amount will be due, Lender shall notify Maker of the amount and basis of determination of the Make-Whole Amount. If this Note is prepaid in full, any commitment of Lender for further advances shall automatically terminate.

5. Certain Provisions Regarding Payments. All payments made as scheduled on this Note shall be applied, to the extent thereof, to accrued but unpaid interest, unpaid principal, and any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its discretion. All prepayments on this Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid, to the remaining principal installments, and any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its discretion, including but not limited to application to principal installments in inverse order of maturity. Except to the extent that specific provisions are set forth in this Note or another Loan Document with respect to application of payments, all payments received by the holder hereof shall be applied, to the extent thereof, to the indebtedness secured by the Mortgage in such manner and order as Lender may elect in its discretion, any instructions from Maker or anyone else to the contrary notwithstanding. Remittances in payment of any part of the indebtedness other than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by the holder hereof in

immediately available U.S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by the holder hereof of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a Default (hereinafter defined). Payments received after 2:00 o'clock p.m. Atlanta, Georgia time shall be deemed to be received on, and shall be posted as of, the following business day. Whenever any payment under this Note or any other Loan Document falls on a day on which the offices of Lender are not open for the conduct of business in Atlanta, Georgia, such payment may be made on the next succeeding day on which the offices of Lender are open for such business, and the extension of time in such case shall be included in the computation of interest.

6. Defaults. It shall be a default ("Default") under this Note and each of the other Loan Documents if (a) any principal, interest or other amount of money due under this Note is not paid in full when due, regardless of how such amount may have become due; or (b) there shall occur any default or event of default under the Mortgage or any other Loan Document. Upon the occurrence of a Default, subject to the terms of Section 4.2 of the Mortgage, the holder hereof shall have the rights to declare the unpaid principal balance and accrued but unpaid interest on this Note at once due and payable (and upon such declaration, the same shall be at once due and payable), to foreclose any liens and security interests securing payment hereof and to exercise any of its other rights, powers and remedies under this Note, under any other Loan Document, or at law or in equity.

7. Rights Cumulative. All of the rights, remedies, powers and privileges (together, "Rights") of the holder hereof provided for in this Note and in any other Loan Document are cumulative of each other and of any and all other Rights at law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by the holder hereof to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of any Right. Without limiting the generality of the foregoing provisions, the acceptance by the holder hereof from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not (i) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Note or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

8. Costs of Collection. If any holder of this Note retains an attorney in connection with any Default or at maturity or to collect, enforce or defend this Note or any other Loan Document in any lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this Note or any other Loan Document and does not prevail, then Maker agrees to pay to each such holder, in addition to principal, interest and any other sums owing to Lender under the Loan Documents, all reasonable costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including reasonable attorneys' fees.

9. Controlling Agreement. All parties to the Loan Documents intend to comply with applicable usury law. All existing and future agreements regarding the debt evidenced by this Note are hereby limited and controlled by the provisions of this Section. In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under this Note or under any of

the other Loan Documents or otherwise, exceed the Maximum Amount. If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then, ipso facto, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the

holder hereof ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be applied to the unpaid principal of this Note in inverse order of maturity of installments and not to the payment of interest, or be refunded to the payor, at the election of the holder hereof in its sole discretion or as required by applicable law. The holder hereof does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the holder hereof shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount.

10. General Provisions. Time is of the essence with respect to Maker's obligations under this Note. Maker and all sureties, endorsers, guarantors and any other party now or hereafter liable for the payment of this Note in whole or in part, hereby severally (i) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (ii) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (iii) agree that the holder hereof shall not be required first to institute suit or exhaust its remedies hereon against Maker or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (iv) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (v) submit (and waive all rights to object) to non-exclusive personal jurisdiction in the State of Georgia, and venue in the county in which payment is to be made as specified in Section 1 of this Note, for the enforcement of any and all obligations under the Loan Documents.

Maker and all other parties to this Note severally waive any and all homestead and exemption rights which any of them or the family of any of them may have under or by virtue of the Constitution or laws of the United States of America or of any state as against this Note, any renewal hereof, or any indebtedness evidenced hereby. Maker and all other parties to this Note jointly and severally transfer, convey and assign to Lender or any other holder a sufficient amount of property or money set apart as exempt to pay the indebtedness evidenced hereby, or any renewal hereof and do hereby, jointly and severally, appoint Lender and any other holder the attorney-in-fact for each of them to claim any and all homestead exemptions allowed by law.

A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for the purpose and executed by the party against whom enforcement of the amendment is sought. The holder of this Note may, from time to time, sell or offer to sell the loan evidenced by this Note, or interests therein, to one or more assignees or participants and is hereby authorized to disseminate any information it now has or hereafter obtains pertaining to the loan evidenced by this Note, including, without limitation, any

security for this Note and credit or other information on Maker, any of its

principals and any guarantor of this Note, to any assignee or participant or prospective assignee or prospective participant, holder's affiliates, including NationsBanc Montgomery Securities LLC, any regulatory body having jurisdiction over the holder of this Note and to any other parties as necessary or appropriate in the holder of this Note's reasonable judgment. Maker shall execute, acknowledge and deliver any and all instruments reasonably requested by the holder of this Note in connection therewith and to the extent, if any, specified in any such assignment or participation, such companies, assignees or participants shall have the rights and benefits with respect to this Note and the other Loan Documents as such persons would have if such persons were Lender hereunder. Maker warrants and represents to Lender and all other holders of this Note that the loan evidenced by this Note is and will be for business or commercial purposes and not primarily for personal, family, or household use. The terms, provisions, covenants and conditions hereof shall be binding upon Maker and the representatives, successors and assigns of Maker. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. THIS NOTE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY GEORGIA LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW.

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, Maker has duly executed and sealed this Note as of the date first above written.

MAKER:

Wells Operating Partnership, L.P.,
a Delaware limited partnership,

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation,
General Partner

By: /s/ Leo F. Wells

Name: Leo F. Wells

Title: PRESIDENT

Maker's Federal Tax Identification Number: 58-2368838

[CORPORATE SEAL]

EXHIBIT 10.46

OPEN-END MORTGAGE, ASSIGNMENT OF LEASES AND RENTS,

SECURITY AGREEMENT AND FINANCING STATEMENT

FROM WELLS OPERATING PARTNERSHIP, L.P.

TO

NATIONSBANK, N.A.

OPEN-END MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS. THIS INSTRUMENT CONVEYS A SECURITY INTEREST IN GOODS WHICH ARE OR ARE TO BECOME FIXTURES.

THIS MORTGAGE SECURES FUTURE ADVANCES

(All notices to be given to Mortgagee pursuant to 42 PA. C.S.A. (S) 8143 shall be given as set forth in Section 6.13 of this Mortgage.)

THIS OPEN-END MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT (this "Mortgage") dated February 4, 1999, is executed and delivered by WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Mortgagor") to NATIONSBANK, N.A., a national banking association, together with its successors and assigns ("Mortgagee"), for good and valuable consideration, including the indebtedness herein recited, the receipt and adequacy of which are hereby acknowledged by Mortgagor.

This Mortgage is an "Open-End Mortgage" as set forth in 42 PA. C.S.A. (S) 8143 and secures obligations up to a maximum principal amount of indebtedness outstanding at any time equal to double the face amount of the Note (as hereinafter defined), plus accrued and unpaid interest, and including, but not limited to, advances for the payment of taxes and municipal assessments, maintenance charges, insurance premiums, costs incurred for the protection of the Property (as hereinafter defined) or the lien of this Mortgage, expenses incurred by Mortgagee by reason of default by Mortgagor under this Mortgage and advances for construction, alteration or renovation on the Property or for any other purpose, together with all other sums due hereunder or secured hereby.

ARTICLE 1 - CERTAIN DEFINITIONS; GRANTING CLAUSES; SECURED INDEBTEDNESS

Section 1.1. Certain Definitions and Reference Terms. In addition to other terms defined herein, each of the following terms shall have the meaning assigned to it:

"Loan Documents": The Note, this Mortgage, the Environmental Indemnity Agreement of even date herewith between Mortgagor and Mortgagee (the "Environmental Agreement") and all other documents now or hereafter evidencing,

governing, guaranteeing, securing or otherwise executed in connection with the Loan evidenced by the Note, including any purchase and sale agreement, as they or any of them may be from time to time renewed, extended, supplemented, increased or modified.

"Promissory Note": Promissory Note dated of even date herewith made by Mortgagor payable to the order of Mortgagee in the principal face amount of SIX MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS ($6,425,000.00), bearing interest as therein provided, and finally maturing on or before January 4, 2002, which, by this reference, is made a part hereof.

Section 1.2. Property. Mortgagor, in consideration of the indebtedness herein recited and intending to be legally bound, does hereby irrevocably GRANT, BARGAIN, SELL, ALIEN, TRANSFER, ASSIGN and MORTGAGE to Mortgagee and its successors and assigns, under and subject to the terms and conditions hereinafter set forth, the following:

(a) the real estate (herein called the "Land") described in Exhibit A which is attached hereto and incorporated herein by reference, and (i) all improvements now or hereafter situated or to be situated on the Land (herein together called the "Improvements"); and (ii) all right, title and interest of Mortgagor, now owned or hereafter acquired, in and to (1) all streets, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (2) any strips or gores between the Land and abutting or adjacent properties; (3) all options to purchase or lease the Land or the Improvements or any portion thereof or interest therein, and any greater estate in the Land or the Improvements; (4) all claims, actions and causes of action, both in law and in equity, with respect to the Property or the Improvements; and (5) all water and water rights, timber, crops and mineral interests on or pertaining to the Land (the Land, Improvements and other rights, titles and interests referred to in this clause (a) being herein sometimes collectively called the "Premises");

(b) all fixtures, equipment, systems, machinery, furniture, furnishings, appliances, inventory, goods, building and construction materials, supplies, and articles of personal property, of every kind and character, now owned or hereafter acquired by Mortgagor, which are now or hereafter attached to or situated in, on or about the Land or the Improvements, or used in or necessary to the complete and proper planning, development, use, occupancy or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use or installation in or on the Land or the Improvements, and all renewals and replacements of, substitutions for and additions to the foregoing (the properties referred to in this clause (b) being herein sometimes collectively called the "Accessories," all of which are hereby declared to be permanent accessions to the Land);

(c) all (i) plans and specifications for the Improvements; (ii) Mortgagor's rights, but not

liability for any breach by Mortgagor, under all commitments (including any commitment for financing to pay any of the secured indebtedness, as defined below), insurance policies, contracts and agreements for the design, construction, operation or inspection of the Improvements and other contracts and general intangibles (including but not limited to trademarks, trade names, goodwill and symbols) related to the Premises or the Accessories or the operation thereof; (iii) deposits (including but not limited to Mortgagor's rights in tenants' security deposits, deposits with respect to utility services to the Premises, and any deposits or reserves hereunder or under any other Loan Document for taxes, insurance or otherwise), rebates or refunds of impact fees or other taxes, assessments or charges, money, accounts, instruments, documents,

notes and chattel paper arising from or by virtue of any transactions related to the Premises or the Accessories; (iv) permits, licenses, franchises, certificates, development rights, commitments and rights for utilities, and other rights and privileges obtained in connection with the Premises or the Accessories; (v) leases, rents, royalties, bonuses, issues, profits, revenues and other benefits of the Premises and the Accessories (without derogation of Article 3 hereof); (vi) oil, gas and other hydrocarbons and other minerals produced from or allocated to the Land and all products processed or obtained therefrom, and the proceeds thereof; and (vii) engineering, accounting, title, legal, and other technical or business data concerning the Property which are in the possession of Mortgagor or in which Mortgagor can otherwise grant a security interest; and

(d) all (i) proceeds of or arising from the properties, rights, titles and interests referred to above in this Section 1.2, including but not limited to proceeds of any sale, lease or other disposition thereof, proceeds of each policy of insurance relating thereto (including premium refunds), proceeds of the taking thereof or of any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by eminent domain or transfer in lieu thereof for public or quasi-public use under any law, and proceeds arising out of any damage thereto; (ii) all claims, actions and causes of action, both in law and in equity, with respect to the Property or the Improvements; and (iii) other interests of every kind and character which Mortgagor now has or hereafter acquires in, to or for the benefit of the properties, rights, titles and interests referred to above in this Section 1.2 and all property used or useful in connection therewith, including but not limited to rights of ingress and egress and remainders, reversions and reversionary rights or interests; and if the estate of Mortgagor in any of the property referred to above in this Section 1.2 is a leasehold estate, this conveyance shall include, and the lien and interest created hereby shall encumber and extend to, all other or additional title, estates, interests or rights which are now owned or may hereafter be acquired by Mortgagor in or to the property demised under the lease creating the leasehold estate; TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto (herein collectively called the Property"), to the use, benefit and behoof of Mortgagee, forever, in fee simple
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subject to the Permitted Encumbrances (as hereafter defined).

Section 1.3. Security Interest. Mortgagor hereby assigns and grants
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to Mortgagee a security interest in all of the Property which constitutes personal property or fixtures (herein sometimes collectively called the "Collateral"). In addition to its rights hereunder or otherwise, Mortgagee
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shall have all of the rights of a secured party under the Uniform Commercial Code of Pennsylvania, or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law.

Section 1.4. Note, Loan Documents, Other Obligations. This Mortgage
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is made to secure and enforce the payment and performance of the following promissory notes, obligations, indebtedness and liabilities and all renewals, extensions, supplements, increases, and modifications thereof in whole or in part from time to time: (a) the Promissory Note and all other notes given in substitution therefor or in modification, supplement, increase, renewal or extension thereof, in whole or in part (such note or notes, whether one or more, as from time to time renewed, extended, supplemented, increased or modified and all other notes given in substitution therefor, or in modification, renewal or extension thereof, in whole or in part, being hereinafter called the "Note");

(b) all indebtedness and other obligations owed by Mortgagor to Mortgagee, now or hereafter incurred or arising pursuant to or permitted by the provisions of the Note, this Mortgage, or any of the other Loan Documents; and (c) all other loans and future advances (such future advances to be made up to a maximum principal amount of indebtedness outstanding at any one time equal to double the face amount of the Note plus all interest, costs, reimbursements, fees and

expenses due under this Mortgage) made by Mortgagee to Mortgagor and all other debts, obligations and liabilities of Mortgagor of every kind and character now or hereafter existing in favor of Mortgagee, however and whenever incurred, whether direct or indirect, primary or secondary, joint or several, fixed or contingent, secured or unsecured, and whether originally payable to Mortgagee or to a third party and subsequently acquired by Mortgagee; provided, however, and notwithstanding the foregoing provisions of this clause (c), this Mortgage shall not secure any such other loan, advance, debt, obligation or liability with respect to which Mortgagee is by applicable law prohibited from obtaining a lien or security title on real estate nor shall this clause (c) operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt of any other person to the extent that the same would violate or exceed the limit provided in any applicable usury or other law. The indebtedness referred to in this Section 1.4 is hereinafter sometimes referred to as the "secured indebtedness" or the "indebtedness secured hereby."

ARTICLE 2 - REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. Mortgagor represents, warrants, and covenants as follows:

(a) Payment and Performance. Mortgagor will make due and punctual payment of the secured indebtedness. Mortgagor will timely and properly perform and comply with all of the covenants, agreements, and conditions imposed upon it by this Mortgage and the other Loan Documents and will not permit a default to occur hereunder or thereunder. Time shall be of the essence in this Mortgage.

(b) Title and Permitted Encumbrances. Mortgagor has, in Mortgagor's own right, and Mortgagor covenants to maintain, lawful, good and marketable fee simple title to the Property, is lawfully seized and possessed of the Property and every part thereof, and has the right to convey the same, free and clear of all liens, charges, debts, claims, interests, and encumbrances except for (i) the matters, if any, set forth under the heading "Permitted Exceptions" in Exhibit B hereto, which are Permitted Exceptions only to the extent the same are valid and subsisting and affect the Property, (ii) the liens and security interests evidenced by this Mortgage, (iii) other liens and security interests (if any) in favor of Mortgagee (the matters described in the foregoing clauses (i),

(ii) and (iii) being herein called the "Permitted Encumbrances"). Mortgagor, and Mortgagor's successors and assigns, will warrant and forever defend title to the Property, subject as aforesaid, to Mortgagee and its successors and assigns, against the claims and demands of all persons claiming or to claim the same or any part thereof. Mortgagor will punctually pay, perform, observe and keep all covenants, obligations and conditions in or pursuant to any Permitted Encumbrance and will not modify or permit modification of any Permitted Encumbrance without the prior written consent of Mortgagee. Inclusion of any matter as a Permitted Encumbrance does not constitute approval or waiver by Mortgagee of any existing or future violation or other breach thereof by Mortgagor, by the Property or otherwise. If any right or interest of Mortgagee in the Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly, Mortgagee (whether or not named as the party to legal proceedings with respect thereto) is hereby authorized and empowered to take such steps as in its discretion may be proper for the defense of any such legal proceedings or the protection of such right or interest of Mortgagee, including but not limited to the employment of independent counsel, the prosecution or defense of litigation, and the compromise or discharge of adverse claims. All expenditures so made of every kind and character shall be a demand obligation (which obligation Mortgagor hereby promises to pay) owing by Mortgagor to Mortgagee, and Mortgagee shall be subrogated to all rights of the person receiving such payment.

(c) Taxes and Other Impositions. Mortgagor will pay, or cause to be

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paid, all taxes, assessments and other charges or levies imposed upon or against or with respect to the Property or the ownership, use, occupancy or enjoyment of any portion thereof, or any utility service thereto, as the same become due and payable, including but not limited to all ad valorem taxes assessed against the Property or any part thereof, and shall deliver promptly to Mortgagee such evidence of the payment thereof as Mortgagee may require.

(d) Insurance.

I. Requirements Regarding Insurance.

Mortgagor shall obtain and maintain at Mortgagor's sole expense: (1) mortgagee title insurance issued to Mortgagee covering the Premises as required by Mortgagee; (2) all-risk insurance with respect to all insurable Property, against loss or damage by fire, lightning, windstorm, explosion, hail, tornado and such hazards as are presently included in so-called "all-risk" coverage and against such other insurable hazards as Mortgagee may require, in an amount not less than 100% of the full replacement cost, including the cost of debris removal, without deduction for depreciation and sufficient to prevent Mortgagor and Mortgagee from becoming a coinsurer, such insurance to be in builder's risk (non-reporting) form during and with respect to any construction on the Premises; (3) if and to the extent any portion of the Improvements is in a special flood hazard area, a flood insurance policy in an amount equal to the lesser of the principal face amount of the Note or the maximum amount available; (4) comprehensive general public liability insurance, on an "occurrence" basis, for the benefit of Mortgagor and Mortgagee as named insureds; (5) statutory workers' compensation insurance with respect to any work on or about the Premises; and (6) such other insurance on the Property as may from time to time be required by Mortgagee (including but not limited to rental loss or business interruption insurance, boiler and machinery insurance, earthquake insurance, and war risk

insurance) and against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height, type, construction, location, use and occupancy of buildings and improvements. All insurance policies shall be issued and maintained by insurers, in amounts, with deductibles, and in form satisfactory to Mortgagee, and shall require not less than thirty (30) days' prior written notice to Mortgagee of any cancellation or change of coverage. All insurance policies maintained, or caused to be maintained, by Mortgagor with respect to the Property, except for public liability insurance, shall provide that each such policy shall be primary without right of contribution from any other insurance that may be carried by Mortgagor or Mortgagee and that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. If any insurer which has issued a policy of title, hazard, liability or other insurance required pursuant to this Mortgage or any other Loan Document becomes insolvent or the subject of any bankruptcy, receivership or similar proceeding or if in Mortgagee's reasonable opinion the financial responsibility of such insurer is or becomes inadequate, Mortgagor shall, in each instance promptly upon the request of Mortgagee and at Mortgagor's expense, obtain and deliver to Mortgagee a like policy (or, if and to the extent permitted by Mortgagee, a certificate of insurance) issued by another insurer, which insurer and policy meet the requirements of this Mortgage or such other Loan Document, as the case may be. Without limiting the discretion of Mortgagee with respect to required endorsements to insurance policies, all such policies for loss of or damage to the Property shall contain a standard mortgagee clause (without contribution) naming Mortgagee as mortgagee with loss proceeds payable to Mortgagee notwithstanding (i) any act, failure to act or negligence of or violation of any warranty, declaration or condition contained in any such policy by any named insured; (ii) the occupation or use of the Property for purposes more hazardous than permitted by the terms of any such policy; (iii) any foreclosure or other action by Mortgagee under the Loan Documents; or (iv) any change in title to or ownership of the Property or any portion thereof, such proceeds to be held for

application as provided in the Loan Documents. The originals of each initial insurance policy (or to the extent permitted by Mortgagee, a copy of the original policy and a satisfactory certificate of insurance) shall be delivered to Mortgagee at the time of execution of this Mortgage, with premiums fully paid, and each renewal or substitute policy (or certificate) shall be delivered to Mortgagee, with premiums fully paid, at least ten (10) days before the termination of the policy it renews or replaces. Mortgagor shall pay all premiums on policies required hereunder as they become due and payable and promptly deliver to Mortgagee evidence satisfactory to Mortgagee of the timely payment thereof. If any loss occurs at any time when Mortgagor has failed to perform Mortgagor's covenants and agreements in this paragraph, Mortgagee shall nevertheless be entitled to the benefit of all insurance covering the loss and held by or for Mortgagor, to the same extent as if it had been made payable to Mortgagee. Upon any foreclosure hereof or transfer of title to the Property in extinguishment of the whole or any part of the secured indebtedness, all of Mortgagor's right, title and interest in and to the insurance policies referred to in this Section (including unearned premiums) and all proceeds payable thereunder shall thereupon vest in the purchaser at foreclosure or other such transferee, to the extent permissible under such policies. Mortgagee shall have the right (but not the obligation) to make proof of loss for, settle and adjust any claim under, and receive the proceeds of, all insurance for loss of or damage to the Property, and the expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be a part of the secured indebtedness and shall be due and payable to Mortgagee on demand. Mortgagee shall not be, under any circumstances, liable or responsible for failure to collect or

exercise diligence in the collection of any of such proceeds or for the obtaining, maintaining or adequacy of any insurance or for failure to see to the proper application of any amount paid over to Mortgagor. Subject to the terms of Subsection II, below, any such proceeds received by Mortgagee shall, after deduction therefrom of all reasonable expenses actually incurred by Mortgagee, including attorneys' fees, at Mortgagee's option be (1) released to Mortgagor, or (2) applied (upon compliance with such terms and conditions as may be required by Mortgagee) to repair or restoration, either partly or entirely, of the Property so damaged, or (3) applied to the payment of the secured indebtedness in such order and manner as Mortgagee, in its sole but reasonable discretion, may elect, whether or not due. In any event, the unpaid portion of the secured indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Mortgagor shall at all times comply with the requirements of the insurance policies required hereunder and of the issuers of such policies and of any board of fire underwriters or similar body as applicable to or affecting the Property.

II. Restoration Advances.

(i) Mortgagee agrees that in the event that all or a portion of the Improvements shall be destroyed or damaged by fire, explosion, windstorm, hail or any other casualty against which insurance is required under this Mortgage, Mortgagee will elect to apply the insurance proceeds which remain after payment of the expenses of collection thereof as provided in Subsection I, above (called the "Proceeds" below in this Subsection), or so much thereof as is required, to restoration of the portion of the Premises damaged, as nearly as practicable to its value, character and condition immediately prior to such casualty (the "Restoration"), provided that all of the following conditions precedent are satisfied in full not later than ninety (90) days after the date on which the casualty loss occurs:

A) no default shall have occurred and shall remain uncured following the expiration of any grace or cure period;

B) all tenants having present or future possessory rights under Leases (hereinafter defined), including without limitation the tenant under that certain Build-To-Suit Office Lease Agreement (the "Pennsylvania Cellular Lease") dated as of September 26, 1997, by and among Walsh Higgins
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No. 33, L.P., a Pennsylvania limited partnership, as Landlord, Pennsylvania Cellular Telephone Corp., a North Carolina corporation, as Tenant, and Walsh, Higgins & Company, an Illinois corporation, as Contractor, as amended, the Landlord's interest thereunder having been assigned to Mortgagor, have agreed in a manner satisfactory to Mortgagee that their Leases will continue in full force and effect and, if necessary, the time for taking or regaining possession of the demised premises under such Leases will be extended by the time necessary to complete the Restoration;

C) all parties having operating, management or franchise interests in, and arrangements concerning, the Property have agreed that they will continue their interests and arrangements for the contract terms then in effect following the Restoration;

D) all parties having commitments to provide financing with respect to the Property, to purchase Mortgagor's interest in full or in part in the Property or to purchase or pay the loan evidenced by the Note (collectively, "Commitment Providers") have agreed in a manner satisfactory to Mortgagee that their commitments will continue in full force and effect and, if necessary, the expiration of such commitments will be extended by the time necessary to complete the Restoration;

E) Mortgagor has presented evidence satisfactory to Mortgagee, and Mortgagee has reasonably determined, that the Restoration can be accomplished within a reasonable period of time and in any event prior to the Maturity Date (as defined in the Note);

F) Mortgagor has delivered or caused to be delivered to Mortgagee, and Mortgagee has approved, complete final plans and specifications (the "Restoration Plans") for the work to be performed in connection with the Restoration (hereinafter called the "Restoration Work") prepared and sealed by an architect (the "Architect") acceptable to Mortgagee, with evidence satisfactory to Mortgagee of the approval of the Restoration Plans by all Commitment Providers and by all governmental authorities and all tenants under Leases whose approval is required;

G) Mortgagor has delivered or caused to be delivered to Mortgagee a signed estimate approved in writing by the Architect, stating the entire cost of completing the Restoration Work;

H) Mortgagor has entered into, and has furnished to Mortgagee a copy of, a fixed price construction contract satisfactory to Mortgagee, with a contractor reasonably acceptable to Mortgagee, bonded to the extent required by Mortgagee, for the Restoration Work and such contractor shall have executed a waiver of its right and the right of all subcontractors and materialmen to file mechanics' liens with respect to the Restoration Work;

I) if Mortgagee has determined that (i) the projected cost of the Restoration Work substantially in accordance with the Restoration Plans exceeds (ii) the available Proceeds held by Mortgagee, then Mortgagor has deposited with Mortgagee funds sufficient to cover the excess cost;

J) Mortgagor has furnished all insurance coverage required by Mortgagee pursuant to Subsection 2.1(d)(I), above; and

K) Mortgagee has determined that it will not incur any liability to any person as a result of such use of the Proceeds.

If all of the foregoing conditions have not been satisfied within the time limit specified above, then Mortgagee may, at its option, apply such Proceeds to the indebtedness

secured hereby, whether or not due, in such order and manner as Mortgagee elects.

(ii) To the extent that Mortgagee elects to apply the Proceeds to the

restoration or reconstruction of the Improvements, then disbursement of the Proceeds for Restoration or Restoration Work shall be subject to and shall be made in accordance with the customary practices of Mortgagee governing the disbursement of construction loans. If Mortgagee determines from time to time that (i) the estimated cost of the Restoration substantially in accordance with the Restoration Plans exceeds (ii) the available Proceeds held by Mortgagee plus all other available funds deposited by Mortgagor with Mortgagee for the purpose of the Restoration, then Mortgagor shall deposit additional funds with Mortgagee to cover the excess cost before Mortgagee shall be required to disburse any such Proceeds or other available funds for Restoration costs. Any such funds provided by Mortgagor to cover excess costs shall be used for the costs of Restoration prior to disbursement of any of the Proceeds for such costs.

(iii) Any such Proceeds and additional funds provided by Mortgagor which are held by Mortgagee under this Subsection II shall be held by Mortgagee in an account of Mortgagee's selection until disbursed for Restoration or otherwise applied as herein provided. Mortgagee's receipt and custody of such Proceeds or additional funds shall not constitute a repayment of any of the indebtedness secured hereby, unless and until such Proceeds or additional funds are actually applied against the indebtedness secured hereby in accordance with this Mortgage. No disbursement of such Proceeds for Restoration costs shall constitute an advance of the loan evidenced by the Note or increase the principal amount of such loan. If surplus Proceeds remain after completion of the Restoration and payment of all costs therefor, then such surplus Proceeds shall be applied against the indebtedness secured hereby in such manner and order as Mortgagee elects. If surplus funds then remain from additional funds provided by Mortgagor to cover excess costs of Restoration, then such surplus funds shall be returned to Mortgagor, provided that no uncured default shall exist hereunder.

(iv) In any event, upon the occurrence of a default at any time, and the expiration of any applicable grace or cure period without the curing thereof, Mortgagee may (but has no obligation to) apply all or any portion of such Proceeds or additional funds provided by Mortgagor in Mortgagee's possession to the payment of the indebtedness secured hereby, whether or not due, in such order and manner as Mortgagee elects, and/or to the cure of any default without waiving the same.

(e) Reserve for Insurance, Taxes and Assessments. Upon request of Mortgagee, to secure certain of Mortgagor's obligations in paragraphs (c) and (d) above, but not in lieu of such obligations, Mortgagor will deposit with Mortgagee a sum equal to ad valorem taxes, assessments and charges (which charges for the purpose of this paragraph shall include without limitation any recurring charge which could result in a lien against the Property) against the Property for the current year and the premiums for such policies of insurance for the current year, all as estimated by Mortgagee and prorated to the end of the calendar month following the month during which Mortgagee's request is made, and thereafter will deposit with Mortgagee, on each date when an

installment of principal and/or interest is due on the Note, sufficient funds (as estimated from time to time by Mortgagee) to permit Mortgagee to pay at least fifteen (15) days prior to the delinquency date thereof, the next maturing ad valorem taxes, assessments and charges and premiums for such policies of insurance. Mortgagee shall have the right to rely upon tax information furnished by applicable taxing authorities in the payment of such taxes or assessments and shall have no obligation to make any protest of any such taxes or assessments. Any excess over the amounts required for such purposes shall be held by Mortgagee for future use, applied to any secured indebtedness or refunded to Mortgagor, at Mortgagee's option, and any deficiency in such funds so deposited shall be made up by Mortgagor upon demand of Mortgagee. All such funds so deposited shall bear interest at the rate applicable to the account selected by Mortgagee for such funds, may be mingled with the general funds of Mortgagee and shall be applied by Mortgagee toward the payment of such taxes, assessments, charges and premiums when statements therefor are presented to Mortgagee by

Mortgagor (which statements shall be presented by Mortgagor to Mortgagee a reasonable time before the applicable amount is delinquent); provided, however, that, if a default shall have occurred hereunder, such funds may at Mortgagee's option be applied to the payment of the secured indebtedness in the order determined by Mortgagee in its sole discretion, and that Mortgagee may (but shall have no obligation) at any time, in its discretion, apply all or any part of such funds toward the payment of any such taxes, assessments, charges or premiums which are past due, together with any penalties or late charges with respect thereto. The conveyance or transfer of Mortgagor's interest in the Property for any reason (including without limitation the foreclosure of a subordinate lien or security interest or a transfer by operation of law) shall constitute an assignment or transfer of Mortgagor's interest in and rights to such funds held by Mortgagee under this paragraph but subject to the rights of Mortgagee hereunder.

(f) Condemnation. Mortgagor shall notify Mortgagee immediately of any threatened or pending proceeding for condemnation affecting the Property or arising out of damage to the Property, and Mortgagor shall, at Mortgagor's expense, diligently prosecute any such proceedings. Mortgagee shall have the right (but not the obligation) to participate in any such proceeding and to be represented by counsel of its own choice. Mortgagee shall be entitled to receive all sums which may be awarded or become payable to Mortgagor for the condemnation of the Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Mortgagor for injury or damage to the Property. Mortgagor shall, promptly upon request of Mortgagee, execute such additional assignments and other documents as may be necessary from time to time to permit such participation and to enable Mortgagee to collect and receipt for any such sums. All such sums are hereby assigned to Mortgagee, and shall, after deduction therefrom of all reasonable expenses actually incurred by Mortgagee, including attorneys' fees, at Mortgagee's option be (1) released to Mortgagor, or (2) applied (upon compliance with such terms and conditions as may be required by Mortgagee) to repair or restoration of the Property so affected, or (3) applied to the payment of the secured indebtedness in such order and manner as Mortgagee, in its sole but reasonable discretion, may elect, whether or not due. In any event the unpaid portion of the secured indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Mortgagee shall not be, under any circumstances, liable or responsible for failure to collect or to exercise diligence in the collection of any such sum or for failure to see to the proper application of any amount paid over to Mortgagor. Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. All costs and expenses (including but not limited to attorneys' fees) incurred by Mortgagee in connection with any condemnation shall be a demand obligation owing by Mortgagor (which Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage.

(g) Compliance with Legal Requirements. The Property and the use, operation and maintenance thereof and all activities thereon do and shall at all times comply with all applicable Legal Requirements (defined below). The Property is not, and shall not be, dependent on any other property or premises or any interest therein other than the Property to fulfill any requirement of any Legal Requirement. Mortgagor shall not, by act or omission, permit any building or other improvement not subject to the lien and interest of this Mortgage to rely on the Property or any interest therein to fulfill any requirement of any Legal Requirement. No part of the Property constitutes a nonconforming use under any zoning law or similar law or ordinance. Mortgagor has obtained and shall preserve in force all requisite zoning, utility, building, parking, health, environmental and operating permits from the governmental authorities having jurisdiction over the Property. If Mortgagor receives a notice or claim from any person that the Property, or any use, activity, operation or maintenance thereof or thereon, is not in compliance with any Legal Requirement, Mortgagor will promptly furnish a copy of such notice or claim to Mortgagee. Mortgagor has received no notice and has no knowledge of

any such noncompliance. As used in this Mortgage: (i) the term "Legal Requirement" means any Law (defined below), agreement, covenant, restriction, easement or condition (including, without limitation of the foregoing, any condition or requirement imposed by any insurance or surety company), as any of the same now exists or may be changed or amended or come into effect in the future; and (ii) the term "Law" means any federal, state or local law, statute, ordinance, code, rule, regulation, license, permit, authorization, decision, order, injunction or decree, domestic or foreign.

(h) Maintenance, Repair and Restoration. Mortgagor will keep the Property in first class order, repair, operating condition and appearance, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow any of the Property to be misused, abused or wasted or to deteriorate. The Improvements are directly connected to abutting public water, sewer, gas, electrical and telephone lines and pipes (and other necessary utilities) properly operating and in sufficient capacity with all charges being currently paid. Notwithstanding the foregoing, Mortgagor will not, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, (i) remove from the Property any fixtures or personal property conveyed or encumbered by this Mortgage except such as is replaced by Mortgagor by an article of equal suitability and value, owned by Mortgagor, free and clear of any lien or security interest (except that created by this Mortgage), or (ii) make any structural alteration to the Property or any other alteration thereto which impairs the value thereof. If any act or occurrence of any kind or nature (including any condemnation or any casualty for which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Property, Mortgagor shall give prompt notice thereof to Mortgagee and Mortgagor shall promptly, at Mortgagor's sole cost and expense and regardless of whether insurance or condemnation proceeds (if any) shall be available or sufficient for the purpose, commence and continue diligently to completion to restore, repair, replace and rebuild the Property as nearly as possible to its value, condition and character immediately prior to the damage, loss or destruction.

(i) No Other Liens. Mortgagor will not, without the prior written consent of Mortgagee, create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any mortgage, security instrument, voluntary or involuntary lien, whether statutory, constitutional or contractual, security title, interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this Mortgage, and should any of the foregoing become attached hereafter in any manner to any part of the Property without the prior written consent of Mortgagee, Mortgagor will cause the same to be promptly discharged and released. Mortgagor will own all parts of the Property and will not acquire any fixtures, equipment or other property forming a part of the Property, pursuant to a lease, license, security agreement or similar agreement, whereby any party has or may obtain the right to repossess or remove same, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld. If Mortgagee consents to the voluntary grant by Mortgagor of any mortgage, lien, security interest, or other encumbrance (hereinafter called "Subordinate Lien") conveying or encumbering any of the Property or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable as to a Subordinate Lien, any such Subordinate Lien shall contain express covenants to the effect that: (1) the Subordinate Lien is unconditionally subordinate to this Mortgage and all Leases (hereinafter defined); (2) if any action (whether judicial or pursuant to a power of sale) shall be instituted to foreclose or otherwise enforce the Subordinate Lien, no tenant of any of the Leases (hereinafter defined) shall be named as a party defendant, and no action shall be taken that would terminate any occupancy or tenancy without the prior written consent of Mortgagee; (3)

Rents (hereinafter defined), if collected by or for the holder of the Subordinate Lien, shall be applied first to the payment of the secured indebtedness then due and expenses incurred in the ownership, operation and maintenance of the Property in such order as Mortgagee may determine, prior to being applied to any indebtedness secured by the Subordinate Lien; (4) written notice of default under the Subordinate Lien and written notice of the commencement of any action (whether judicial or pursuant to a power of sale) to foreclose or otherwise enforce the Subordinate Lien or to seek the appointment of a receiver for all or any part of the Property shall be given to Mortgagee with or immediately after the occurrence of any such default or commencement; and (5) neither the holder of the Subordinate Lien, nor any purchaser at foreclosure thereunder, nor anyone claiming by, through or under any of them shall succeed to any of Mortgagor's rights hereunder without the prior written consent of Mortgagee.

(j) Operation of Property. Mortgagor will operate the Property in a good and workmanlike manner and in accordance with all Legal Requirements and will pay all fees or charges of any kind in connection therewith. Mortgagor will keep the Property occupied so as not to impair the insurance carried thereon. Mortgagor will not use or occupy or conduct any activity on, or allow the use or occupancy of or the conduct of any activity on, the Property in any manner which violates any Legal Requirement or which constitutes a public or private nuisance or which makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto. Mortgagor will not initiate or permit any zoning reclassification of the Property or seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in such a manner which would result in such use becoming a nonconforming

use under applicable zoning ordinances or other Legal Requirement. Mortgagor will not impose any easement, restrictive covenant or encumbrance upon the Property, execute or file any subdivision plat or condominium declaration affecting the Property or consent to the annexation of the Property to any municipality, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld. Mortgagor will not do or suffer to be done any act whereby the value of any part of the Property may be lessened. Mortgagor will preserve, protect, renew, extend and retain all material rights and privileges granted for or applicable to the Property. Without the prior written consent of Mortgagee pursuant to paragraph (u) of this Section 2.1, there shall be no drilling or exploration for or extraction, removal or production of any mineral, hydrocarbon, gas, natural element, compound or substance (including sand and gravel) from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof. Mortgagor will cause all debts and liabilities of any character (including without limitation all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Property) incurred in the construction, maintenance, operation and development of the Property to be promptly paid.

(k) Financial Matters. Mortgagor is solvent after giving effect to all borrowings contemplated by the Loan Documents and no proceeding under any Debtor Relief Law (hereinafter defined) is pending (or, to Mortgagor's knowledge, threatened) by or against Mortgagor, or any affiliate of Mortgagor, as a debtor. All reports, statements, plans, budgets, applications, agreements and other data and information heretofore furnished or hereafter to be furnished by or on behalf of Mortgagor to Mortgagee in connection with the loan or loans evidenced by the Loan Documents (including, without limitation, all financial statements and financial information) are and will be true, correct and complete in all material respects as of their respective dates and do not and will not omit to state any fact or circumstance necessary to make the statements contained therein not misleading. No material adverse change has occurred since the dates of such reports, statements and other data in the financial condition of Mortgagor or, to Mortgagor's knowledge, of any tenant under any lease described therein. For the purposes of this paragraph, "Mortgagor" shall also include any person liable directly or indirectly for the secured indebtedness or any part thereof and any joint venturer or general partner of Mortgagor.

(l) Status of Mortgagor; Suits and Claims; Loan Documents. Mortgagor is and will continue to be (i) duly organized, validly existing and in good standing under the laws of its state of organization, (ii) authorized to do business in, and in good standing in, each state in which the Property is located, and (iii) possessed of all requisite power and authority to carry on its business and to own and operate the Property. Each Loan Document executed by Mortgagor has been duly authorized, executed and delivered by Mortgagor, and the obligations thereunder and the performance thereof by Mortgagor in accordance with their terms are and will continue to be within Mortgagor's power and authority (without the necessity of joinder or consent of any other person), are not and will not be in contravention of any Legal Requirement or any other document or agreement to which Mortgagor or the Property is subject, and do not and will not result in the creation of any encumbrance against any assets or properties of Mortgagor, or any other person liable, directly or indirectly, for any of the secured indebtedness, except as expressly contemplated by the Loan Documents. There is no suit, action, claim, investigation, inquiry, proceeding or demand pending (or, to Mortgagor's knowledge, threatened) against Mortgagor or against any other

person liable directly or indirectly for the secured indebtedness or which affects the Property (including, without limitation, any which challenges or otherwise pertains to Mortgagor's title to the Property) or the validity, enforceability or priority of any of the Loan Documents. There is no judicial or administrative action, suit or proceeding pending (or, to Mortgagor's knowledge, threatened) against Mortgagor or against any other person liable directly or indirectly for the secured indebtedness, except as has been disclosed in writing to Mortgagee in connection with the loan evidenced by the Note. The Loan Documents constitute legal, valid and binding obligations of Mortgagor (and of each guarantor) enforceable in accordance with their terms, except as the enforceability thereof may be limited by Debtor Relief Laws (hereinafter defined) and except as the availability of certain remedies may be limited by general principles of equity. Mortgagor is not a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended, Sections 1445 and 7701 (i.e. Mortgagor is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined therein and in any regulations promulgated thereunder). The loan evidenced by the Note is solely for business purposes, and is not for personal, family, household or agricultural purposes. Mortgagor will not cause or permit any change to be made in its name, identity, or corporate or partnership structure, unless Mortgagor shall have notified Mortgagee of such change prior to the effective date of such change, and shall have first taken all action required by Mortgagee for the purpose of further perfecting or protecting the lien and security interest of Mortgagee in the Property. Mortgagor's principal place of business and chief executive office, and the place where Mortgagor keeps its books and records concerning the Property, has for the preceding four months been and will continue to be (unless Mortgagor notifies Mortgagee of any change in writing prior to the date of such change) the address of Mortgagor set forth at the end of this Mortgage.

(m) Certain Environmental Matters.

(i) Definitions. As used in this Mortgage: (1) "Environmental Claim" means any investigative, enforcement, cleanup, removal, containment, remedial or other governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Requirement against Mortgagor or against or with respect to the Property or any use or activity on the Property, and any claim at any time threatened or made by any person against Mortgagor or against or with respect to the Property or any use or activity on the Property, relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Substance; (2) "Environmental Requirement" means any Legal Requirement which pertains to ground or air or water or noise pollution or

contamination, underground or aboveground tanks, health or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), and all environmental laws, ordinances, regulations and rules of the Commonwealth of Pennsylvania and each agency, instrumentality, and subdivision thereof having jurisdiction over the Premises, including, but not limited to, the Pennsylvania Discharge Elimination System Rules, the Pennsylvania Wastewater Treatment Regulations, the Pennsylvania Water Quality Standards, the Pennsylvania Hazardous Material Response Act, the Pennsylvania Storage Tank and Spill Prevention Act, the Pennsylvania Underground Storage Act, the

Pennsylvania Air Pollution Control Act, and the Pennsylvania Air Pollution Sources Standards; and (3) "Hazardous Substance" means any substance, whether solid, liquid or gaseous: (a) which is listed, defined or regulated as a "hazardous substance", "hazardous waste" or "solid waste", or otherwise classified as hazardous or toxic, in or pursuant to any Environmental Requirement; or (b) which is or contains asbestos, radon, any polychlorinated biphenyl, urea formaldehyde foam insulation, or explosive or radioactive material; or (c) which causes or poses a threat to cause a contamination or nuisance on the Property or on any adjacent property or a hazard to the environment or to the health or safety of persons on the Property. As used in this paragraph (m), the word "on" when used with respect to the Property or adjacent property means "on, in, under, above or about".

(ii) Representations and Warranties. Mortgagor represents and warrants to Mortgagee, without regard to whether Mortgagee has or hereafter obtains any knowledge or report of the environmental condition of the Property, as follows: (1) during the period of Mortgagor's ownership of the Property, the Property has not been used for industrial or manufacturing purposes, for landfill, dumping or other waste disposal activity or operation, for generation, storage, use, sale, treatment, processing, recycling or disposal of any Hazardous Substance, or for any other use that would give rise to the release of any Hazardous Substance on the Property; (2) to the best of Mortgagor's knowledge after inquiry in accordance with good commercial or customary practices, no use of the Property described in clause (1) preceding occurred at any time prior to the period of Mortgagor's ownership of the Property nor did any such use on any adjacent property occur during or at any time prior to the period of Mortgagor's ownership of the Property, and there is no Hazardous Substance, storage tank (or similar vessel), sump or well on the Property; (3) Mortgagor has received no notice and has no knowledge of any Environmental Claim or any completed, pending, proposed or threatened investigation or inquiry concerning the presence or release of any Hazardous Substance on the Property or on any adjacent property or concerning whether any condition, use or activity on the Property or on any adjacent property is in violation of any Environmental Requirement; (4) the present conditions, uses and activities on the Property do not violate any Environmental Requirement and the use of the Property which Mortgagor (and each tenant and subtenant, if any) makes and intends to make of the Property complies and will comply with all applicable Environmental Requirements; (5) the Property is not currently on, and to the best of Mortgagor's knowledge after inquiry in accordance with good commercial or customary practices, has never been on, any federal or state "superfund" or "superlien" list; and (6) neither Mortgagor, nor to Mortgagor's knowledge any tenant or subtenant, has obtained or is required to obtain any permit or other authorization to construct, occupy, operate, use or conduct any activity on any of the Property by reason of any Environmental Requirement.

(iii) Violations. Mortgagor will not cause, commit, permit or allow

to continue any violation of any Environmental Requirement by Mortgagor or by or with respect to the Property or any use or activity on the Property, or the attachment of any environmental lien to the Property. Mortgagor will not place, install, dispose of or release, or cause, permit or allow the placing, installation, disposal or release of, any Hazardous Substance or storage tank (or similar vessel) on the Property and will keep the Property free of any Hazardous

Substance. Notwithstanding the foregoing provisions of this Subparagraph (iii), Mortgagor shall not be in default under this Subparagraph (iii) should Mortgagor store minimal quantities of substances on the Property which technically could be considered Hazardous Substances, provided that: such substances are of a type and are held only in a quantity normally used in connection with the construction, occupancy or operation of comparable buildings (such as cleaning fluids, and supplies normally used in the day to day operation of business offices), such substances are being held, stored and used in complete and strict compliance with all applicable Environmental Requirements, and the indemnity in Section 7 of the Environmental Agreement shall always apply to such substances, and it shall be and continue to be the responsibility of Mortgagor to take all remedial actions required under and in accordance with Subparagraph (vi), below, in the event of any unlawful release of any such substance.

(iv) Notice to Mortgagee. Mortgagor will promptly advise Mortgagee in writing of any Environmental Claim or of the discovery of any Hazardous Substance on the Property, as soon as Mortgagor first obtains knowledge thereof, including a full description of the nature and extent of the Environmental Claim and/or Hazardous Substance and all relevant circumstances.

(v) Site Assessments and Information. If Mortgagee shall ever have reason to believe that any Hazardous Substance affects the Property, or if any Environmental Claim is made or threatened, or if a default shall have occurred, Mortgagor will at its expense provide to Mortgagee from time to time, in each case within 30 days of Mortgagee's request, a report (including all drafts thereof if requested by Mortgagee) of an environmental assessment of the Property made after the date of Mortgagee's request and of such scope (including but not limited to the taking of soil borings, air and groundwater samples and other above and below ground testing) as Mortgagee may request and by a consulting firm acceptable to Mortgagee. Mortgagor will cooperate with each consulting firm making any such assessment and will supply to the consulting firm, from time to time and promptly on request, all information available to Mortgagor to facilitate the completion of the assessment and report.

(vi) Remedial Actions. Without limitation of Mortgagee's rights to declare a default and to exercise all remedies available by reason thereof, if any Hazardous Substance is discovered on the Property at any time and regardless of the cause, Mortgagor shall: (1) promptly at Mortgagor's sole risk and expense remove, treat and dispose of the Hazardous Substance in compliance with all applicable Environmental Requirements and solely under Mortgagor's name (or if removal is prohibited by any Environmental Requirement, take whatever action is required by applicable Environmental Requirements), in addition to taking such other action as is necessary to have the full use and benefit of the Property as contemplated by the Loan Documents, and provide Mortgagee with satisfactory evidence thereof; and (2) if requested by Mortgagee, provide to Mortgagee within 30 days of Mortgagee's request a bond, letter of credit or other financial assurance evidencing to Mortgagee's satisfaction that all necessary funds are readily available to pay the costs and expenses of the actions required by clause (1) preceding and to discharge any assessments

or liens established against the Property as a result of the presence of the Hazardous Substance on the Property.

(n) Further Assurances. Mortgagor will, promptly on request of Mortgagee, (i) correct any defect, error or omission which may be discovered in the contents, execution or acknowledgment of this Mortgage or any other Loan Document; (ii) execute, acknowledge, deliver, procure and record and/or file such further documents (including, without limitation, further mortgages, security agreements, financing statements, continuation statements, and assignments of rents or leases) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Mortgage and the other Loan Documents, to more fully identify and subject to the liens and interests hereof any property intended to be covered hereby (including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property) or as deemed advisable by Mortgagee to protect the lien or the interest hereunder against the rights or interests of third persons; and (iii) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts as may be necessary, desirable or proper in the reasonable determination of Mortgagee to enable Mortgagee to comply with the requirements or requests of any agency having jurisdiction over Mortgagee or any examiners of such agencies with respect to the indebtedness secured hereby, Mortgagor or the Property. Mortgagor shall pay all costs connected with any of the foregoing, which shall be a demand obligation owing by Mortgagor (which Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage.

(o) Fees and Expenses. Without limitation of any other provision of this Mortgage or of any other Loan Document and to the extent not prohibited by applicable law, Mortgagor will pay, and will reimburse to Mortgagee on demand to the extent paid by Mortgagee: (i) all appraisal fees, filing and recording fees, taxes, brokerage fees and commissions, abstract fees, title search or examination fees, title policy and endorsement premiums and fees, uniform commercial code search fees, escrow fees, reasonable attorneys' fees, architect fees, construction consultant fees, environmental inspection fees, survey fees, and all other out-of-pocket costs and expenses of every character incurred by Mortgagor or Mortgagee in connection with the preparation of the Loan Documents, the evaluation, closing and funding of the loan evidenced by the Loan Documents, and any and all amendments and supplements to this Mortgage, the Note or any other Loan Documents or any approval, consent, waiver, release or other matter requested or required hereunder or thereunder, or otherwise attributable or chargeable to Mortgagor as owner of the Property; and (ii) all costs and expenses, including reasonable attorneys' fees and expenses, incurred or expended in connection with the exercise of any right or remedy, or the enforcement of any obligation of Mortgagor, hereunder or under any other Loan Document.

(p) Indemnification.

(i) Mortgagor will indemnify and hold harmless Mortgagee from and against, and reimburse Mortgagee on demand for, any and all Indemnified Matters (defined below). For purposes of this paragraph (p), the term "Mortgagee" shall include the directors, officers, partners, employees and agents of Mortgagee, and any persons owned or controlled by, owning or controlling, or under common control or affiliated with Mortgagee. Without limitation, the foregoing indemnities shall apply to each indemnified person with respect to matters which in whole or in part are caused by or arise out of the negligence of such (and/or any other) indemnified person. However, such indemnities shall not apply to a particular indemnified person to the extent that the subject of the indemnification is caused by or arises out of the gross negligence or willful misconduct of that indemnified person. Any amount to be paid under this paragraph (p) by Mortgagor to Mortgagee shall be a demand obligation owing by Mortgagor (which Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage. Nothing in this paragraph, elsewhere in this Mortgage or in any

other Loan Document shall limit or impair any rights or remedies of Mortgagee (including without limitation any rights of contribution or indemnification) against Mortgagor or any other person under any other provision of this Mortgage, any other Loan Document, any other agreement or any applicable Legal Requirement.

(ii) As used herein, the term "Indemnified Matters" means any and all
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claims, demands, liabilities (including strict liability), losses, damages (including consequential damages), causes of action, judgments, penalties, costs and expenses (including without limitation, reasonable fees and expenses of attorneys and other professional consultants and experts, and of the investigation and defense of any claim, whether or not such claim is ultimately defeated, and the settlement of any claim or judgment including all value paid or given in settlement) of every kind, known or unknown, foreseeable or unforeseeable, which may be imposed upon, asserted against or incurred or paid by Mortgagee at any time and from time to time, whenever imposed, asserted or incurred, because of, resulting from, in connection with, or arising out of any transaction, act, omission, event or circumstance in any way connected with the Property or with this Mortgage or any other Loan Document, including but not limited to any bodily injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever at any time on or before the Release Date, any act performed or omitted to be performed hereunder or under any other Loan Document, any breach by Mortgagor of any representation, warranty, covenant, agreement or condition contained in this Mortgage or in any other Loan Document, any default as defined herein or any claim under or with respect to any Lease (hereinafter defined), or arising under the Environmental Agreement.

The term "Release Date" as used herein means the earlier of the following
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two dates: (i) the date on which the indebtedness and obligations secured hereby have been paid and performed in full and this Mortgage has been cancelled and satisfied of record, or (ii) the date on which this Mortgage is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective, and possession of the Property has been given to the purchaser or grantee free of occupancy and claims to occupancy by Mortgagor

and Mortgagor's heirs, devisees, representatives, successors and assigns; provided, that if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, the Release Date shall be deemed not to have occurred until such challenge is rejected, dismissed or withdrawn with prejudice. The indemnities in this paragraph (p) shall not terminate upon the Release Date or upon the cancellation, satisfaction, foreclosure or other termination of this Mortgage but will survive the Release Date, foreclosure of this Mortgage or conveyance in lieu of foreclosure, the repayment of the secured indebtedness, the discharge, cancellation and satisfaction of this Mortgage and the other Loan Documents, any bankruptcy or other debtor relief proceeding, and any other event whatsoever.

(q) Records and Financial Reports. Mortgagor will keep accurate books
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and records in accordance with sound accounting principles in which full, true and correct entries shall be promptly made with respect to the Property and the operation thereof, and will permit all such books and records to be inspected and copied, and the Property to be inspected and photographed, by Mortgagee and its representatives during normal business hours and at any other reasonable times. Without limitation of other or additional requirements in any of the other Loan Documents, Mortgagor will furnish to Mortgagee current operating statements itemizing all income and expenses of the Property, for each quarter (and for the fiscal year through the end of such quarter) as soon as reasonably practicable but in any event within fifteen (15) days after the end of such quarter and for the fiscal year of Mortgagor within sixty (60) days after the end thereof including also a projection of such operations for the next fiscal

year; (ii) a balance sheet (including disclosure of all contingent liabilities) and an income statement of Mortgagor, for each fiscal year of Mortgagor as soon as reasonably practicable following the end of such fiscal year, but in any event within ninety (90) days after the end thereof. Each financial statement submitted pursuant to this paragraph shall be prepared in accordance with generally accepted accounting principles, consistently applied, and be certified in writing as true and correct by a representative of Mortgagor acceptable to Mortgagee. Mortgagor will furnish to Mortgagee at Mortgagor's expense all evidence which Mortgagee may from time to time reasonably request as to compliance with all provisions of the Loan Documents. Any inspection or audit of the Property or the books and records of Mortgagor, or the procuring of documents and financial and other information, by or on behalf of Mortgagee shall be for Mortgagee's protection only, and shall not constitute any assumption of responsibility to Mortgagor or anyone else with regard to the condition, construction, maintenance or operation of the Property nor Mortgagee's approval of any certification given to Mortgagee nor relieve Mortgagor of any of Mortgagor's obligations. Mortgagee may from time to time assign or grant participations in the secured indebtedness and Mortgagor consents to the delivery by Mortgagee to any acquirer or prospective acquirer of any interest or participation in or with respect to all or part of the secured indebtedness such information as Mortgagee now or hereafter has relating to the Property, Mortgagor, any party obligated for payment of any part of the secured indebtedness, any tenant or guarantor under any lease affecting any part of the Property and any agent or guarantor under any management agreement affecting any part of the Property.

(r) Taxes on Note or Mortgage. Mortgagor will promptly pay all income, franchise and other taxes owing by Mortgagor and any stamp taxes or other taxes (unless such payment by Mortgagor is prohibited by law) which may be required to be paid with respect to the Note, this

Mortgage or any other instrument evidencing or securing any of the secured indebtedness. In the event of the enactment after this date of any law of any governmental entity applicable to Mortgagee, the Note, the Property or this Mortgage deducting from the value of property for the purpose of taxation any lien or interest thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or security agreements or debts secured by mortgages or security agreements or the interest of the mortgagee or secured party in the property covered thereby, or the manner of collection of such taxes, so as to affect this Mortgage or the indebtedness secured hereby or Mortgagee, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes, assessments, charges or liens, or reimburse Mortgagee therefor; provided, however, that if in the opinion of counsel for Mortgagee (i) it might be unlawful to require Mortgagor to make such payment or (ii) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

(s) Statement Concerning Note or Mortgage. Mortgagor shall at any time and from time to time furnish within seven (7) days of request by Mortgagee a written statement in such form as may be required by Mortgagee stating that (i) the Note, this Mortgage and the other Loan Documents are valid and binding obligations of Mortgagor, enforceable against Mortgagor in accordance with their terms; (ii) the unpaid principal balance of the Note; (iii) the date to which interest on the Note is paid; (iv) the Note, this Mortgage and the other Loan Documents have not been released, subordinated or modified; and (v) there are no offsets or defenses against the enforcement of the Note, this Mortgage or any other Loan Document. If any of the foregoing statements are untrue, Mortgagor shall, alternatively, specify the reasons therefor.

(t) Annual Appraisal. Mortgagee may at its option obtain at

Mortgagor's expense, once in each year (or as otherwise reasonably requested by Mortgagee) an appraisal of the Property or any part thereof prepared in accordance with written instructions from Mortgagee by a third-party appraiser engaged directly by Mortgagee. Each such appraiser and appraisal shall be satisfactory to Mortgagee. The costs of each such appraisal shall be a part of the secured indebtedness and shall be payable by Mortgagor to Mortgagee on demand (which obligation Mortgagor hereby promises to pay).

(u) Mineral Interests. Mortgagor agrees that the making of any oil, gas or mineral lease or the sale or conveyance of any mineral interest or right to explore for minerals under, through or upon the Property would impair the value of the Property as security for payment of the indebtedness secured hereby and that Mortgagor shall have no right, power or authority to lease the Property, or any part thereof, for oil, gas or other mineral purposes, or to grant, assign or convey any mineral interest of any nature, or the right to explore for oil, gas and other minerals, without first obtaining from Mortgagee express written permission, which permission shall not be valid until recorded. Mortgagor further agrees that if Mortgagor shall make any such lease or attempt to grant any such mineral rights without such prior written permission, then Mortgagee shall have the option, without notice, to declare the same to be a default hereunder

and to declare the indebtedness secured hereby immediately due and payable. Whether or not Mortgagee shall consent to such lease or grant of mineral rights, Mortgagee shall receive the entire consideration to be paid for such lease or grant of mineral rights, with the same to be applied upon the indebtedness secured hereby; provided, however, that the acceptance of such consideration shall in no way impair the lien of this Mortgage on the Property, including all mineral rights.

(v) Year 2000 Compliance. Mortgagor has (i) initiated a review and assessment of all areas within its business and operations (including those affected by suppliers and vendors) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by Mortgagor (or its suppliers and vendors) may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999), (ii) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) to date, implemented that plan in accordance with that timetable. Mortgagor reasonably believes that all computer applications (including those of its suppliers and vendors) that are material to its business and operations will on a timely basis be able to perform properly date-sensitive functions for all dates before and after January 1, 2000 (that is, will be "Year 2000 Compliant"), except to the extent that a failure to do so could not reasonably be expected to cause a material adverse change in the financial condition, results of operations, business or properties of Mortgagor (a "Material Adverse Change"). Mortgagor will promptly notify Mortgagee in the event that Mortgagor discovers or determines that any computer application (including those of its suppliers and vendors) that is material to its business and operations will not be Year 2000 Compliant on a timely basis, except to the extent that such failure could not reasonably be expected to cause a Material Adverse Change.

Section 2.2. Performance by Mortgagee on Mortgagor's Behalf.

Mortgagor agrees that, if Mortgagor fails to perform any act or to take any action which under any Loan Document Mortgagor is required to perform or take, or to pay any money which under any Loan Document Mortgagor is required to pay, and whether or not the failure then constitutes a default hereunder or thereunder, and whether or not there has occurred any default or defaults hereunder or the secured indebtedness has been accelerated, Mortgagee, in Mortgagor's name or its own name, may, but shall not be obligated to, perform or

cause to be performed such act or take such action or pay such money, and any expenses so incurred by Mortgagee and any money so paid by Mortgagee shall be a demand obligation owing by Mortgagor to Mortgagee (which obligation Mortgagor hereby promises to pay), shall be a part of the indebtedness secured hereby, and Mortgagee, upon making such payment, shall be subrogated to all of the rights of the person, entity or body politic receiving such payment. Mortgagee and its designees shall have the right to enter upon the Property at any time and from time to time for any such purposes. No such payment or performance by Mortgagee shall waive or cure any default or waive any right, remedy or recourse of Mortgagee. Any such payment may be made by Mortgagee in reliance on any statement, invoice or claim without inquiry into the validity or accuracy thereof. Each amount due and owing by Mortgagor to Mortgagee pursuant to this Mortgage shall bear interest, from the date such amount becomes due until paid, at the rate per annum provided in the Note for interest on past due principal owed on the Note but never in excess of the maximum nonusurious amount permitted by applicable law, which interest shall be payable to Mortgagee on demand; and all such amounts, together with such interest

thereon, shall automatically and without notice be a part of the indebtedness secured hereby. The amount and nature of any expense by Mortgagee hereunder and the time when paid shall be fully established by the certificate of Mortgagee or any of Mortgagee's officers or agents.

Section 2.3. Absence of Obligations of Mortgagee with Respect to Property. Notwithstanding anything in this Mortgage to the contrary, including, without limitation, the definition of "Property" and/or the provisions of Article 3 hereof, (i) to the extent permitted by applicable law, the Property is composed of Mortgagor's rights, title and interests therein but not Mortgagor's obligations, duties or liabilities pertaining thereto, (ii) Mortgagee neither assumes nor shall have any obligations, duties or liabilities in connection with any portion of the items described in the definition of "Property" herein, either prior to or after obtaining title to such Property, whether by foreclosure sale, the granting of a deed in lieu of foreclosure or otherwise, and (iii) Mortgagee may, at any time prior to or after the acquisition of title to any portion of the Property as above described, advise any party in writing as to the extent of Mortgagee's interest therein and/or expressly disaffirm in writing any rights, interests, obligations, duties and/or liabilities with respect to such Property or matters related thereto. Without limiting the generality of the foregoing, it is understood and agreed that Mortgagee shall have no obligations, duties or liabilities prior to or after acquisition of title to any portion of the Property, as lessee under any lease or purchaser or seller under any contract or option unless Mortgagee elects otherwise by written notification.

ARTICLE 3 - COLLATERAL ASSIGNMENT OF LEASES AND RENTS

Section 3.1. Assignment. As additional security for the indebtedness secured hereby, Mortgagor hereby assigns to Mortgagee all Rents (hereinafter defined) and all of Mortgagor's rights in and under all Leases (hereinafter defined). Upon the occurrence of a default hereunder, Mortgagee shall have the right, power and privilege (but shall be under no duty) to demand possession of the Rents, which demand shall to the fullest extent permitted by applicable law be sufficient action by Mortgagee to entitle Mortgagee to immediate and direct payment of the Rents (including delivery to Mortgagee of Rents collected for the period in which the demand occurs and for any subsequent period), for application as provided in Section 5.2 of this Mortgage, all without the necessity of any further action by Mortgagee, including, without limitation, any action to obtain possession of the Land, Improvements or any other portion of the Property or any action for the appointment of a receiver. Mortgagor hereby authorizes and directs the tenants under the Leases to pay Rents to Mortgagee upon written demand by Mortgagee, without further consent of Mortgagor, without any obligation to determine whether a default has in fact occurred and regardless of whether Mortgagee has taken possession of any portion of the

Property, and the tenants may rely upon any written statement delivered by Mortgagee to the tenants. Any such payment to Mortgagee shall constitute payment to Mortgagor under the Leases, and Mortgagor hereby appoints Mortgagee as Mortgagor's lawful attorney-in-fact for giving, and Mortgagee is hereby empowered to give, acquittances to any tenants for such payments to Mortgagee after a default. The assignment contained in this Section shall become null and void upon the release of this Mortgage. As used herein: (i) "Lease" means each
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existing or future lease, sublease (to the extent of Mortgagor's rights thereunder), usufruct or other agreement under the terms of which any person has or acquires any right to occupy or use the Property, or any part thereof, or interest therein, and each existing or future guaranty of payment or performance thereunder, and all extensions, renewals, modifications

and replacements of each such lease, sublease, usufruct, agreement or guaranty; and (ii) "Rents" means all of the rents, revenue, income, profits and proceeds
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derived and to be derived from the Property or arising from the use or enjoyment of any portion thereof or from any Lease, including but not limited to liquidated damages following default under any such Lease, all proceeds payable under any policy of insurance covering loss of rents resulting from untenantability caused by damage to any part of the Property, all of Mortgagor's rights to recover monetary amounts from any tenant in bankruptcy including, without limitation, rights of recovery for use and occupancy and damage claims arising out of Lease defaults, including rejections, under any applicable Debtor Relief Law (as hereinafter defined), together with any sums of money that may now or at any time hereafter be or become due and payable to Mortgagor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and all future oil, gas, mineral and mining leases covering the Property or any part thereof, and all proceeds and other amounts paid or owing to Mortgagor under or pursuant to any and all contracts and bonds relating to the construction or renovation of the Property.

Section 3.2. Covenants, Representations and Warranties Concerning
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Leases and Rents. Mortgagor covenants, represents and warrants that: (i)
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Mortgagor has good title to, and is the owner of the entire landlord's interest in, the Leases and Rents hereby assigned and authority to assign them; (ii) all Leases are valid and enforceable, and in full force and effect, and are unmodified except as stated therein; (iii) neither Mortgagor nor any tenant in the Property is in default under its Lease (and no event has occurred which with the passage of time or notice or both would result in a default under its Lease) or is the subject of any bankruptcy, insolvency or similar proceeding; (iv) unless otherwise stated in a Permitted Encumbrance, no Rents or Leases have been or will be assigned, mortgaged, pledged or otherwise encumbered and no other person has or will acquire any right, title or interest in such Rents or Leases; (v) no Rents have been waived, released, discounted, set off or compromised; (vi) except as stated in the Leases, Mortgagor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents; (vii) Mortgagor shall perform all of its obligations under the Leases and enforce the tenants' obligations under the Leases to the extent enforcement is prudent under the circumstances; (viii) Mortgagor will not without the prior written consent of Mortgagee (which consent shall not be unreasonably withheld), enter into any Lease after the date hereof, or waive, release, discount, set off, compromise, reduce or defer any Rent, receive or collect Rents more than one (1) month in advance, grant any rent-free period to any tenant, reduce any Lease term or waive, release or otherwise modify any other material obligation under any Lease, renew or extend any Lease except in accordance with a right of the tenant thereto in such Lease, approve or consent to an assignment of a Lease or a subletting of any part of the premises covered by a Lease, or settle or compromise any claim against a tenant under a Lease in bankruptcy or otherwise; (ix) Mortgagor will not, except in good faith where the tenant is in material default thereunder, terminate or consent to the cancellation or surrender of any Lease having an unexpired term of one year or more unless promptly after the cancellation or surrender a new Lease of such

premises is made with a new tenant, having a credit standing, in Mortgagee's judgment, at least equivalent to that of the tenant whose Lease was cancelled, on substantially the same terms as the terminated or cancelled Lease; (x) Mortgagor will not execute any Lease except in accordance with the Loan Documents and for actual occupancy by the tenant thereunder; (xi) Mortgagor shall give prompt notice to Mortgagee, as soon as Mortgagor first obtains notice, of any claim, or the commencement of any action, by any

tenant or subtenant under or with respect to a Lease regarding any claimed damage, default, diminution of or offset against Rent, cancellation of the Lease, or constructive eviction, and Mortgagor shall defend, at Mortgagor's expense, any proceeding pertaining to any Lease, including, if Mortgagee so requests, any such proceeding to which Mortgagee is a party; (xii) Mortgagor shall as often as requested by Mortgagee, within ten (10) days of each request, deliver to Mortgagee a complete rent roll of the property in such detail as Mortgagee may require and financial statements of the tenants, subtenants and guarantors under the Leases to the extent available to Mortgagor, and deliver to such of the tenants and others obligated under the Leases specified by Mortgagee written notice of the assignment in Section 3.1 hereof in form and content satisfactory to Mortgagee; (xiii) promptly upon request by Mortgagee, Mortgagor shall deliver to Mortgagee executed originals of all Leases and copies of all records relating thereto; (xiv) there shall be no merger of the leasehold estates, created by the Leases, with the fee estate of the Land without the prior written consent of Mortgagee; and (xv) Mortgagee may at any time and from time to time by specific written instrument intended for the purpose, unilaterally subordinate the lien of this Mortgage to any Lease, without joinder or consent of, or notice to, Mortgagor, any tenant or any other person, and notice is hereby given to each tenant under a Lease of such right to subordinate. No such subordination shall constitute a subordination to any lien or other encumbrance, whenever arising, or improve the right of any junior lienholder; and nothing herein shall be construed as subordinating this Mortgage to any Lease.

Section 3.3. No Liability of Mortgagee. Mortgagee's acceptance of this assignment shall not be deemed to constitute Mortgagee a "mortgagee in possession," nor obligate Mortgagee to appear in or defend any proceeding relating to any Lease or to the Property, or to take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under any Lease, or assume any obligation for any deposit delivered to Mortgagor by any tenant and not as such delivered to and accepted by Mortgagee. Mortgagee shall not be liable for any injury or damage to person or property in or about the Property, or for Mortgagee's failure to collect or to exercise diligence in collecting Rents, but shall be accountable only for Rents that it shall actually receive. Neither the assignment of Leases and Rents nor enforcement of Mortgagee's rights regarding Leases and Rents (including collection of Rents) nor possession of the Property by Mortgagee nor Mortgagee's consent to or approval of any Lease (nor all of the same), shall render Mortgagee liable on any obligation under or with respect to any Lease or constitute affirmation of, or any subordination to, any Lease, occupancy, use or option. If Mortgagee seeks or obtains any judicial relief regarding Rents or Leases, the same shall in no way prevent the concurrent or subsequent employment of any other appropriate rights or remedies nor shall same constitute an election of judicial relief for any foreclosure or any other purpose. Mortgagee neither has nor assumes any obligations as lessor or landlord with respect to any Lease. The rights of Mortgagee under this Article 3 shall be cumulative of all other rights of Mortgagee under the Loan Documents or otherwise.

ARTICLE 4 - DEFAULT

Section 4.1. Events of Default. The occurrence of any one of the following shall be a default under this Mortgage ("Default" or "default"):

(a) Failure to Pay Indebtedness. Any of the secured indebtedness is not paid when due, regardless of how such amount may have become due, and such failure is not cured within the applicable grace or cure period provided for in Section 4.2 of this Mortgage.

(b) Nonperformance of Covenants. Any covenant, agreement or condition herein or in any other Loan Document (other than covenants otherwise addressed in another paragraph of this Section, such as covenants to pay the secured indebtedness) is not fully and timely performed, observed or kept, and such failure is not cured within the applicable grace or cure period provided for in Section 4.2 of this Mortgage.

(c) Representations. Any statement, representation or warranty in any of the Loan Documents, or in any financial statement or any other writing heretofore or hereafter delivered to Mortgagee in connection with the secured indebtedness is false, misleading or erroneous in any material respect on the date hereof or on the date as of which such statement, representation or warranty is made.

(d) Bankruptcy or Insolvency. The owner of the Property or any person liable, directly or indirectly, for any of the secured indebtedness (or any general partner or joint venturer of such owner or other person):

(1) (i) Executes an assignment for the benefit of creditors, or takes any action in furtherance thereof; or (ii) admits in writing its inability to pay, or fails to pay, its debts generally as they become due; or (iii) as a debtor, files a petition, case, proceeding or other action pursuant to, or voluntarily seeks the benefit or benefits of, Title 11 of the United States Code as now or hereafter in effect or any other law, domestic or foreign, as now or hereafter in effect relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement, composition, extension or adjustment of debts, or similar laws affecting the rights of creditors (Title 11 of the United States Code and such other laws being herein called "Debtor Relief Laws"), or takes any action in furtherance thereof; or (iv) seeks the appointment of a receiver, trustee, custodian or liquidator of the Property or any part thereof or of any significant portion of its other property; or

(2) Suffers the filing of a petition, case, proceeding or other action against it as a debtor under any Debtor Relief Law or seeking appointment of a receiver, trustee, custodian or liquidator of the Property or any part thereof or of any significant portion of its other property, and (i) admits, acquiesces in or fails to contest diligently the material allegations thereof, or (ii) the petition, case, proceeding or other action results in entry of any order for relief or order granting relief sought against it, or (iii) in a proceeding under the Federal Bankruptcy Code, the case is converted from one chapter to another, or (iv) fails to have the petition, case, proceeding or other action permanently dismissed or discharged on or before the earlier of trial thereon or sixty (60) days next following the date of its filing; or

(3) Conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy,

fraudulent conveyance or similar law; or makes any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or suffers or

permits, while insolvent, any creditor to obtain a lien (other than as described in subparagraph (4) below) upon any of its property through legal proceedings which are not vacated and such lien discharged prior to enforcement thereof and in any event within sixty (60) days from the date thereof; or

(4) Fails to have discharged within a period of ten (10) days any attachment, sequestration, or similar writ levied upon any of its property; or

(5) Fails to pay immediately any final money judgment against it.

(e) Transfer of the Property. There occurs any sale, lease, conveyance, assignment, pledge, encumbrance, or transfer of all or any part of the Property or any interest therein, voluntarily or involuntarily, whether by operation of law or otherwise, except: (i) sales or transfers of items of the Accessories which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes, owned by Mortgagor, having a value equal to or greater than the replaced items when new; and (ii) the grant, in the ordinary course of business, of a leasehold interest in a part of the Improvements to a tenant for occupancy, not containing a right or option to purchase and not in contravention of any provision of this Mortgage or of any other Loan Document. Mortgagee may, in its sole discretion, waive a default under this paragraph, but it shall have no obligation to do so, and any waiver may be conditioned upon such one or more of the following (if any) which Mortgagee may require: the proposed grantee's integrity, reputation, character, creditworthiness and management ability being satisfactory to Mortgagee in its sole judgment and such grantee's executing, prior to such sale or transfer, a written assumption agreement containing such terms as Mortgagee may require, a principal paydown on the Note, an increase in the rate of interest payable under the Note, a transfer fee, a modification of the term of the Note, and any other modification of the Loan Documents which Mortgagee may require.

(f) Transfer of Ownership of Mortgagor. There occurs any sale, pledge, encumbrance, assignment or transfer, voluntarily or involuntarily, whether by operation of law or otherwise, of any interest in Mortgagor, without the prior written consent of Mortgagee.

(g) Grant of Easement, Etc. Without the prior written consent of Mortgagee, which will not be unreasonably withheld, Mortgagor grants any easement or dedication, files any plat, condominium declaration, or restriction, or otherwise encumbers the Property, or seeks or permits any zoning reclassification or variance, unless such action is expressly permitted by the Loan Documents or does not affect the Property.

(h) Abandonment. The owner of the Property abandons any of the Property.

(i) Default Under Other Lien. A default or event of default occurs and is continuing under any lien, security interest or assignment covering the Property or any part thereof (whether or not Mortgagee has consented, and without hereby implying Mortgagee's consent, to any such lien, security interest or assignment not created hereunder), or the holder of any such lien, security interest or assignment declares a default or institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

(j) Destruction. The Property is so demolished, destroyed or damaged that, in the reasonable opinion of Mortgagee, it cannot be restored or rebuilt with available funds to a profitable condition within a reasonable period of

time and in any event prior to the final maturity date of the Note.

(k) Condemnation. (i) Any governmental authority shall require, or commence any proceeding for, the demolition of any building or structure comprising a part of the Premises, or (ii) there is commenced any proceeding to condemn or otherwise take pursuant to the power of eminent domain, or a contract for sale or a conveyance in lieu of such a taking is executed which provides for the transfer of, a material portion of the Premises, including but not limited to the taking (or transfer in lieu thereof) of any portion which would result in the blockage or substantial impairment of access or utility service to the Improvements or which would cause the Premises to fail to comply with any Legal Requirement.

(l) Liquidation, Etc. There occurs a liquidation, termination, dissolution, merger, consolidation or failure to maintain good standing in the Commonwealth of Pennsylvania or in the State of Delaware (or in the case of an individual, the death or legal incapacity) of the owner of the Property or any person obligated to pay any part of the secured indebtedness.

(m) Material, Adverse Change. In Mortgagee's reasonable opinion, the prospect of payment of all or any part of the secured indebtedness has been impaired because of a material adverse change in the financial condition, results of operations, business or properties of the owner of the Property or any person liable, directly or indirectly, for any of the secured indebtedness.

(n) Enforceability; Priority. Any Loan Document shall for any reason without Mortgagee's specific written consent cease to be in full force and effect, or shall be declared null and void or unenforceable in whole or in part, or the validity or enforceability thereof, in whole or in part, shall be challenged or denied by any party thereto other than Mortgagee; or the liens, interests, mortgages or security interests of Mortgagee in any of the Property become unenforceable in whole or in part, or cease to be of the priority herein required; or the validity or enforceability thereof, in whole or in part, shall be challenged or denied by Mortgagor or any person obligated to pay any part of the secured indebtedness.

(o) Other Loan Documents; Pennsylvania Cellular Lease. A default or event of default occurs under any Loan Document, other than this Mortgage, or a default or event of default occurs under the Pennsylvania Cellular Lease, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document.

(p) Notice of Limitation of Indebtedness. Mortgagor shall at any time deliver or cause to be delivered to Mortgagee a notice pursuant to 42 PA. C.S.A. (S) 8143 electing to limit the indebtedness secured hereby.

Section 4.2. Notice and Cure. Mortgagee agrees, by its acceptance of this Mortgage, that notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, upon the occurrence of any default of the type described in Subparagraphs (a) or (b) of Section 4.1 of this Mortgage, Mortgagee will not accelerate the maturity of the Note or the secured indebtedness and will not exercise any of its other rights and remedies hereunder or under the other Loan Documents until and unless Mortgagee has first given notice of such default to Mortgagor, in the manner prescribed in Section 6.13 of this Mortgage, and Mortgagor has failed to cure such default within the following periods of time:

(a) If such default is a default of the type described in Subparagraph (a) of Section 4.1 of this Mortgage, Mortgagor shall have a period of ten (10) days from and after the effective date of such notice within which

to cure such default; or

(b) If such default is a default of the type described in Subparagraph (b) of Section 4.1 of this Mortgage, Mortgagor shall have a period of thirty (30) days from and after the effective date of such notice within which to cure such default.

After the occurrence of three (3) such defaults, and the giving of notice thereof by Mortgagee, Mortgagee shall not be obligated to give to Mortgagor any further notice of default or opportunity to cure the same. The agreements set forth in this Section 4.2 do not and shall not be deemed to prevent or prohibit Mortgagee from withholding any advances of the secured indebtedness, following the occurrence of a default, until and unless such default shall have been cured.

If Mortgagee shall fail to give such notice and right to cure to Mortgagor, as provided herein, the sole and exclusive remedy of Mortgagor for such failure shall be to seek appropriate equitable relief to enforce the agreement to give such notice and right to cure and to have any acceleration of the maturity of the Note and the secured indebtedness postponed or revoked and foreclosure or other proceedings in connection therewith delayed or terminated pending or upon the curing of such default in the manner and during the period of time permitted by such agreement, and Mortgagor shall have no right to damages or any other type of relief not herein specifically set out against Mortgagee, all of which damages or other relief are hereby waived by Mortgagor. Nothing herein or in any of the other Loan Documents shall operate or be construed to add on or make cumulative any cure or grace periods specified in any of the Loan Documents.

ARTICLE 5 - REMEDIES

Section 5.1. Certain Remedies. If a default shall occur, Mortgagee may (but shall have no obligation to) exercise any one or more of the following remedies, without additional notice (unless notice is required by applicable statute):

(a) Acceleration. Mortgagee may at any time and from time to time declare any or all of the secured indebtedness immediately due and payable and such secured indebtedness shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, notice of acceleration or of intention to accelerate or any other notice or declaration of any kind, all

of which are hereby expressly waived by Mortgagor. Without limitation of the foregoing, upon the occurrence of a default described in clauses (i), (iii) or (iv) of subparagraph (1) of paragraph (d) of Section 4.1, hereof, all of the secured indebtedness shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, declaration or notice of acceleration or intention to accelerate, or any other notice, declaration or act of any kind, all of which are hereby expressly waived by Mortgagor.

(b) Enforcement of Assignment of Rents. Prior or subsequent to taking possession of any portion of the Property or taking any action with respect to such possession, Mortgagee may: (1) collect and/or sue for the Rents in Mortgagee's own name, give receipts and releases therefor, and after deducting all expenses of collection, including attorneys' fees and expenses, apply the net proceeds thereof to the secured indebtedness in such manner and order as Mortgagee may elect and/or to the operation and management of the Property, including the payment of management, brokerage and attorney's fees and expenses; and (2) require Mortgagor to transfer all security deposits and records thereof to Mortgagee together with original counterparts of the Leases.

(c) Foreclosure. When the secured indebtedness or any part thereof

shall become due, whether by acceleration or otherwise, Mortgagee may (i) institute and maintain an action of mortgage foreclosure against the Property and the interests of Mortgagor therein, (ii) institute and maintain an action on any instrument evidencing the secured indebtedness or any portion thereof, and (iii) take such other action at law or in equity for the enforcement of any of the Loan Documents as the law may allow, and in each such action Mortgagee shall be entitled to all costs of suit and attorneys fees. In the case of any sale under this Mortgage by virtue of the exercise of the powers herein granted, or pursuant to any order in any judicial proceedings or otherwise, at the election of Mortgagee, the Property or any part thereof may be sold in one parcel and as an entirety, or in such parcels, manner or order as Mortgagee in its sole discretion may elect, and one or more exercises of the powers herein granted shall not extinguish or exhaust the power unless the entire Property is sold or the secured indebtedness is paid in full.

(d) Uniform Commercial Code. Without limitation of Mortgagee's rights of enforcement with respect to the Collateral or any part thereof in accordance with the procedures for foreclosure of real estate, Mortgagee may exercise its rights of enforcement with respect to the Collateral or any part thereof under the Uniform Commercial Code of Pennsylvania (or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law) and in conjunction with, in addition to or in substitution for those rights and remedies: (1) Mortgagee may enter upon Mortgagor's premises to take possession of, assemble and collect the Collateral or, to the extent and for those items of the Collateral permitted under applicable law, to render it unusable; (2) Mortgagee may require Mortgagor to assemble the Collateral and make it available at a place Mortgagee designates which is mutually convenient to allow Mortgagee to take possession or dispose of the Collateral; (3) written notice mailed to Mortgagor as provided herein at least five (5) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; (4) any sale made pursuant to the provisions of this paragraph shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with and upon the same notice as required for the sale of the Property under power of sale as provided in paragraph (c) above in this

Section 5.1; (5) in the event of a foreclosure sale, whether made by Mortgagee under the terms hereof, or under judgment of a court, the Collateral and the other Property may, at the option of Mortgagee, be sold as a whole; (6) it shall not be necessary that Mortgagee take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this Section is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; (7) with respect to application of proceeds of disposition of the Collateral under Section 5.2 hereof, the costs and expenses incident to disposition shall include the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Mortgagee; (8) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the secured indebtedness or as to the occurrence of any default, or as to Mortgagee's having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Mortgagee, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and (9) Mortgagee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Mortgagee, including the sending of notices and the conduct of the sale, but in the name and on behalf of Mortgagee.

(e) Lawsuits. Mortgagee may proceed by a suit or suits in equity or at law, whether for collection of the indebtedness secured hereby, the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Property under the judgment or decree of any court or courts of

competent jurisdiction.

(f) Entry on Property. Mortgagee is authorized, prior or subsequent to the institution of any foreclosure proceedings, to the fullest extent permitted by applicable law, to enter upon the Property, or any part thereof, and to take possession of the Property and all books and records relating thereto, and to exercise without interference from Mortgagor any and all rights which Mortgagor has with respect to the management, possession, operation, protection or preservation of the Property. Mortgagee shall not be deemed to have taken possession of the Property or any part thereof except upon the exercise of its right to do so, and then only to the extent evidenced by its demand and overt act specifically for such purpose. All costs, expenses and liabilities of every character incurred by Mortgagee in managing, operating, maintaining, protecting or preserving the Property shall constitute a demand obligation of Mortgagor (which obligation Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage. If necessary to obtain the possession provided for above, Mortgagee may invoke any and all legal remedies to dispossess Mortgagor. In connection with any action taken by Mortgagee pursuant to this Section, Mortgagee shall not be liable for any loss sustained by Mortgagor resulting from any failure to let the Property or any part thereof, or from any act or omission of Mortgagee in managing the Property, unless such loss is caused by the willful misconduct and bad faith of Mortgagee, nor shall Mortgagee be obligated to perform or discharge any obligation, duty or liability of Mortgagor arising under any lease or other agreement relating to the Property or arising under any Permitted Encumbrance or otherwise arising. Mortgagor hereby assents to, ratifies and confirms any and all actions of Mortgagee with respect to the Property taken under this Section.

(g) Receiver. Mortgagee shall as a matter of right be entitled to the appointment of a receiver or receivers for all or any part of the Property, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Property or the solvency of any person or persons liable for the payment of the indebtedness secured hereby, and Mortgagor does hereby irrevocably consent to the appointment of such receiver or receivers, waives any and all defenses to such appointment, agrees not to oppose any application therefor by Mortgagee, and agrees that such appointment shall in no manner impair, prejudice or otherwise affect the rights of Mortgagee to application of Rents as provided in this Mortgage. Nothing herein is to be construed to deprive Mortgagee of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by Mortgagee in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby promises to pay) owing by Mortgagor to Mortgagee pursuant to this Mortgage.

(h) Termination of Commitment to Lend. Mortgagee may terminate any commitment or obligation to lend or disburse funds under any Loan Document.

(i) Other Rights and Remedies. Mortgagee may exercise any and all other rights and remedies which Mortgagee may have under the Loan Documents, or at law or in equity or otherwise.

Section 5.2. Proceeds of Foreclosure. The proceeds of any sale held by Mortgagee or any receiver of the liens and interests evidenced hereby shall be applied: FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including but not limited to all reasonable attorneys' fees and legal expenses, all court costs and charges of every character, and publication fees and costs, and to the payment of the other secured indebtedness, including specifically without limitation the principal, accrued interest and attorneys' fees due and unpaid on the Note and the amounts due and unpaid and owed to Mortgagee under this Mortgage, the order and manner of application to the items in this clause FIRST to be in Mortgagee's sole

discretion; and SECOND, the remainder, if any there shall be, shall be paid to Mortgagor, or to Mortgagor's heirs, devisees, representatives, successors or assigns, or such other persons (including the holder or beneficiary of any inferior lien) as may be entitled thereto by law; provided, however, that if Mortgagee is uncertain which person or persons are so entitled, Mortgagee may interplead such remainder in any court of competent jurisdiction, and the amount of any attorneys' fees, court costs and expenses incurred in such action shall be a part of the secured indebtedness and shall be reimbursable (without limitation) from such remainder.

Section 5.3. Mortgagee as Purchaser. Mortgagee shall have the right to become the purchaser at any sale held by Mortgagee or substitute or successor or by any receiver or at any public sale, and Mortgagee shall have the right to credit upon the amount of Mortgagee's successful bid, to the extent necessary to satisfy such bid, all or any part of the secured indebtedness in such manner and order as Mortgagee may elect.

Section 5.4. Remedies Cumulative. All rights and remedies provided for herein and in any other Loan Document are cumulative of each other and of any and all other rights and remedies existing at law or in equity, and Mortgagee shall, in addition to the rights and remedies provided herein or in any other Loan Document, be entitled to avail itself of all such other rights and remedies as may now or hereafter exist at law or in equity for the collection of the secured indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and interests evidenced hereby, and the resort to any right or remedy provided for hereunder or under any such other Loan Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate right or rights or remedy or remedies.

Section 5.5. Mortgagee's Discretion as to Security. Mortgagee may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Mortgagee in its sole and uncontrolled discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits, liens or interests evidenced by this Mortgage.

Section 5.6. Mortgagor's Waiver of Certain Rights. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension or redemption, homestead, moratorium, reinstatement, marshalling or forbearance, and Mortgagor, for Mortgagor, Mortgagor's successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by applicable law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, reinstatement, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshaling of assets of Mortgagor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Mortgagor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatever to defeat, reduce or affect the right of Mortgagee under the terms of this Mortgage to a sale of the Property for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Mortgagee under the terms of this Mortgage to the payment of the secured indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatever. Mortgagor waives any right or remedy which Mortgagor may have or be able to

assert, pursuant to any provision of applicable law, pertaining to the rights and remedies of sureties. If any law referred to in this Section and now in force, of which Mortgagor or Mortgagor's successors or assigns or any other persons claiming any interest in the Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Mortgagor acknowledges that all waivers of the aforesaid rights of Mortgagor have been made knowingly, intentionally and willingly by Mortgagor as part of a bargained for loan transaction and that this Mortgage is valid and enforceable by Mortgagee against Mortgagor in accordance with all the terms and conditions hereof.

Initialed by Mortgagor:

_____

Section 5.7. Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, Mortgagor or Mortgagor's successors or assigns are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

Section 5.8. Withdrawal, Discontinuance or Abandonment of Proceedings. In the case Mortgagee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise or in the event that Mortgagee shall have commenced advertising the intended exercise of the right of foreclosure provided hereunder, and such proceeding or advertisement shall be withdrawn, discontinued or abandoned for any reason, or shall be determined adversely to Mortgagee, then, in every such case (i) Mortgagor and Mortgagee shall be restored to their former positions and rights, (ii) all rights, powers and remedies of Mortgagee shall continue as if no such proceeding had been taken, (iii) each and every default declared and remaining uncured prior to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing default, and (iv) neither this Mortgage, the Note, the secured indebtedness nor any other instrument concerned therewith shall be or shall be deemed to have been reinstated or otherwise affected by such withdrawal, discontinuance or abandonment, and Mortgagor hereby expressly waives the benefit of any statute or rule of law which would produce a result contrary to or in conflict with the foregoing.

ARTICLE 6 - MISCELLANEOUS

Section 6.1. Scope of Mortgage. This Mortgage is a mortgage, collateral assignment, security agreement and financing statement and also covers proceeds and fixtures.

Section 6.2. Effective as a Financing Statement. This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the

real estate records of each county where any part of the Property (including said fixtures) is situated. This Mortgage shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts and is to be filed for record in the

real estate records of each county where any part of the Property is situated. This Mortgage shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Mortgagor is the address of Mortgagor set forth at the end of this Mortgage and the address of Mortgagee from which information concerning the security interests hereunder may be obtained is the address of Mortgagee set forth at the end of this Mortgage. A carbon, photographic or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement for any of the purposes referred to in this Section.

Section 6.3. Notice to Account Debtors. In addition to the rights granted elsewhere in this Mortgage, Mortgagee may at any time notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness included in the Collateral to pay Mortgagee directly.

Section 6.4. Waiver by Mortgagee. Mortgagee may at any time and from time to time by a specific writing intended for the purpose: (a) waive compliance by Mortgagor with any covenant herein made by Mortgagor to the extent and in the manner specified in such writing; (b) consent to Mortgagor's doing any act which hereunder Mortgagor is prohibited from doing, or to Mortgagor's failing to do any act which hereunder Mortgagor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Property or any interest therein from the lien and security interest of this Mortgage; or (d) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other Loan Document, without impairing or releasing the liability of any other party. No such act shall in any way affect the rights or powers of Mortgagee hereunder except to the extent specifically agreed to by Mortgagee in such writing.

Section 6.5. No Impairment of Security. The lien, interest and other security rights of Mortgagee hereunder or under any other Loan Document shall not be impaired by any indulgence, moratorium or release granted by Mortgagee including, but not limited to, any renewal, extension or modification which Mortgagee may grant with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which Mortgagee may grant in respect of the Property, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any secured indebtedness. The taking of additional security by Mortgagee shall not release or impair the lien, interest or other security rights of Mortgagee hereunder or affect the liability of Mortgagor or of any endorser, guarantor or surety, or improve the right of any junior lienholder in the Property (without implying hereby Mortgagee's consent to any junior lien).

Section 6.6. Acts Not Constituting Waiver by Mortgagee. Mortgagee may waive any default without waiving any other prior or subsequent default. Mortgagee may remedy any default without waiving the default remedied. Neither failure by Mortgagee to exercise, nor delay by Mortgagee in exercising, nor discontinuance of the exercise of any right, power or remedy (including but not limited to the right to accelerate the maturity of the secured indebtedness or any part thereof) upon or after any default shall be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise

by Mortgagee of any right, power or remedy hereunder shall exhaust the same or

shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Mortgagor therefrom shall in any event be effective unless the same shall be in writing and signed by Mortgagee and then such waiver or consent shall be effective only in the specific instance, for the purpose for which given and to the extent therein specified. No notice to nor demand on Mortgagor in any case shall of itself entitle Mortgagor to any other or further notice or demand in similar or other circumstances. Remittances in payment of any part of the secured indebtedness other than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Mortgagee in immediately available U.S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Mortgagee of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a default hereunder.

Section 6.7. Mortgagor's Successors. If the ownership of the Property or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and to the indebtedness secured hereby in the same manner as with Mortgagor, without in any way vitiating or discharging Mortgagor's liability hereunder or for the payment of the indebtedness or performance of the obligations secured hereby. No transfer of the Property, no forbearance on the part of Mortgagee, and no extension of the time for the payment of the indebtedness secured hereby given by Mortgagee shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Mortgagor hereunder for the payment of the indebtedness or performance of the obligations secured hereby or the liability of any other person hereunder for the payment of the indebtedness secured hereby. Mortgagor agrees that it shall be bound by any modification of this Mortgage or any of the other Loan Documents made by Mortgagee and any subsequent owner of the Property, with or without notice to such Mortgagor, and no such modifications shall impair the obligations of such Mortgagor under this Mortgage or any other Loan Document. Nothing in this Section or elsewhere in this Mortgage shall be construed to imply Mortgagee's consent to any transfer of the Property.

Section 6.8. Place of Payment; Forum. All secured indebtedness which may be owing hereunder at any time by Mortgagor shall be payable at the place designated in the Note or if no such designation is made, at the address of Mortgagee indicated at the end of this Mortgage. Mortgagor hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the non-exclusive jurisdiction of any state or United States federal court sitting in the county in which the secured indebtedness is payable, and to the non-exclusive jurisdiction of any state or United States federal court sitting in the state in which any of the Property is located, over any suit, action or proceeding arising out of or relating to this Mortgage or the secured indebtedness. Mortgagor hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any state or United States federal court sitting in the county in which the secured indebtedness is payable may be made by certified or registered mail, return receipt requested,

directed to Mortgagor at its address stated in this Mortgage, or at a subsequent address of Mortgagor of which Mortgagee received actual notice from Mortgagor in accordance with this Mortgage, and service so made shall be complete five (5) days after the same shall have been so mailed.

Section 6.9. Subrogation to Existing Liens; Vendor's Lien. To the extent that proceeds of the Note are used to pay indebtedness secured by any outstanding lien, interest, charge or prior encumbrance against the Property, such proceeds have been advanced by Mortgagee at Mortgagor's request, and

Mortgagee shall be subrogated to any and all rights, interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, however remote, irrespective of whether said liens, interests, charges or encumbrances are released, and all of the same are recognized as valid and subsisting and are renewed and continued and merged herein to secure the secured indebtedness, but the terms and provisions of this Mortgage shall govern and control the manner and terms of enforcement of the liens, security interests, charges and encumbrances to which Mortgagee is subrogated hereunder. It is expressly understood that, in consideration of the payment of such indebtedness by Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments in connection with the said indebtedness. If all or any portion of the proceeds of the loan evidenced by the Note or of any other secured indebtedness has been advanced for the purpose of paying the purchase price for all or a part of the Property, no vendor's lien is waived; and Mortgagee shall have, and is hereby granted, a vendor's lien on the Property as cumulative additional security for the secured indebtedness. Mortgagee may foreclose under this Mortgage or under the vendor's lien without waiving the other or may foreclose under both.

Section 6.10. Application of Payments to Certain Indebtedness. If any part of the secured indebtedness cannot be lawfully secured by this Mortgage or if any part of the Property cannot be lawfully subject to the lien and interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is not secured by this Mortgage.

Section 6.11. Compliance with Usury Laws. It is the intent of Mortgagor and Mortgagee and all other parties to the Loan Documents to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between Mortgagee and Mortgagor (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this Section which shall override and control all such agreements, whether now existing or hereafter arising. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the interest taken, reserved, contracted for, charged, chargeable, or received under this Mortgage, the Note or any other Loan Document or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, any such construction shall be subject to the provisions of this Section and such document shall ipso facto be automatically reformed and the interest payable shall be automatically reduced to the Maximum Amount, without the necessity of execution of any amendment or new document. If Mortgagee shall ever receive anything of value which is

characterized as interest under applicable law and which would apart from this provision be in excess of the Maximum Amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the secured indebtedness in the inverse order of its maturity and not to the payment of interest, or refunded to Mortgagor or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. The right to accelerate maturity of the Note or any other secured indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Mortgagee does not intend to charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid to Mortgagee shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does

not exceed the Maximum Amount. As used in this Section, the term "applicable law" shall mean applicable laws of the State of Georgia or the federal laws of the United States applicable to this transaction, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

Section 6.12. Cancellation of Mortgage. If all of the secured indebtedness be paid as the same becomes due and payable and all of the covenants, warranties, undertakings and agreements made in this Mortgage are kept and performed, and all obligations, if any, of Mortgagee for further advances have been terminated, then, and in that event only, this Mortgage shall be cancelled by Mortgagee in due form at Mortgagor's cost. Without limitation, all provisions herein for indemnity of Mortgagee shall survive discharge of the secured indebtedness and any foreclosure, release or termination of this Mortgage.

Section 6.13. Notices. All notices, requests, consents, demands and other communications required or which any party desires to give hereunder or under any other Loan Document shall be in writing and, unless otherwise specifically provided in such other Loan Document, shall be deemed sufficiently given or furnished if delivered by personal delivery, by courier, or by registered or certified United States mail, postage prepaid, addressed to the party to whom directed at the addresses specified at the end of this Mortgage (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by telex, or facsimile. Any such notice or communication shall be deemed to have been given and to be effective either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telex, when transmitted (answerback confirmed), or, in the case of facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason. All notices given to Mortgagee by any person or entity (other than Mortgagor) pursuant to 42 PA. C.S.A. (S) 8143(c) or (d) shall be in writing and shall be sent exclusively by registered or certified mail, return receipt requested, to Mortgagee at the address set forth at the end of this Mortgage.

Section 6.14. Invalidity of Certain Provisions. A determination that any provision of this Mortgage is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Mortgage to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

Section 6.15. Gender; Titles; Construction. Within this Mortgage, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires. Titles appearing at the beginning of any subdivisions hereof are for convenience only, do not constitute any part of such subdivisions, and shall be disregarded in construing the language contained in such subdivisions. The use of the words "herein," "hereof," "hereunder" and other similar compounds of the word "here" shall refer to this entire Mortgage and not to any particular Article, Section, paragraph or provision. The term "person" and words importing persons as used in this Mortgage shall include firms, associations, partnerships (including limited partnerships), joint ventures, trusts, corporations and other legal entities, including public or governmental bodies, agencies or instrumentalities, as well as natural persons.

Section 6.16. Reporting Compliance. Mortgagor agrees to comply with any and all reporting requirements applicable to the transaction evidenced by

the Note and secured by this Mortgage which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority, including but not limited to The International Investment Survey Act of 1976, The Agricultural Foreign Investment Disclosure Act of 1978, The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984 and further agrees upon request of Mortgagee to furnish Mortgagee with evidence of such compliance.

Section 6.17. Mortgagee's Consent. Except where otherwise expressly provided herein, in any instance hereunder where the approval, consent or the exercise of judgment of Mortgagee is required or requested, (i) the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Mortgagee, and Mortgagee shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner, regardless of the reasonableness of either the request or Mortgagee's judgment, and (ii) no approval or consent of Mortgagee shall be deemed to have been given except by a specific writing intended for the purpose and executed by an authorized representative of Mortgagee.

Section 6.18. Mortgagor. Unless the context clearly indicates otherwise, as used in this Mortgage, "Mortgagor" means the mortgagor named in the first paragraph of this Mortgage. Each signatory who signs on behalf of Mortgagor and the general partner of Mortgagor represents and warrants to Mortgagee that this instrument is executed, acknowledged and delivered by Mortgagor's duly authorized representatives.

Section 6.19. Execution; Recording. This Mortgage has been executed in several counterparts, all of which are identical, and all of which counterparts together shall constitute one and the same instrument. The date or dates reflected in the acknowledgments hereto indicate the

date or dates of actual execution of this Mortgage, but such execution is as of the date shown on the first page hereof, and for purposes of identification and reference the date of this Mortgage shall be deemed to be the date reflected on the first page hereof. Mortgagor will cause this Mortgage and all amendments and supplements thereto and substitutions therefor and all financing statements and continuation statements relating thereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Mortgagee shall reasonably request and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.

Section 6.20. Successors and Assigns. The terms, provisions, covenants and conditions hereof shall be binding upon Mortgagor, and the successors and assigns of Mortgagor, and shall inure to the benefit of Mortgagee and the successors and assigns of Mortgagee and shall constitute covenants running with the Land. All references in this Mortgage to Mortgagor shall be deemed to include all such successors and assigns of Mortgagor, and all references in this Mortgage to Mortgagee shall be deemed to include all such successors and assigns of Mortgagee.

Section 6.21. Modification or Termination. The Loan Documents may only be modified or terminated by a written instrument or instruments intended for that purpose and executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party.

Section 6.22. No Partnership, Etc.. The relationship between Mortgagee and Mortgagor is solely that of lender and borrower. Mortgagee has no fiduciary or other special relationship with Mortgagor. Nothing contained in the Loan Documents is intended to create any partnership, joint venture,

association or special relationship between Mortgagor and Mortgagee or in any way make Mortgagee a co-principal with Mortgagor with reference to the Property. All agreed contractual duties between Mortgagor and Mortgagee are set forth herein and in the other Loan Documents and any additional implied covenants or duties are hereby disclaimed. Any inferences to the contrary of any of the foregoing are hereby expressly negated.

Section 6.23 Disclosure of Information. Mortgagee may, from time to time, sell or offer to sell the Loan, or interests therein, to one or more assignees or participants and is hereby authorized to disseminate any information it now has or hereafter obtains pertaining to the Loan, including, without limitation, any security for the Loan and credit or other information on the Project, Mortgagor, any of its principals and any guarantor, to any assignee or participant or prospective assignee or prospective participant, to Mortgagee's affiliates, including without limitation NationsBanc Capital Markets, Inc., to any regulatory body having jurisdiction over Mortgagee and to any other parties as necessary or appropriate in Mortgagee's reasonable judgment. Mortgagor shall execute, acknowledge and deliver any and all instruments reasonably requested by Mortgagee in connection therewith and to the extent, if any, specified in any such assignment or participation, such companies, assignees or participants shall have the rights and benefits with respect to the Loan Documents as such persons would have if such persons were Mortgagee hereunder.

Section 6.24. Applicable Law. The enforceability of this Mortgage shall be governed by Pennsylvania law only for purposes of determining the following: (i) the applicable conflict of law rules in this Mortgage and the other Loan Documents, (ii) whether this Mortgage transfers or creates an interest in real property for security purposes or otherwise, (iii) the nature of an interest in real property that is transferred or created by this Mortgage, (iv) the method for foreclosure of a lien on real property and the exercise of any other remedy with respect to the real property or the Rents or profits therefrom, (v) the nature of an interest in real property that results from foreclosure, and (vi) the manner and effect of recording or failing to record evidence of a transaction that transfers or creates an interest in real property. Except as expressly set out above, the enforceability of this Mortgage and the other Loan Documents shall be governed by Georgia law.

Section 6.25. Effective as a Financing Statement. This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records of each county where any part of the Property (including said fixtures) is situated. This Mortgage shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts and is to be filed for record in the real estate records of each county where any part of the Property is situated. This Mortgage shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Mortgagor is the address of Mortgagor set forth at the end of this Mortgage and the address of Mortgagee from which information concerning the Mortgage and security interests hereunder may be obtained is the address of Mortgagee set forth at the end of this Mortgage. A carbon, photographic or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement for any of the purposes referred to in this Section.

Section 6.26. Entire Agreement. The Loan Documents constitute the entire understanding and agreement between Mortgagor and Mortgagee with respect to the transactions arising in connection with the indebtedness secured hereby and supersede all prior written or oral understandings and agreements between Mortgagor and Mortgagee with respect to the matters addressed in the Loan Documents. Mortgagor hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no persons are

or were authorized by Mortgagee to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents.

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, this Mortgage has been executed and sealed by Mortgagor as of the date first written on page 1 hereof.

Mortgagor:

Wells Operating Partnership, L.P.,
a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc., a Maryland corporation, General Partner

By: /s/ Leo F Wells

Name: LEO F WELLS

Title: PRESIDENT

Attest: Brian M Conlon

Name: BRIAN M CONLON

Title: EXECUTIVE VICE PRESIDENT

[CORPORATE SEAL]

The address and federal tax identification number of Mortgagor are:

3885 Holcomb Bridge Road
Norcross, Georgia 30092

Federal Tax I.D. No.58-2368838

The address of Mortgagee is (including county):

NationsBank, N.A.
NationsBank Plaza - 6th Floor
600 Peachtree Street, N.E.
Atlanta, Fulton County, Georgia
30308

CERTIFICATE OF RESIDENCE

The Undersigned certifies that the address of Mortgagee is NationsBank Plaza, 6th Floor, 600 Peachtree Street, N.E., Atlanta, Georgia 30308.

NationsBank, N.A.

By: [ILLEGIBLE]

Name: [ILLEGIBLE]

Title: [ILLEGIBLE]

ACKNOWLEDGEMENT OF MORTGAGOR

State of GEORGIA

County of GWINNELT

On this 2nd day of February, 1999, before me, a notary public, personally appeared LEO F WELLS who acknowledged himself to be the PRESIDENT of WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation, which is the General Partner of Wells Operating Partnership, L.P., a Delaware limited partnership, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation in its capacity as General Partner of such limited partnership by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ [SIGNATURE ILLEGIBLE]

Notary Public

My Commission expires:

Notary Public, Gwinnelt County, Georgia
My Commission expires June 24, 2000

EXHIBIT 10.47

BUILD-TO-SUIT OFFICE LEASE AGREEMENT

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

PENNSYLVANIA CELLULAR TELEPHONE CORP.

BUILD-TO-SUIT OFFICE LEASE AGREEMENT

BY AND AMONG

WALSH HIGGINS NO. 33, L.P., A PENNSYLVANIA LIMITED PARTNERSHIP, LANDLORD

PENNSYLVANIA CELLULAR TELEPHONE CORP., A NORTH CAROLINA CORPORATION AUTHORIZED TO TRANSACT BUSINESS IN PENNSYLVANIA, TENANT

WALSH, HIGGINS & COMPANY, AN ILLINOIS CORPORATION, CONTRACTOR

SUSQUEHANNA TOWNSHIP, DAUPHIN COUNTY, PENNSYLVANIA

DATED AS OF SEPTEMBER 26, 1997

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BUILD-TO-SUIT OFFICE LEASE AGREEMENT

This Build-To-Suit Office Lease Agreement ("Lease") is made this 26/th/ day of September, 1997, by and among WALSH HIGGINS NO. 33, L.P., a Pennsylvania limited partnership ("Landlord"), PENNSYLVANIA CELLULAR TELEPHONE CORP., a North Carolina corporation authorized to transact business in Pennsylvania ("Tenant"), and WALSH, HIGGINS & COMPANY, an Illinois corporation ("Contractor"). Anything in this Lease to the contrary notwithstanding, (a) Contractor's obligations hereunder are strictly limited to those set forth in paragraphs B and E hereof and in Sections 1.5, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 5.3, 7.3(a), 7.3(b), 7.3(d), 7.3(f), 19.4, 19.5, 19.10, 19.11, 19.12, 19.13, 19.14, 19.16, 19.18, 19.21, 19.22 and 19.23 hereof, with respect to the design and construction of the Initial Improvements (as such term is defined in paragraph B hereof), those certain warranty obligations with respect to such construction, those certain indemnification obligations in connection with environmental matters, and certain miscellaneous matters; and (b) Contractor shall not be liable under this Lease, directly or indirectly, except as and to the extent specifically set forth in the foregoing enumerated Sections hereof (although Contractor shall be entitled to all of its rights as set forth under such Sections and elsewhere in this Lease), provided that nothing herein shall be construed as limiting the Tenant from bringing an action or pursuing a remedy under this Lease, at law or in equity, against the Landlord regardless of whether (i) Tenant has a direct right under the Lease to pursue an action against the Contractor or (ii) the Landlord is deemed to have waived its rights against the Contractor under the terms of the foregoing provisions.

Recitals

A. Tenant desires to lease from Landlord that certain parcel of vacant land comprised of approximately 10.5 acres, located in Susquehanna Township, Dauphin County, Pennsylvania ("Township"), which parcel is legally described in Exhibit A-1 attached hereto and made a part hereof ("Land"), together with those certain improvements to be constructed thereon in accordance with this Lease. The Land is situated in that certain business park located in the Township and known as Commerce Park ("Park"). Title to the Land is, and shall be, subject to the encumbrances and other matters set forth in Exhibit A-2 attached hereto and made a part hereof ("Permitted Encumbrances").

B. The parties have agreed that Landlord shall cause Contractor to construct, and that Contractor shall construct, initial improvements on the Land consisting of a four (4)-story office facility to be comprised of approximately 81,859 square feet ("Initial Improvements"). The parties have also agreed that

Tenant will have the option, pursuant to this Lease, to cause Landlord to construct (or to cause to be constructed) the Expansion Improvements (as such term is defined in Section 2A.1(a) hereof). The Initial Improvements and the Expansion Improvements (if any), together, are hereinafter collectively referred to as "Landlord's Improvements." Construction of the Initial Improvements, and Landlord's and Contractor's respective obligations with respect thereto, shall be as set forth in this Lease. Construction of the Expansion Improvements, and Landlord's obligations with respect thereto (Contractor having no obligations with respect to the Expansion Improvements), shall also be as set forth in this Lease. Further, the parties have agreed that Tenant shall have certain rights to renew the term of this Lease, as also set forth herein.

C. Landlord, for and in consideration of the rents, covenants and agreements hereinafter contained, hereby leases, rents, lets and demises unto Tenant, and Tenant does hereby take and hire, upon and subject to the conditions and limitations hereinafter expressed, the Land, together with all improvements located thereon and to be constructed thereon from time to time pursuant to the terms, provisions and conditions hereof (including, without limitation, Landlord's Improvements), subject to the Permitted Encumbrances.

D. Landlord's Improvements and all other improvements, machinery, equipment, fixtures and other property, real, personal or mixed, from time to time installed or located on the Land (except those items of Tenant's attached or unattached personalty which are deemed to be trade fixtures, as described in Article 16 hereof ("Trade Fixtures")), together with all additions, alterations and replacements thereof, are hereinafter collectively referred to as "Improvements." The Land and the Improvements are hereinafter collectively referred to as "Demised Premises." The initial interior improvements to be constructed in the Initial Improvements, as described further in Section 2.1 hereof, are hereinafter referred to as "Initial Interior Build-Out." Anything in this Lease to the contrary notwithstanding, (i) "Landlord's Improvements" and, therefore, "Improvements" and "Demised Premises," shall include, without limitation, the "Initial Improvements" and the "Expansion Improvements," if any, and (ii) the "Initial Improvements" shall include, without limitation, the "Initial Interior Build-Out."

E. Tenant acknowledges that Landlord has contracted to purchase, but as of the date of this Lease, does not own fee title to the Land. Accordingly, anything in this Lease to the contrary notwithstanding, in the event that Landlord does not acquire fee title to the Land, or in the event that Landlord's acquisition of fee title to the Land is delayed, and (i) such failure or delay is not a direct result of any breach by Landlord of its contract to purchase the Land, and (ii) Landlord is diligent in pursuing its rights and remedies under the terms of said contract, then neither Landlord nor Contractor shall be liable for any damages or other remedies as a result of any failure or delay in their respective obligations to Tenant under this Lease.

ARTICLE 1
TERM OF LEASE

SECTION 1.1 INITIAL TERM. Except as otherwise provided in this Lease, the term of this Lease ("Initial Term") shall be for ten (10) years (subject to renewal thereof as described in Section 1.3 hereof), commencing on the Initial Term Commencement Date (as such term is defined in Section 1.2 hereof), and ending on the date which is ten (10) years, less one (1) day, after the Initial Term Commencement Date ("Initial Term Termination Date"). As of the date of this Lease, Landlord and Tenant anticipate that the Initial Term Commencement Date will be September 1, 1998, and that the Initial Term Termination Date will therefore be August 31, 2008; provided, however, that nothing in this Lease shall prevent the Initial Term Commencement Date from occurring prior to September 1, 1998 (and the Initial Term Termination Date thereby occurring earlier than August 31, 2008), but the Delivery Date (as described in Section 1.2) shall not be earlier than July 1, 1998. The Initial Term Commencement Date and the Initial Term Termination Date are subject to adjustment as set forth in this Article 1 and in Section 2.5 hereof, but in no instance shall the Initial Term be less than ten (10) years, unless sooner terminated as provided herein.

Initial Term shall commence ("Initial Term Commencement Date") on the Delivery Date.

SECTION 1.2 DELIVERY DATE; INITIAL TERM COMMENCEMENT DATE. The "Delivery Date" shall be the date on which all of the foregoing have occurred: (i) the Landlord's Improvements have been Substantially Completed (as defined in Section 2.5(d)); (ii) a Certificate of Use for the Demised Premises has been obtained from the Commonwealth of Pennsylvania Labor and Industry; (iii) a Certificate of Occupancy for the Demised Premises has been obtained from the Township; (iv) the Landlord and Tenant have (and to the extent they do not agree, the Architect, as such term is defined in Section 2.1 hereof, has) established the Punch List Items (as defined and provided in Section 2.8); and (v) Landlord has provided Tenant with a Subordination, Non-Disturbance and Attornment Agreement, in the form attached hereto as Exhibit 1.2, executed by each mortgagee or other lienholder included in the Permitted Encumbrances. However, anything in this Lease (including, without limitation, anything in this Section 1.2 or in Section 2.5 hereof) to the contrary notwithstanding, in the event that (a) Initial Improvements have not been Substantially Completed, and (b) the Architect has certified that, as of a date certain set forth in such certification, the Initial Improvements would have been Substantially Completed, but for a Tenant Extension (as such term is defined in Section 2.5(b)(i) hereof), then the Initial Term Commencement Date shall nonetheless be deemed to have occurred on the date certain set forth in the Architect's aforesaid certification. Regardless of any other provision herein, the Delivery Date shall not be earlier than July 1, 1998.

SECTION 1.3 OPTIONS TO RENEW. Subject to the terms, provisions and conditions of this Lease, Tenant shall have four options to renew the term of this Lease beyond the end of the Initial Term, the first three such renewal options being for one five (5)-year period and the fourth renewal option being for one four (4) year, eleven (11) month period, each, running consecutively from the end of the prior period. In the event that Tenant exercises any or all of such options to renew, and except as provided in Section 2A.1(g) hereof, the time period from the day after the last day of the Initial Term through the date which is five (5) years, less one (1) day, thereafter, is hereinafter referred to as the "First Renewal Term," the time period from the day after the First Renewal Term through the date which is five (5) years, less one (1) day, thereafter, is hereinafter referred to as the "Second Renewal Term," the time period from the Second Renewal Term through the date which is five (5) years, less one (1) day, thereafter, is hereinafter referred to as the "Third Renewal Term," and the period from the day after the Third Renewal Term through the date which is four (4) years and eleven (11) months thereafter, is hereinafter referred to as the "Fourth Renewal Term." The First Renewal Term, the Second Renewal Term, the Third Renewal Term and the Fourth Renewal Term are sometimes hereinafter individually referred to as a "Renewal Term," and are sometimes hereinafter collectively referred to as "Renewal Terms." The Initial Term and any and all Renewal Terms are sometimes hereinafter collectively referred to as the "Term."

Except for modifications of Base Rent (as such term is defined in Section 3.1(a) hereof) pursuant to Section 3.1 hereof, and except as otherwise specifically provided herein, the terms, provisions and conditions of this Lease shall apply during each Renewal Term exercised by Tenant as hereafter provided as and to the same extent as they apply during the Initial Term.

SECTION 1.4 EXERCISE OF OPTIONS TO RENEW. Subject to Section 3.1(c) hereof, if Tenant wishes to exercise its options for any of the Renewal Terms, it shall give written notice thereof ("Renewal Notice") to Landlord not later than twelve (12) months prior to the expiration of the Initial Term or the Renewal Term then in effect, as applicable, provided, however, that if Tenant

shall fail to give any such notice within the aforesaid time limit, Tenant's right to exercise its renewal option shall nevertheless continue until ("Renewal Cut-Off") the first to occur of (i) thirty (30) days after Landlord shall have given Tenant notice of Landlord's election to terminate such option, and (ii) one hundred and twenty (120) days prior to the expiration of that portion of the Term then in effect, and Tenant may exercise such option at any time until the Renewal Cut-Off. It shall be a condition to the exercise and effectiveness of each option for a Renewal Term that Tenant shall not be in Default (as such term is defined in Section 10.1 hereof) of any of the terms, provisions or conditions of this Lease, either at the time of delivery of the Renewal Notice in question, or at the commencement of the Renewal Term in question; provided, however, that Landlord shall have the right, in its sole discretion, to waive any such Default for purposes of Tenant's exercise of the subject Renewal Term. Notwithstanding the foregoing, Tenant shall not be permitted to exercise its right to the Second Renewal Term and to each succeeding Renewal Term unless Tenant has exercised its right to the First Renewal Term and the Renewal Term preceding the one Tenant is then electing to exercise.

Anything in this Lease to the contrary notwithstanding, in the event Tenant exercises its Expansion Option (as such term is defined in Section 2A.1(a) hereof), then Tenant shall automatically and conclusively be deemed to have exercised an option to renew as provided in Section 2A.1(g), provided that Tenant shall have the right to withdraw its exercise of the Renewal Term, as provided in Section 2A.1(g) in the event that the Landlord defaults in its obligations under Section 2A.1 to construct the Expansion Improvements.

SECTION 1.5 LAND ACQUISITION CONTINGENCY. Landlord and Tenant acknowledge and agree that Landlord has entered into that certain purchase and sale agreement ("Real Estate Agreement"), pursuant to which Landlord has contracted to acquire fee title to the Land from the current owner thereof, but the closing of the purchase and sale thereunder as of the date hereof has not yet occurred. Landlord shall diligently (i) proceed to close on the Real Estate Agreement, and (ii) submit applications for subdivision approval, land development plan approval, sewer and water permits, highway occupancy permits, a building permit and all other governmental permits and approvals (the "Permits and Approvals") required for the construction of the Demised Premises, and shall thereafter diligently pursue receipt of such Permits and Approvals in final, nonappealable form. In the event, (a) on or before December 31, 1997 ("Real Estate Date"), Landlord fails to acquire fee title to the Land in accordance with the provisions of the Real Estate Agreement as a result of a default of the seller thereunder, or (b) on or before December 31, 1997 ("Permit Date") Landlord fails to receive, after extending diligent efforts in respect thereto, the Permits and Approvals (in final, nonappealable form) necessary to commence construction of the Demised Premises, then, in either instance, Landlord shall advise Tenant of the same, in writing, delivered by overnight delivery service within three (3) business days thereafter. If Landlord has acquired title to the Real Estate pursuant to the terms of the Real Estate Agreement prior to Real Estate Date, but has not then acquired the all of the necessary Permits and Approvals prior to the Permit Date, the Permit Date shall be deemed extended to January 31, 1998, and such extension shall be deemed a Permitted Delay. If fee title to the Real Estate has not been acquired as aforesaid prior to the Real Estate Date or the Permits and Approvals have not been received as aforesaid prior to the Permit Date (extended, if at all, as aforesaid), then either Landlord or Tenant shall have the right to terminate this Lease within thirty (30) days following the receipt of Landlord's notice as aforesaid. Notwithstanding the foregoing, if either the Real Estate Date or the Permit Date (extended, if at all, as aforesaid) have lapsed without Landlord, respectively, acquiring fee title to the Real Estate or

receiving the Permits and Approvals, each as aforesaid, solely because of the failure of the Landlord to diligently pursue fulfillment thereof, then the Landlord shall pay to the Tenant the amount of Five Hundred Thousand Dollars ($500,000.00), as liquidated damages incurred by Tenant resulting from such failure of the Landlord, if either Landlord or Tenant Terminate this Lease as

above provided. The parties hereto have fully negotiated the provisions of this Section 1.5 with respect to liquidated damages, as well as the balance of the terms, provisions and conditions of this Lease, free from any duress or other undue influence. Having determined that the actual amount of any losses which Tenant would incur as a result of the unwillingness of the Landlord to extend diligent efforts to close on the Real Estate Agreement and obtain the Permits and Approvals prior to, respectively, the Real Estate Date and Permit Date (extended, if at all, as aforesaid) would be difficult, if not impossible to ascertain, the parties have, independently and in good faith, determined that the foregoing liquidated damages are a fair and reasonable estimation of and basis for any losses. The foregoing liquidated damages shall be in lieu of (and not in addition to) any other rights or remedies which Tenant would otherwise have at law or in equity.

ARTICLE 2
CONSTRUCTION OF LANDLORD'S IMPROVEMENTS

SECTION 2.1 PRELIMINARY PLANS - CERTAIN REIMBURSEMENTS. As set forth in paragraph B of the Recitals, the Initial Improvements shall consist of a four (4)-story office facility to be comprised of approximately 81,859 square feet. Attached hereto and made a part hereof as Exhibit 2.1 is a list describing or identifying certain plans and specifications comprised of (i) final civil engineering plans (that, as a component of the Final Plans, as hereafter defined, have been approved by Landlord, Tenant and Contractor, which component is hereafter referred to as "Land Development Plans"), (ii) preliminary base building plans for the Initial Improvements, including structural engineering plans, building elevations, interior and exterior architectural plans, and specifications, and (iii) outline performance specifications with respect to the Initial Improvements, including specifications for the civil, architectural, structural, electrical systems, plumbing systems, heating, ventilating and air conditioning systems, fire protection systems, and landscaping in and around the Initial Improvements (collectively, in respect to clauses (ii) and (iii), "Preliminary Plans and Specifications"). The Preliminary Plans and Specifications are in detail satisfactory (given the fact that they are only preliminary) to Landlord, Contractor and Tenant, and depict the Initial Improvements which Landlord will cause Contractor to construct, and which Contractor will construct, on the Land for the benefit of Tenant, subject to finalization and preparation of the Final Plans and all in accordance with this Article 2.

Landlord shall cause all of the remaining components of the Final Plans to be prepared by VOA Associates, Inc. of Washington, DC (the "Architect"), R. J. Fisher & Associates, Inc. and/or Environmental Systems Design, Inc., as applicable (collectively, "Design Team"). Each of the Components of the Final Plans shall be delivered to Tenant for approval, in accordance with Section 2.2 hereof.

Within ten (10) days of the date of this Lease, Landlord shall reimburse Tenant for (i) Twenty-Three Thousand One Hundred Forty-Two and 23/100 Dollars ($23,142.23) previously paid by Tenant to the Architect, and (ii) Fifteen Thousand and No/100 Dollars ($15,000.00) previously paid by Tenant to Tenant's Broker (as defined in Section 19.19). Within thirty (30) days after the

Initial Term Commencement Date, Landlord shall pay to Tenant the amount of $84,000.00 as a reimbursement of Tenant's moving and related expenses.

SECTION 2.2 APPROVAL OF FINAL PLANS AND SPECIFICATIONS.

(a) Land Development and Preliminary Plans Approval. As of the date hereof, Tenant has reviewed and approved the Land Development Plans and all of the Preliminary Plans and Specifications.

(b) Delivery of Final Plans and Expansion Improvements (if any); Approval of Components. Landlord shall deliver to Tenant each of the remaining components of the Final Plans as soon as practicable after they have been prepared, but in any event in that sequence set forth on the Schedule of Final Plan Components attached hereto and made a part hereof as Exhibit 2.2(b). All of the remaining components of the Final Plans consisting of plans and specifications for architectural, structural engineering, landscaping, plumbing, fire protection, heating, ventilating and air conditioning, and electrical shall initially be delivered to Tenant for its approval or disapproval on or before November 28, 1997. Those components of the Finals Plans described in the preceding sentence are hereafter referred to as "Building Components."

Landlord shall cause the Design Team, as applicable, to deliver to Tenant, the balance of the Final Plans as soon as practicable after they have been prepared, but in any event not later than sixty (60) days following the approval by Tenant of all of the components comprising the Building Components.

Landlord shall cause the Design Team to prepare all of the components of the Final Plans in compliance with the provisions of Section 2.1 hereof and also in accordance with (i) any and all laws, codes, ordinances, requirements, standards, plats, plans, criteria, orders, directives, rules and regulations of any and all applicable governmental authorities affecting the improvement, alteration, use, maintenance, operation, occupancy, security, health, safety and environmental condition of the Demised Premises, or any portion thereof, including, without limitation, the Americans With Disabilities Act of 1990, as amended from time to time, and any and all rules and regulations promulgated pursuant thereto ("ADA"), except as provided in Section 2.3 hereof, (ii) any and all covenants, restrictions, conditions, easements and other agreements of record with respect to the Demised Premises, or any portion thereof, including, without limitation, Park covenants, and any and all rules, regulations, standards or criteria set forth or referenced therein or promulgated by the Park association or any other governing body or entity exercising jurisdiction over the Park, and (iii) all permits, licenses, certificates, authorizations and approvals required in connection with any of the foregoing. All of the Final Plans shall be consistent with the Preliminary Plans and Specifications, and shall be reasonably satisfactory to Landlord. Notwithstanding the foregoing, in the event there is a change in any law, code, ordinance, requirement, standard, plat, plan, criteria, order, directive, rule or regulation of any or all applicable governmental authority having jurisdiction over the Initial Improvements that is passed, enacted or otherwise enforced for the first time subsequent to the date of this Lease that requires a modification to either the Final Plans or a substantial deviation from the Preliminary Plans and Specifications (if the Final Plans are not yet approved), the reasonable cost thereof shall be deemed a Change Order Cost (as hereafter defined), the time to effectuate such change shall be a Permitted Delay and Landlord and Tenant shall execute Change Order in respect thereto.

Within five (5) business days after Landlord's initial delivery to Tenant of each component of the Final Plans, Tenant shall either approve or disapprove each such component, provided that Landlord has provided such component, in the sequence provided in the Schedule of Final Plan Components attached hereto as Exhibit 2.2(b). If at any time Tenant disapproves a component, it shall notify Landlord thereof in writing, detailing with reasonable specificity that portion or element of the component disapproved and the reasons for such disapproval. Tenant shall not withhold its approval of any submitted component, unless such submitted component fails to comply substantially with the Preliminary Plans and Specifications. Further, Tenant shall not act in an arbitrary or capricious fashion with respect to any disapproval of such components.

Upon Tenant's disapproval, if any, of a component, Landlord shall undertake to have such disapproved component modified and shall resubmit the same to Tenant. In each instance of disapproved components, Landlord shall have five (5) business days to revise and resubmit each such component to Tenant. In each

instance of resubmitted components, Tenant shall have three (3) business days within which to approve or disapprove (as aforesaid) each such resubmittal. Such respective five (5)- and three (3)- business day sequences of resubmission and approval or disapproval shall continue until all of the components comprising the Final Plans (or of the Final Expansion Plans, as such term is defined below in this Section 2.2(b), if applicable) have been approved by both Landlord and Tenant. In the event that Tenant fails to approve or disapprove any component of the Final Plans (or of the Final Expansion Plans, if applicable) within the applicable time period set forth herein, then such failure shall constitute a Tenant Extension hereunder.

When each component of the Final Plans has been approved in accordance with this Section 2.2(b) Landlord and Tenant shall affix their respective signatures or initials to a schedule or summary setting forth a description of such component. Such approved components shall constitute all or a portion of the "Final Plans" and shall be deemed to become a part of this Lease, as identified on Exhibit 2.2(b)-1.

With respect to the Expansion Improvements (if any), Landlord shall cause the Expansion Architect (as defined in Section 2A.2 hereof) to prepare components of the base building and interior plans therefor ("Final Expansion Plans"), and shall submit them to Tenant for its approval or disapproval, in accordance with Section 2A.2 hereof and this (b). The Final Expansion Plans shall be consistent with the Expansion Notice (as such term is defined in Section 2A.1(b) hereof), and shall be reasonably satisfactory to Landlord.

Any revision to a submitted component of the Final Plans, which revision is required to obtain Tenant's approval of the submitted component, and which, in the Architect's reasonable opinion, would be a substantial deviation from the Preliminary Plans and Specifications with respect to the Initial Improvements (or the Expansion Notice with respect to the Expansion Improvements, if applicable), shall be deemed to be a request by Tenant for a Change Order (as such term is defined in Section 2.4 hereof). Landlord shall notify Tenant, in writing, of any such determination by the Architect, and in such written notification shall inform Tenant of Landlord's estimate of the change in schedule, if any, in the completion of construction of the Initial Improvements (or the Expansion Improvements, if applicable), and of any extra cost (or savings) to Tenant resulting from the requested revision. Then, within ten (10) business days after such notification, and if Tenant has not theretofore withdrawn, in writing, its requested revision, a Change Order (as provided in Section

2.4 hereof) shall automatically and conclusively be deemed to have been approved. Provided, however, Landlord shall not be required to curtail any of the construction of the Initial Improvements (or, as applicable, Expansion Improvements) during the pendancy of Tenant's right to withdraw its requested revisions, if such curtailment would have an adverse impact on the critical path schedule for the Substantial Completion of the Initial Improvements.

SECTION 2.3 SCOPE OF WORK. Commencing promptly after the execution and delivery of this Lease by all of the parties hereto, and continuing thereafter following Landlord's and Tenant's approval of the remaining components of the Final Plans, Landlord shall cause Contractor to furnish, and Contractor shall furnish, at Landlord's sole cost and expense, all of the material, labor and equipment as may be necessary for the commencement and completion of construction of the Initial Improvements, as specified in the Land Development Plans and, when approved as aforesaid, the remaining components of the Final Plans. The Initial Improvements shall be constructed in a good and workmanlike manner substantially in accordance with the Final Plans. In addition, Landlord shall cause Contractor to complete, and Contractor shall complete all such construction in substantial compliance with all applicable laws in effect as of the date of this Lease. In the event that any materials specified in the Final Plans are not reasonably available to Contractor, Landlord and Contractor reserve the right to substitute materials of higher or equal quality.

Because compliance with ADA requirements is predicated, in part, on specific user requirements, Landlord, Contractor and Tenant acknowledge and agree that all three of them bear certain responsibility, as described in this Section 2.3, for assuring that the Final Plans are in compliance with the ADA. As an integral part of Tenant's review of the Land Development Plans and the Preliminary Plans and Specifications, and also during the review, submittal and revision procedure set forth herein with respect to the remaining components of the Final Plans, Tenant has informed Landlord and Contractor, and shall inform Landlord and Contractor of Tenant's intended use of the Demised Premises. Among other things, the preparation of the Land Development Plans, Preliminary Plans and Specifications and the remaining components of the Final Plans by Design Team is and will be based on the ADA requirements for the specific use of the Demised Premises which Tenant shall make and of which Tenant advises Landlord and Contractor, in writing. As a result of the foregoing, to the extent Tenant changes the specific use of the Demised Premises from that which, in writing, it advises Landlord and Contractor, Tenant shall be responsible for the Demised Premises (to the extent, but only to the extent, required as a result of or in connection with Tenant's changed use of the Demised Premises) being in compliance with the ADA.

SECTION 2.4 CHANGES IN WORK. Although the same may constitute Tenant Extensions hereunder, subject to this Section 2.4, Tenant, without invalidating this Lease, may order changes in the work (or may be deemed to have ordered changes in the work) consisting of additions to or deletions from, or other revisions in, the Final Plans or a material deviation from the Preliminary Plans and Specifications, if the Final Plans are not yet fully approved (or the Final Expansion Plans, as such term is defined in Section 2A.2 hereof) with an appropriate adjustment, if any, to the Delivery Date (or the Expansion Delivery Date, as such term is defined in Section 2A.3 hereof), if applicable, or the time for the preparation of components of the Final Plans (or the Final Expansion Plans, if applicable), and with appropriate provisions for increases or decreases in the Base Rent or the establishment of a payment obligation by Tenant as herein provided. Such changes in the work consisting of the foregoing addition or deletions or other revisions shall hereafter be referred to a

"Scope Change" or "Scope Changes." Any changes in work shall be authorized by a written change order ("Change Order") which shall be executed as hereinafter provided. Notwithstanding the foregoing, for the Initial Improvements only, those Scope Changes requested by Tenant as aforesaid that have a Change Order Cost (as hereafter defined) (i) not in excess of Five Thousand Dollars ($5,000.00) for any single Change Order, or (ii) not in excess of Ten Thousand Dollars ($10,000.00) in the aggregate for all Change Orders shall be performed by Landlord and Contractor at no additional charge or expense to Tenant.

A Change Order is a written order signed by Tenant (by an authorized individual as provided in Section 19.5) and accepted in writing by Landlord or Contractor (if applicable), stating in detail, among other things (as appropriate) the change in the work, any adjustment in the Delivery Date (or the Expansion Delivery Date, if applicable), or the time for the preparation of components of the Final Plans (or the Final Expansion Plans, if applicable), and, if appropriate, the additional payment obligation of the Tenant or the increase or decrease in the Base Rent as a result thereof.

If a Change Order in respect to the Initial Improvements results in a credit to Tenant, meaning that the Change Order Cost (as such term is defined below in this Section 2.4) is less than the original charge for the work being changed, the annual Base Rent for the Initial Term shall be decreased by an amount calculated as follows: Change Order Cost multiplied by ten and 50/100ths percent (10.50%). If a Change Order in respect to the Expansion Improvements results in a Change Order Cost of less than the original charge for the work being changed, Landlord shall pay to Tenant, within thirty (30) days following the Expansion Commencement Date, the amount by which the Change Order Cost is less than the original charge for the work being changed.

If a Change Order in respect to the Initial Improvements results in an

additional charge to Tenant greater than the original charge for the work being changed, then for the first Seventy-Five Thousand and No/100 Dollars ($75,000.00) (except as provided in the first grammatical paragraph of this Section 2.4) of the Change Order Costs (except as hereafter provided in respect to compliance with ADA), in the aggregate, of all such additional Change Orders, the annual Base Rent for the Initial Term shall be increased by an amount calculated as follows: the applicable Change Order Cost multiplied by one hundred seven percent (107%) which product shall be further multiplied by ten and 50/100ths percent (10.50%). Such increase in the annual Base Rent is hereafter referred to as "Change Order Base Rent." Notwithstanding the foregoing, commencing in the second year of the Initial Term and for each year thereafter in the Initial Term, the Change Order Base Rent shall be increased by an amount equal to two percent (2%) of the preceding year's Change Order Base Rent. Prior to the Delivery Date, Landlord and Tenant shall each execute a written statement setting forth the amount, if any of Change Order Base Rent.

For Change Order Costs pertaining to compliance with ADA prior to the Initial Term Commencement Date, the fee of seven percent (7%) of the Change Order Costs in respect such compliance shall not be applicable or charged to Tenant.

For all Change Order Costs (i) in respect to the Initial Improvements that are additional charges to Tenant as aforesaid that are, in the aggregate, in excess of Seventy-Five Thousand and No/100 Dollars ($75,000.00) (except as provided in the first grammatical paragraph of this Section 2.4), and (ii) in respect to the Expansion Improvements that are additional charges to Tenant as aforesaid, Tenant, in the instance of clause (i) and (ii) above, shall pay to Contractor such excess

Change Order Cost, plus a fee equal to seven percent (7%) of such excess Change
Order Costs (except for Change Order Costs pertaining to compliance with ADA in respect to the Initial Improvements as provided above), within thirty (30) days following the date Contractor invoices Tenant for the same, provided the work in respect to such invoiced Change Order Costs has been satisfactorily completed in respect to the amount invoiced. In the event of a dispute as to whether the invoiced portion of the subject excess Change Order Costs have been satisfactorily completed, the determination of the Architect, in the instance of the Initial Improvements, and the Expansion Architect, in the instance of the Expansion Improvements, in respect to such dispute shall be binding on Landlord, Tenant and Contractor, as applicable.

A "Change Order Cost" shall be equal to the total increase or decrease in costs resulting from the subject change (including, without limitation, any and all design, permitting and other so-called "soft costs"). The actual costs of the subject change shall be the aggregate of all payment obligations under those contracts or modifications to contracts entered into by Landlord or Contractor (if applicable), or their respective subcontractors, plus applicable general conditions, which are necessary to effectuate the specific Change Order.

Anything in this Lease to the contrary notwithstanding, no Change Orders which increase the scope of any work hereunder with respect to any of Landlord's Improvements (i.e., either the Initial Improvements or the Expansion Improvements) shall be effective, unless Landlord gives its prior written consent thereto. Such consent may be given or withheld in Landlord's sole and absolute discretion.

SECTION 2.5 COMPLETION OF IMPROVEMENTS.

(a) Completion Dates. It is anticipated that, subject to Permitted Delays
(as such term is defined in Section 2.5(b) hereof), the Initial Improvements shall be Substantially Completed not later than September 1, 1998.

(b) Permitted Delays. The date for the Substantial Completion of any of

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Landlord's Improvements, the Initial Term Commencement Date, the Expansion Commencement Date, and any and all other intermediate target dates set forth in this Lease, shall be extended if Landlord or Contractor, or any of their respective employees, agents, contractors (including the Design Team), subcontractors, sub-subcontractors or representatives, is delayed as a result of any one or more of the following:

(i) any act, omission or neglect of Tenant, or of any employee, agent, contractor, subcontractor, sub-subcontractor, agent or representative of Tenant, including, without limitation, the failure to approve or disapprove components of the Final Plans (or the Final Expansion Plans, if applicable) in accordance with this Lease; the requesting or negotiating of Change Orders; or the failure to timely complete the Tenant Work ("Tenant Extension");

(ii) subject to Section 1.5 hereof, any failure or delay in Landlord's acquisition of fee title to the Land, which failure is not a direct result of

any breach by Landlord of the Real Estate Agreement;

(iii) any failure of or delay in the availability of any one or more public utilities on the Land for the use of Landlord, Contractor or their respective employees, agents, contractors, subcontractors, sub-subcontractors or representatives subsequent to the commencement of construction of the Demised Premises, other than due to the negligence of the Landlord, Contractor or their respective employees, agents, contractors, subcontractors or representatives;

(iv) any national strikes, labor disputes; or any delays or shortages encountered in transportation, fuel, material or supplies that in the instance of such delays or shortages are commercially unreasonable;

(v) any governmental embargo restrictions, or actions or inactions of local, state or federal governments (including, without limitation, any extraordinary delays in issuing building permits, certificates of occupancy or other similar permits or certificates); or

(vi) any casualties, acts of God or the public enemy, or other acts or occurrences beyond the reasonable control of Landlord or Contractor, or their respective employees, agents, contractors, subcontractors, sub-subcontractors or representatives, provided, any delays due to inclement weather are not within the foregoing matters, unless such weather conditions are in the form of extraordinary events such as hurricanes, tornadoes or record breaking snowfalls in respect to frequency or accumulation.

The Landlord and Contractor shall use their diligent efforts to prevent or minimize any delays resulting from any one or more of the matters described in clauses (i) through (vi), above. Any delays resulting from any one or more of the matters described in clauses (i) through (vi) above, except as may be due to the negligence of the Landlord or the Contractor, or their respective employees, agents, contractors, subcontractors, or representatives, are hereinafter individually referred to as a "Permitted Delay," and are hereinafter collectively referred to as "Permitted Delays."

(c) Effect of Permitted Delays. Promptly following Landlord's becoming
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aware that an occurrence will result in a Permitted Delay hereunder, Landlord shall notify Tenant, in writing, of such occurrence and of Landlord's estimate of the effect, if any, such occurrence will have on the time within which the subject Landlord's Improvements shall be Substantially Complete, or on such other target dates set forth herein (and, as noted below, in the case of a Tenant Extension, the additional cost as a result thereof, if any, which will be

borne by Tenant), and shall provide Tenant with reasonable evidence as to the Permitted Delay. If Landlord, Contractor and Tenant are able to agree on the effect of any delays which result from a Permitted Delay or the cost to Tenant, if any, in the instance of a Tenant Extension, such agreement shall be the subject of a Change Order. If Landlord, Contractor and Tenant are unable to agree on the effect of any delays which result from a Permitted Delay or the cost to Tenant, if any, in the instance of a Tenant Extension (but excluding, in the instance of cost, a Scope Change), the matter in respect to duration of the delay or such cost shall be subject to resolution by binding arbitration of the Arbitrator as provided in Section 2.11

hereof, which resolution shall likewise be the subject of a Change Order. Landlord and Tenant are hereby required to execute a Change Order as shall agree as aforesaid, or, absent such agreement, as determined by the Arbitrator pursuant to Section 2.11 hereof. In the case of continuing Permitted Delays, only one such notice from Landlord shall be necessary.

(d) Substantial Completion. The Initial Improvements (and the Expansion Improvements, if applicable) shall, for purposes of this Lease, be deemed to be "Substantially Complete" (or "Substantially Completed" or "Substantial Completion") on the date on which (i) the Architect (or the Expansion Architect, as applicable) certifies to the Tenant that the Initial Improvements (or Expansion Improvements, if applicable) in question have been completed in substantial conformity with the Final Plans (or the Final Expansion Plans, if applicable), subject to landscaping and other Punch List Items (as such term is defined in Section 2.8 hereof); and (ii) the Township (or other governmental authority having jurisdiction) has issued with respect thereto a certificate of occupancy (or other consent to or approval of Tenant's use and occupancy thereof). In the event of any disagreement between Landlord and Tenant as to whether Substantial Completion has been achieved under clause (i) above, the decision of the Architect (or Expansion Architect, if applicable) shall be final and binding on the parties.

SECTION 2.6 TENANT'S REMEDIES FOR LANDLORD DELAY IN COMPLETION OF INITIAL IMPROVEMENTS. Subject to the conditions herein set forth, the anticipated Delivery Date is September 1, 1998, meaning that, as provided in Section 1.2(a), the Initial Improvements are to be Substantially Completed by such date. In the event that, due to causes other than Permitted Delays, the Initial Improvements are not Substantially Completed on September 1, 1998, then Contractor, but not Landlord, shall be liable to Tenant for liquidated damages in the amount of Two Thousand Five Hundred and 00/100ths Dollars ($2,500.00) for each day between (i) September 1, 1998, and (ii) the first to occur of (y) the Delivery Date, and (z) June 1, 1999. The effect of a Permitted Delay (determined pursuant to Section 2.4 hereof) shall cause the Delivery Date and the aforesaid June 1, 1999 date to be extended by the duration so determined. The parties hereto have fully negotiated the provisions of this Section 2.6 with respect to liquidated damages, as well as the balance of the terms, provisions and conditions of this Lease, free from any duress or other undue influence. Having determined that the actual amount of any losses which Tenant would incur as a result of any delay in the Initial Term Commencement Date, would be difficult, if not impossible, to ascertain, the parties have, independently and in good faith, determined that the foregoing liquidated damages are a fair and reasonable estimation of and basis for any such losses, and that the liability thereof shall be borne solely by Contractor, and not by Landlord. Accordingly, in the event of any such delay, subject to the conditions set forth above, and anything in this Lease to the contrary notwithstanding, the foregoing liquidated damages shall be the sole obligation of Contractor (and Landlord shall have no liability) in the event of any such delay, and shall be in lieu of any other rights or remedies which Tenant would otherwise have at law or in equity. Anything in this Lease to the contrary notwithstanding, Landlord shall have no liability or obligation in the event of any such delay. Notwithstanding the foregoing, if the Initial Improvements are not Substantially Completed prior to August 31, 1999 (which date shall be subject to extensions resulting only from a Tenant Extension, only, and not for other Permitted Delays), Tenant, pursuant to written notice

thereafter to Landlord and Contractor, may terminate this Lease, in which event this Lease shall thereafter become null and void and of no further force and effect, except for the obligation of Contractor to pay the liquidated damages provided in this Section 2.6 shall survive such termination.

SECTION 2.7 WARRANTY. Subject to Section 2.3 hereof with respect to compliance with the ADA and Tenant's obligations in regard thereto, Landlord and Contractor warrant to Tenant, for a period of one (1) year from the Delivery Date ("Initial Improvements Warranty Period"), that the Initial Improvements shall be constructed in accordance with the provisions of section 2.3, and in substantial compliance with the Final Plans, and shall be free from defects in workmanship or materials. After the conclusion of the Initial Improvements Warranty Period, Landlord or Contractor, as the case may be, shall assign and transfer to Tenant all assignable (without cost to Landlord or Contractor) warranties then in effect which were given to Landlord or Contractor in the first instance. Landlord and Contractor shall use their respective reasonable commercial efforts to furnish to Tenant three (3) copies of any and all service contracts, warranties, equipment specifications, manufacturers' information and operating instructions in connection with the Initial Improvements, as the same may be reasonably available to Landlord or Contractor from their respective suppliers. If, during the Initial Improvements Warranty Period, Tenant notifies Landlord and Contractor, in writing, of defective workmanship or materials in the construction of the Initial Improvements, Landlord and Contractor shall promptly cause such defect to be corrected by the repair or replacement thereof, as reasonably necessary.

The warranty which is provided hereunder is limited in certain respects, and is conditioned on the following:

(a) Tenant shall use the Initial Improvements only in accordance with the design capacities and criteria established therefor. Tenant acknowledges that any misuse thereof may void the warranty hereunder, and may void any manufacturers' or other warranties which may be assigned to Tenant hereunder.

(b) In addition to the foregoing, the warranty hereunder shall not extend to the electrical systems, plumbing systems, heating, ventilating and air conditioning systems, fire protection systems or other mechanical systems servicing the Initial Improvements, unless such systems are maintained and operated in compliance with the manufacturers' specifications therefor by those professionals specified by such manufacturers' specifications.

(c) Any and all work required to be performed under this Section 2.7 ("Initial Improvements Warranty Work") shall not in any way include, or require Landlord or Contractor to perform, any routine or appropriate regular maintenance of Landlord's Improvements required to be performed by Tenant during the Initial Improvements Warranty Period as part of Tenant's Repairs and Maintenance (as such term is defined in Section 6.2 hereof).

(d) The warranty hereunder specifically excludes (and Tenant waives any claims, and shall cause its insurer to waive any and all subrogation claims, with respect to) any and all indirect or consequential damages, including, without limitation, damages to Tenant's products, equipment or other personal property which may be located within the Demised Premises. Tenant hereby acknowledges and agrees that it has acquired, or will acquire,

and will maintain, appropriate amounts of insurance in order to manage such risks.

SECTION 2.8 PUNCH LIST. As a condition of and prior to the Architect issuing a certificate to Tenant of the Substantial Completion of the Initial Improvements (or of the Expansion Improvements by the Expansion Architect, if applicable), Landlord, ten (10) days prior to the date Landlord reasonably believes the Initial Improvements (or Expansion Improvements, if applicable) will be Substantially Complete, shall so advise Tenant, in writing. Promptly following such notice, Landlord, Contractor, Tenant and Architect (or the Expansion Architect in the instance of the Expansion Improvements, if applicable) shall make a joint physical inspection of the Initial Improvements (or of the Expansion Improvements, if applicable) to list the items of punch list work to be completed ("Punch List Items") and the duration of time that shall be afforded to complete the same, subject to Permitted Delays. Punchlist List Items shall include minor corrective or minor incomplete items in respect to the Initial Improvements (or Expansion Improvements, if applicable). In the event Landlord, Contractor and Tenant are unable to agree on the Punch List Items or the time within which they shall be completed, the Architect's (or that of the Expansion Architect, if applicable) determination shall be binding on the Landlord, Contractor and Tenant, which determination in respect to which items are included shall based solely on the determination of whether the item in question was constructed in substantial conformity with the Final Plans (or the Final Expansion Plans, if applicable). When the list of Punchlist List Items are determined as aforesaid, Contractor, in the instance of the Initial Improvements, and the Landlord, in the instance of the Expansion Improvements, shall deliver, in writing, its unconditional promise to complete, subject to Permitted Delays, the applicable Punch List Items within thirty (30) days thereafter, or such longer period of time determined as aforesaid. In the event that the Contractor fails to complete the Punch List Items within the times determined as aforesaid, then the Tenant, following fifteen (15) days prior written notice to the Landlord, shall have the right to complete the Punch List Items and deduct from the Base Rent a sum equal to Tenant's direct, out of pocket costs incurred in completing such incomplete Punch List Items, plus an administrative fee equal to ten percent (10%) of such costs.

SECTION 2.9 INDEMNITY.

(a) Indemnity for Liens. Landlord and Contractor (however, in the case of Contractor, with respect to the Initial Improvements only) shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, harmless from and against any and all direct (but not indirect or consequential) liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with any claim, lien, charge, encumbrance or action brought, maintained or filed by any party for any labor performed or materials furnished for or in connection with the Initial Improvements (or the Expansion Improvements, if applicable), who claim through or under Landlord or Contractor.

(b) Indemnity for Personal Injury and Property Damage. Further, Landlord and Contractor (however, in the case of Contractor, with respect to the Initial Improvements only) shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, from and against all direct (but not

indirect or consequential) liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them, except to the extent caused in whole or in part by the negligence or willful misconduct of Tenant, or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents, employees or invitees, arising out of or resulting from the performance of any work in connection with the construction of the Initial Improvements (or the Expansion Improvements, if applicable); provided, however, that any such loss, cost or damage must be (i) attributable to bodily injury, sickness, disease or death, or due to injury to or destruction of tangible property (other than Landlord's Improvements), and

(ii) caused in whole or in part by the negligent or intentional act of Contractor (with respect to the Initial Improvements only) or Landlord, or any of their respective partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees (as such term is defined in Section 14.2 hereof), agents or employees, or anyone for whose acts any of them may be liable. Notwithstanding the foregoing, except to the extent caused in whole or in part by the negligence or willful misconduct of Tenant or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents, employees or invitees, if Tenant suffers a liability, loss, cost or damage to an unrelated third party that is caused in whole or in part by the negligence or intentional act of those parties set forth in clause (ii) above, the scope of Landlord's or Contractor's liability hereunder shall not be limited as provided in clause (i) above.

(c) Required Notification by Tenant. Tenant shall promptly notify
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Contractor (with respect to the Initial Improvements only) and Landlord of any claim under an indemnity contained in this Section 2.9 of which Tenant has knowledge, in such time so as to avoid prejudice to Contractor or Landlord.

SECTION 2.10 EARLY ACCESS.

(a) Early Access. Prior to the Substantial Completion of the Initial
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Improvements (or the Expansion Improvements, if applicable), and provided that the Township or other governmental authority having jurisdiction does not prohibit the same, Landlord shall provide Tenant with early access to the Initial Improvements (or the Expansion Improvements, if applicable), including, without limitation, access to and the use of loading docks, elevators, construction hoists, electrical service and the like, for the purposes of allowing separate contractors engaged by Tenant to install or construct therein (to the extent then completed) such items for which Landlord and Contractor are not responsible hereunder (together, "Tenant Work"); provided, however, that no Tenant Work may be performed without the prior written consent of Landlord, which consent may be conditioned on the submission of plans, specifications, acceptable arrangements for security and other safety precautions, and other details regarding the proposed Tenant Work, and other reasonable arrangements in connection with scheduling, but shall not be otherwise unreasonably withheld or delayed. Further, any and all Tenant Work shall be prosecuted and shall in all instances be subject to the conditions and covenants pertaining to New Work (as such term is defined in Section 17.1 hereof) which are set forth in Section 17.1 hereof. The terms, provisions and conditions of Section 2.5(b)(i) hereof and all other terms, provisions and conditions of this Lease pertaining to Tenant Extensions shall apply in connection with Tenant's exercise of its rights of early access under this Section 2.10 and any Tenant Work. In the event Tenant's prosecution of any Tenant Work unreasonably interferes with any work being performed by or on behalf of Landlord, Landlord (or Contractor, in the instance of the Initial Improvements) shall give written notice to Tenant of such interference as provided in Section 2.5(c) hereof.

The rights of Tenant to early access pursuant to this Section 2.10 are hereinafter referred to as "Early Access." Landlord may, at any time, suspend Tenant's rights to Early Access hereunder, in the event that Landlord or Contractor reasonably determines that such Early Access or any Tenant Work is unreasonably interfering with the construction of Landlord's Improvements, is creating security or safety risks or is otherwise not in substantial conformance with the conditions on which the Early Access was granted in the first instance.

As part of Tenant Work, Landlord acknowledges and agrees that Tenant, by separate contractors, shall be installing cables, wiring, and certain other equipment and facilities for Tenant's voice data fiber optics, security systems and other systems which are required to be, or are most efficiently, installed during the pendancy of construction of the Initial Improvements (or Expansion Improvements). Landlord shall coordinate with Tenant such installations by

Tenant of the foregoing systems pursuant to a schedule that Contractor (or Landlord, in the instance of the Expansion Improvements) shall timely provide to Tenant. Such schedule will permit Tenant to reasonably complete such installations in as an efficient, timely manner in respect to the ongoing construction of the Landlord's Improvements as is reasonably possible without unreasonable interference to the Contractor (or Landlord, as aforesaid) or unreasonable interference from the Contractor (or Landlord, as aforesaid). In addition, as part of Tenant Work, Landlord acknowledges and agrees that Tenant, by separate contractors, shall be installing furniture, assembling work station partitions and performing associated work station partition electrical work, which Tenant shall be permitted to undertake, without interference from the Contractor (or Landlord, as aforesaid), not less than thirty (30) days prior to the Delivery Date (or Expansion Delivery Date).

Anything in this Section 2.10 to the contrary notwithstanding, Tenant shall not commence the conduct of any business from the Initial Improvements prior to the Delivery Date, or from the Expansion Improvements until the Expansion Delivery Date.

(b) Tenant Cooperation. As a condition precedent to exercising its right to Early Access hereunder and to entering into contracts with any separate contractors described in Section 2.10(a) hereof, Tenant shall (i) provide to Ticor Title Insurance Company, or other title insurer selected by Landlord, such indemnities, hold harmless agreements or other similar undertakings or reasonable assurances with respect to such separate contractors' lien claims, as Landlord may reasonably require from time to time in order to induce such title insurer to issue its interim and final certifications to Landlord's lender(s) providing construction financing, if any, and to insure over possible lien claims which such title insurer may otherwise raise as exceptions to title on an owner's or lender's title insurance policy; and (ii) provide to Landlord and its Mortgagees and insurers, such certificates of insurance, waivers of subrogation and other documentation from Tenant and from Tenant's contractors, subcontractors and sub-subcontractors as Landlord or its Mortgagees or insurers may, from time to time, reasonably request. Tenant shall also comply with such other reasonable requests as Landlord, Contractor or such title insurer or other insurers may require in connection with any such separate contract(s).

(c) Tenant Indemnity. Tenant shall indemnify, defend and save Landlord, Contractor and their respective partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, harmless from and against any and all liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees and court costs, incurred or sustained by any of them in connection with any claim, lien, charge, encumbrance or action brought, maintained or filed by any party for any labor performed or materials furnished for or in connection with the Land, the Building or the Demised Premises, or any portion thereof, who claim by, through or under Tenant. Further, Tenant shall, to the fullest extent permitted by applicable law, indemnify, defend and save Landlord, Contractor and their respective partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, harmless from and against any and all liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees and court costs,

incurred or sustained by any of them, except to the extent caused in whole or in part by the negligence or willful misconduct of Landlord, Contractor or their respective partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents or employees, arising out of or resulting from the performance by Tenant, or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents or employees, of any work in connection with the construction of any of the Improvements; provided, however, that any such loss, cost or damage must be (i) attributable to bodily injury, sickness, disease or death, or due to injury or destruction of tangible property, and (ii) caused in whole or in part by the

negligent or intentional act of Tenant or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents or employees, or anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable. Landlord or Contractor shall promptly notify Tenant of any claim under an indemnity contained in this Section 2.10(c) of which Landlord or Contractor, as applicable, has knowledge, in such time so as to avoid prejudice to Tenant. Notwithstanding the foregoing, except to the extent caused in whole or in part by the negligence or willful misconduct of Landlord or Contractor or their partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents, employees or invitees, if Landlord or Contractor or Mortgagee suffers a liability, loss, cost or damage to an unrelated third party that is caused in whole or in part by the negligence or intentional act of those parties set forth in clause (ii) above, the scope of Tenant's liability hereunder shall not be limited as provided in clause (i) above.

SECTION 2.11 ARBITRATION OF CERTAIN MATTERS. Landlord, Tenant and Contractor hereby appoint any one of those individuals set forth on Exhibit 2.11 hereof ("Arbitrator") to act as the arbitrator in respect to those disputes specifically set forth in Sections 2.5(c) and 4.1 of this Lease. To the extent that disputes arise among the parties that are not specifically provided in this Lease as being the subject for resolution pursuant to provisions of this Section 2.11, the parties shall be permitted to pursue their respective remedies at law or in equity, except as otherwise limited herein. Landlord and Tenant shall each, in good faith, agree on the substitution (if any) of those individuals set forth on Exhibit 2.11 that Landlord and Tenant desire to act as the Arbitrator in respect to the Expansion Improvements. Such substitution(s) shall be determined by Landlord and Tenant within thirty (30) days following Landlord's receipt of the Expansion Notice, if any. Such substitute individual(s) that may act as the Arbitrator shall have those qualifications and experience (duration, scope and geographic familiarity) that are reasonably similar to that of the individual(s) listed on said Exhibit 2.11 for whom a substitution is being made. When any disputing party desires to submit a dispute set forth in Section 2.5(c) hereof to the Arbitrator for the Arbitrator's binding determination, such disputing party shall notify, in writing, the other party(ies) thereto of such intention and shall identify the individual from Exhibit 2.11 such noticing party selects to act as the Arbitrator. Within five (5) days following such notice, each of the disputing parties shall submit to the Arbitrator and the other

disputing party(ies) such party's determination of the manner in which such dispute should be resolved ("Submitted Resolution"). Within five (5) days following the Arbitrator's receipt of the Submitted Resolutions, the Arbitrator shall select one of the Submitted Resolutions that the Arbitrator, in his sole and exclusive judgment, determines appropriate. Such selection shall be binding on the parties to the subject dispute. The party whose Submitted Resolution was not selected shall pay for all of the charges of the Arbitrator in respect to such dispute.

ARTICLE 2A

EXPANSION OF DEMISED PREMISES

SECTION 2A.1 OPTION TO EXPAND.

(a) Exercise of Right to Expand. Subject to Section 2A.8 hereof, and provided that Tenant is not then in Default hereunder, Tenant shall have the right to cause Landlord to expand the Initial Improvements, by means of the Expansion Improvements, in accordance with this Article 2A ("Expansion Option"). The Expansion Option shall be exercised, if at all, and shall be effective only if exercised in accordance with the terms, provisions and conditions of this Article 2A. The "Expansion Improvements" shall mean that additional office

space, if any, consisting of not less than 40,000 gross square feet and nor more than a maximum of 90,000 gross square feet, together with required parking therefor to be built onto the parking for the Initial Improvements, contiguous to the Initial Improvements and as depicted on Exhibit 2A.1(a) attached hereto and made a part hereof. Landlord shall construct the Expansion Improvements, or cause the Expansion Improvements to be constructed, on the Land in accordance with this Article 2A, pursuant to Tenant's exercise of the Expansion Option.

(b) Exercise of Right to Expand; Delivery of Expansion Notice. Provided that Tenant is not then in Default hereunder, Tenant may exercise the Expansion Option by delivering to Landlord written notice ("Expansion Notice") of Tenant's direction to Landlord to prepare the components of the Final Expansion Base Building Plans in accordance with the provisions of Section 2.2(b) hereof. In order to be effective, and as a strict condition precedent to Tenant's rights under this Article 2A, Tenant's Expansion Notice must be received by Landlord on or before the last business day of the ninety-sixth (96th) month of the Initial Term.

(c) Specifications of Expansion Improvements. In addition to the requirements set forth in Section 2A.1(d) hereof, Tenant's Expansion Notice shall contain Tenant's specifications for the Expansion Improvements, which shall be consistent with the depiction of the Expansion Improvements set forth on Exhibit 2A.1(a) attached hereto and made a part hereof and shall otherwise be reasonably satisfactory to Landlord and Tenant. Such specifications, among other things, must be in compliance with all then-applicable Park covenants and all federal, state, Township or other local statutes, laws, ordinances, rules and regulations.

(d) Contents of Expansion Notice. Tenant's Expansion Notice to Landlord shall contain the following information:

(i) Such relevant data concerning the desired Expansion Improvements (provided that the Expansion Improvements shall be in conformity with, among other things, the clear height of the Initial Improvements, and in

conformity with the architecture, engineering and general aesthetics of the Initial Improvements), in sufficient detail, all as may be necessary to enable Landlord to determine the Expansion Costs (as such term is defined in Section 3.1(h) hereof), provided that in the event that the Landlord advises the Tenant that Tenant's Expansion Notice does not provide sufficient detail, as required hereunder, the timeliness of the Tenant's Expansion Notice shall not be invalidated, if Tenant promptly provides Landlord with additional detail reasonably necessary for Landlord to determine the Expansion Costs; and

(ii) The date on which Tenant requests that the Expansion Improvements be completed and ready for occupancy for Tenant's use, which date shall in no case be earlier than twelve (12) months after Tenant's approval of the Final Expansion Plans and shall not be later than the last day of the Initial Term.

(e) Landlord's Proposal. Within sixty (60) days after Landlord's receipt of Tenant's Expansion Notice, Landlord shall consult with Tenant concerning Tenant's specific requirements in regard to its desired expansion, and within such sixty(60)-day time period shall notify Tenant, in writing, of the non-binding, total estimated Expansion Costs which will be incurred in planning and constructing the Expansion Improvements.

(f) Tenant's Notice to Proceed. Within sixty (60) days after receipt of

Landlord's written notification as to the Expansion Costs, as provided in Section 2A.1(e) hereof, Tenant shall notify Landlord in writing, either that (i) Tenant authorizes Landlord to proceed with the preparation of the components of the Final Expansion Base Building Plans, and the commencement of construction of the Expansion Improvements ("Notice to Proceed"); or (ii) Tenant desires to revise the specifications for the Expansion Improvements to reduce the estimated Expansion Costs to an amount satisfactory to the Tenant (in which event the Tenant shall submit revised specifications within sixty (60) days from the receipt by Landlord of Tenant's notice under this item (ii), and Landlord shall thereafter consult with Tenant and provide revised estimated Expansion Costs within sixty (60) days in accordance with Section 2A.1(e), and Tenant shall thereafter provide notice to Landlord in accordance with this Section 2A.1(f));or (iii) Tenant elects not to expand. If Tenant fails to deliver its Notice to Proceed to Landlord within the aforesaid sixty (60)-day period, then Tenant shall be automatically and conclusively deemed to have elected not to expand. Anything in this Lease to the contrary notwithstanding, Tenant may not give an Expansion Notice more than three (3) times, nor more than once during each calendar year, and Tenant shall not be permitted to request, more than twice in respect to any Expansion Notice, the revisions of the specifications for the Expansion Improvements in order to reduce the estimated Expansion Cost as provided in clause (ii) above.

(g) Automatic Election to Exercise Renewal Terms. Anything in this Lease to the contrary notwithstanding, in the event that Tenant delivers its Notice to Proceed, then, depending on the date on which of the resulting Expansion Commencement Date occurs, Tenant shall automatically and conclusively be deemed likewise to have exercised its option for such full or partial Renewal Terms such that as of the Expansion Commencement Date, the remaining Term of this Lease shall be ten (10) years and shall expire at 11:59 P.M., prevailing time, on the day preceding the tenth (10th) anniversary of the Expansion Delivery Date, provided, however, the

Tenant shall continue to have the right to exercise its option for any remaining Renewal Terms (or portions thereof) which remain beyond said ten (10) year additional Term which shall come into effect as provided under this Section 2.A.1(g); provided, further, that if the remaining portion of a Renewal Term after the extension of the Term of this Lease for ten (10) years from the Expansion Delivery Date shall be less than one (1) year, then the ten (10) year term from the Expansion Delivery Date shall be further extended to include the remaining portion of the Renewal Term which is less than one (1) year. For example, if the Tenant delivers its Notice to Proceed and the resulting Expansion Delivery Date is the sixth anniversary date of the Initial Commencement Date, then the Term of the Lease as of the Expansion Delivery Date shall be for a period of ten (10) years and the Tenant shall thereafter have remaining a Second Renewal Term of four (4) years, a Third Renewal Term of five (5) years and a Fourth Renewal Term of four (4) years and eleven (11) months.

SECTION 2A.2 PREPARATION OF EXPANSION PLANS. Promptly after Landlord's receipt of the Notice to Proceed, and subject to Section 2A.8 hereof, Landlord shall cause to be prepared and delivered to Tenant all of the components of the Final Expansion Base Building Plans, prepared by a licensed Pennsylvania architect and one or more licensed Pennsylvania engineers, reasonably acceptable to Tenant ("Expansion Architect"), and in substantial conformity with the Expansion Notice and in substantial conformity with the style, design and exterior colors and materials as the Final Plans. The Final Expansion Base Building Plans shall be in a form sufficiently complete to enable the issuance of a building permit by the Township for the construction of the base building portion of the Expansion Improvements. In addition, as soon as practicable, after Tenant's delivery of the Notice to Proceed, Landlord shall cause the Final Expansion Plans to be delivered to Tenant, which shall contain the same components as the Final Initial Interior Build-Out Plans, shall be in substantial conformity with the Expansion Notice, and shall be reasonably satisfactory to Tenant.

When each of the components of the Final Expansion Base Plans has been prepared and approved in accordance with this Section 2A.2 and Section 2.2(b) hereof, Tenant and Landlord shall each affix their respective signatures or initials to each page comprising such component. Thereafter, such approved components shall constitute the "Final Expansion Plans" and shall be deemed to become attached to and made a part of this Lease as identified in Exhibit 2A.2.

SECTION 2A.3 EXPANSION COMMENCEMENT DATE. The "Expansion Commencement Date" and the "Expansion Delivery Date" shall be the later of (a) the date set forth in Tenant's Expansion Notice (in accordance with Section 2A.1(d)(ii) hereof), or (b) the date on which the Expansion Improvements are Substantially Completed. Notwithstanding the foregoing, if the Expansion Architect has certified in writing that, as of a date certain set forth in such written certification, the Expansion Improvements would have been Substantially Completed, but for a Tenant Extension, then the Expansion Improvements shall nevertheless be deemed to be Substantially Completed for purposes of determining the Expansion Commencement Date and the payment of the Expansion Improvements Base Rent (as such term is defined in Section 3.1(a) hereof) hereunder on the date certain set forth in the aforesaid certification.

SECTION 2A.4 SCOPE OF WORK; EXPANSION IMPROVEMENTS. Weather permitting, promptly following the completion of all components of the Final Expansion Plans, Landlord shall furnish or cause to be furnished, at Landlord's sole cost and expense, all the material, labor and equipment necessary for the commencement and completion of construction of the Expansion Improvements.

The Expansion Improvements shall be constructed in a good and workmanlike manner in substantial accordance with the Final Expansion Plans. In the event that any materials specified in the Final Expansion Plans are not reasonably available to Landlord or its contractor, Landlord and such contractor reserve the right to substitute materials of higher or equal quality.

SECTION 2A.5 EXPANSION CHANGE ORDERS. Tenant shall be allowed to request Change Orders, and shall be deemed to have requested Change Orders, with respect to the Expansion Improvements as provided in Section 2.4 hereof.

SECTION 2A.6 WARRANTY AS TO EXPANSION IMPROVEMENTS. Landlord shall warrant to Tenant, for a period of one (1) year after Expansion Commencement Date of the Expansion Improvements ("Expansion Improvements Warranty Period"), that the Expansion Improvements shall be constructed in substantial compliance with the Final Expansion Plans, and shall be free from defects in workmanship or materials. After the conclusion of the Expansion Improvements Warranty Period, Landlord or its contractor, as the case may be, shall assign and transfer to Tenant all assignable (without cost to Landlord or its contractor) warranties then in effect with respect to the Expansion Improvements which were given to Landlord or its contractor in the first instance. If during the Expansion Improvements Warranty Period, Tenant notifies Landlord, in writing, of defective workmanship or materials in the construction of the Expansion Improvements, Landlord shall promptly cause such defect to be corrected by the repair or replacement thereof, as reasonably necessary. The foregoing warranty is subject to same terms, conditions, undertakings and limitations as set forth in Section 2.7 hereof.

SECTION 2A.7 EXPANSION PUNCH LIST. The inspection of the Expansion Improvements and the determination of Punch List Items with respect thereto shall be conducted and determined in the manner set forth in Section 2.2 hereof, to the extent applicable.

SECTION 2A.8 LIMITATION ON LANDLORD'S OBLIGATIONS. Anything in this Article 2A or elsewhere in this Lease to the contrary notwithstanding, Landlord's obligations under this Article 2A are expressly made contingent on (a) Tenant's accepting Landlord's proposal as to the Expansion Costs; and (b) all necessary approvals, consents and permits being issued or obtained in

connection with the Expansion Improvements, which approvals, consents and permits at the time of the proposed expansion are required by the Township or any and all other governmental authorities then having jurisdiction over the Demised Premises. In the event that Landlord is not able to obtain one or more of the aforesaid approvals, consents or permits, Landlord shall notify Tenant thereof, in writing, as promptly as practicable.

ARTICLE 3

RENT

SECTION 3.1 BASE RENT.

(a) Payment of Base Rent. Tenant shall pay to Landlord's agent, Walsh, Higgins & Company, Suite 800, 101 East Erie Street, Chicago, Illinois 60611, or at such other place as Landlord may from time to time designate in writing, in coin or currency which, at the time of payment, is legal tender for private or public debts of the United States of America, annual base rent ("Base Rent") during the Term, as set forth in this Section 3.1. Base Rent shall be comprised of (i)

Base Rent with respect to the Initial Improvements ("Initial Improvements Base Rent"), (ii) Base Rent with respect to the Expansion Improvements ("Expansion Improvements Base Rent"), and (iii) Change Order Base Rent, if any. Base Rent shall be payable in equal monthly installments, each in advance, on or before the first day of each and every calendar month during the Term.

(b) Initial Improvements Base Rent During Initial Term. The annual Initial Improvements Base Rent during each twelve (12)-month period ("Lease Year") during the Initial Term and the monthly Initial Improvements Base Rent during the first twelve (12) months of the Initial Term is set forth on Exhibit 3.1(b) attached hereto and made a part hereof. After the first twelve (12) months of the Initial Term, the Initial Improvements Base Rent shall be paid in equal monthly installments. In addition, the Initial Improvements Base Rent shall include any Change Order Base Rent determined in accordance with the provisions of Section 2.4 hereof.

(c) Initial Improvements Base Rent During Renewal Terms. If Tenant elects, or is deemed hereunder to have elected, to renew this Lease for any of the Renewal Terms, then the Initial Improvements Base Rent payable hereunder during each Lease Year in each such Renewal Term shall be equal to ninety-three percent (93%) of the Fair Market Base Rent (as such term is defined in Section 3.1(f) hereof) multiplied times fair market periodic increases ("Fair Market Escalator"). In no instance however, shall the Initial Improvements Base Rent plus Change Order Base Rent during the applicable Renewal Term be less than the Initial Improvements Base Rent plus Change Order Base Rent paid by Tenant during the Initial Term or during the preceding Renewal Term, as applicable.

(d) Expansion Improvements Base Rent During Initial Term. The Expansion Improvements Base Rent during the Initial Term shall be determined in accordance with Section 3.1(g) hereof.

(e) Expansion Improvements Base Rent During Renewal Terms. The Expansion Improvements Base Rent during the Renewal Terms shall be determined in accordance with Section 3.1(g) hereof.

(f) Determination of Fair Market Base Rent. As noted in Section 3.1(c)

hereof, the Initial Improvements Base Rent during any of the Renewal Terms shall be equal to ninety-three percent (93%) of the fair market base rent ("Fair Market Base Rent"), as determined in accordance with this Section 3.1(f), multiplied by the Fair Market Escalator, if any. At least one hundred twenty days (120) days prior to the last day of the Initial Term or the last day of the First Renewal Term, as applicable, Landlord shall notify Tenant in writing of Landlord's proposed Fair Market Base Rent and Fair Market Escalator, if any, for the Demised Premises for the applicable Renewal Term ("Landlord's Proposal"). Within thirty (30) days after the receipt of Landlord's Proposal, Tenant shall advise Landlord, in writing, either that (i) Tenant accepts Landlord's Proposal, or (ii) Tenant chooses to have the Initial Improvements Base Rent plus Change Order Base Rent for the applicable Renewal Term determined by appraisal. If Tenant chooses Landlord's Proposal, the Initial Improvements Base Rent and Change Order Base Rent for the applicable Renewal Term shall be that set forth in Landlord's Proposal. If Tenant fails so to notify Landlord within thirty (30) days after Tenant's receipt of Landlord's Proposal, Tenant shall be automatically and conclusively deemed to have accepted Landlord's Proposal.

If Tenant chooses to have the Initial Improvements Base Rent and Change Order Base Rent determined by appraisal, such appraisal shall be determined as hereinafter provided based upon such criteria as the appraisers (described below) deem appropriate, which determination shall be binding on Landlord and Tenant. Such criteria shall include, without limitation, (i) the current use of the Demised Premises; (ii) the location, quality and age of the Building; (iii) the size and condition of the Demised Premises; (iv) the extent of the improvements within the Demised Premises; (v) the extent of the services and amenities provided to Tenant under this Lease; (vi) lease concessions, such as lease takeovers/assumptions, so-called expense stops, rental abatements and commissions (paid or not required to be paid) that are being offered by other first-class office buildings in the geographic area in which the Demised Premises are located; (vi) the duration of the applicable Renewal Term; (vii) the distinction between a "gross" and a "net" lease; and (viii) rental rates and escalation thereto, if any, then being charged for comparable premises in the geographic area in which the Demised Premises are located. Further, if Tenant is obligated to continue the payment of Special Assessments pursuant to Section 4.1 hereof during any of the Renewal Terms, or such obligation arises prior to a Renewal Term and the obligation for Tenant to pay Special Assessments is known prior to the commencement of the subject Renewal Term, then any appraisal to determine the Initial Improvements Base Rent and Change Order Base Rent during such Renewal Term shall not include, in the establishment of such Rents, the value or benefit to the Demised Premises resulting from the public improvements or benefits which are the subject of the subject Special Assessment.

If Tenant elects to have the Initial Improvements Base Rent and Change Order Base Rent determined by appraisal, Tenant's notice to Landlord thereof shall also designate Tenant's independent appraiser. Within fifteen (15) days after Tenant's designation, Landlord shall designate its independent appraiser and shall notify Tenant thereof in writing. Within fifteen (15) days after Landlord's designation, both appraisers shall mutually agree on the designation of a third appraiser. Landlord shall pay all costs associated with the appraiser designated by Landlord; Tenant shall pay all costs associated with the appraiser designated by Tenant; and Landlord and Tenant shall share equally in all costs associated with the appraiser designated by the other two appraisers. All three appraisers shall be reputable, independent MAI certified real estate appraisers, each of whom shall be knowledgeable and experienced in the appraisals of rents for office buildings in the Harrisburg, Pennsylvania area.

After their appointment, the appraisers shall be directed to determine independently the Fair Market Base Rent and Fair Market Escalator for the period for which the determination is being made. Within thirty (30) days after the designation of the third appraiser, all three appraisals of the Fair Market Base Rent and Fair Market Escalator, as applicable, shall be submitted, in writing, to Landlord and Tenant. If two or all three of the appraisals shall be identical in amount, the Initial Improvements Base Rent plus Change Order Base Rent for the applicable Renewal Term shall be computed as aforesaid using such identical

amount. In the event no two of the appraisals are identical, the highest and the lowest appraisal shall be disregarded and the Initial Improvements Base Rent plus Change Order Base Rent for the applicable Renewal Term shall be computed as aforesaid using such middle appraisal.

If the Initial Improvements Base Rent plus Change Order Base Rent for the applicable Renewal Term is not determined until after the commencement of the applicable Renewal Term, Tenant shall continue to pay the Initial Improvements Base Rent plus Change Order Base Rent

equal to the Initial Improvements Base Rent plus Change Order Base Rent paid during the Initial Term or during the preceding Renewal Term, as applicable. When the Fair Market Base Rent and Fair Market Escalator, if applicable, are determined as provided above, and if such determination is greater than the Initial Improvements Base Rent plus Change Order Base Rent paid during the Initial Term or during the preceding Renewal Term, as applicable, within thirty (30) days following such determination, Tenant shall pay to Landlord the deficiency of the Initial Improvements Base Rent plus Change Order Base Rent theretofore paid, prorated from the commencement of the applicable Renewal Term to the date of the determination of the Fair Market Base Rent and Fair Market Escalator.

(g) Determination of Expansion Improvements Base Rent During Initial Term and Renewal Term. The Expansion Improvements Base Rent shall be an annual amount equal to the product of (i) the Expansion Costs, multiplied by (ii) 1.07 (representing a combined general contractor's and developer's fee), multiplied by (iii) the greater of (A) ten and 50/100ths percent (10.50%), or (B) an annual interest rate equal to three hundred seventy-five (375) basis points in excess of the ten (10)-year United States Treasury Note Rate then most recently announced by the United States Treasury as of the Expansion Commencement Date. The Expansion Improvements Base Rent shall be in effect during the first twelve (12) months after the Expansion Commencement Date. Thereafter, during the balance of the Term (including any Renewal Terms that are elected by Tenant after the expiration of the ten (10) years period subsequent to the Expansion Delivery Date), the Expansion Improvements Base Rent shall be increased annually by the lesser of (a) five percent (5%) per annum, and (b) seventy-five percent (75%) of the percentage by which the United States, Bureau of Labor Statistic, Consumer Price Index for All Items - All Urban Wage Earners and Clerical Workers for the Philadelphia Area ("CPI Index") published nearest to the expiration of each twelve (12) month period subsequent to the Expansion Commencement Date is greater than the CPI Index most recently published prior to the Initial Term Commencement Date.

(h) Definition of Expansion Costs. The "Expansion Costs" shall be the aggregate of all payment obligations of those contracts for "hard costs" and "soft costs" identified on Exhibit 3.1(h) attached hereto and made a part hereof in connection with the development and construction of the Expansion Improvements, which are incurred by or on behalf of Landlord in connection with the construction of the Expansion Improvements. The Expansion Costs shall be based on not less than three competitive bids obtained by the Landlord from general contractors bidding the Expansion Improvement work on a lump sum basis. The contract for the design and construction shall be awarded to the most qualified bidder as mutually selected by Tenant and Landlord. Landlord shall cause the construction of the Expansion Improvements on an "open-book" basis so that Tenant shall have the opportunity to review and verify all of the component elements that comprise the Expansion Costs. In addition, the Expansion Costs shall include a sum ("Expansion Land Cost") equal to $264,000.00 escalated by two percent (2%) per year, cumulatively, for each twelve (12)-month period, or portion thereof, between the Initial Commencement Date and the date on which Landlord receives Tenant's Notice to Proceed. Based upon the foregoing computations, within fifteen (15) days after the Expansion Commencement Date, Landlord shall advise Tenant, in writing, of the amount of the Expansion

Improvements Base Rent and its calculation thereof as provided above.

SECTION 3.2. PRORATION OF BASE RENT; ABSOLUTE NET. If the Initial Term or any Renewal Term commences other than on the first day of a calendar month or ends other than on the last day

of a month, or if the Expansion Commencement Date is other than the first day of a calendar month, the Initial Improvements Base Rent (or Expansion Improvement Base Rent, as applicable) for such month shall be prorated accordingly. Except as specifically provided herein, the Base Rent and the Expansion Improvement Rent shall be absolutely net to Landlord so that this Lease shall yield, net to Landlord, the Base Rent specified in Section 3.1 hereof.

SECTION 3.3. ADDITIONAL RENT. Except as expressly provided herein, and as further provided in Section 4.1 hereof, in each year of the Term, all Impositions (as such term is defined in Section 4.1 hereof), insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to Compliance with Laws (as such term is defined in Section 7.1 hereof), and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Demised Premises, which may arise or become due during the Term, or by reason of events then occurring, shall be paid or discharged by Tenant as additional rent (together, "Additional Rent"). Except as expressly provided herein, Tenant shall indemnify and save Landlord, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with any and all of such Impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to Compliance with Laws, and all other costs, fees, charges, expenses, reimbursements and obligations. Base Rent and Additional Rent are sometimes hereinafter collectively referred to as "Rent."

SECTION 3.4 RENT PAYABLE WITHOUT PRIOR DEMAND; MAXIMUM RATE OF INTEREST. Except as set forth herein, all payments of Base Rent and Additional Rent shall be payable without previous demand therefor. In case of nonpayment by Tenant of any item of Additional Rent payable to Landlord 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 as if in the case of nonpayment of Base 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.

Except as provided in this Section 3.4, any installment of Base Rent or Additional Rent payable to Landlord or any other charges payable by Tenant to Landlord under the provisions hereof which shall not be paid within five (5) days when due, shall bear interest at an annual rate equal to three (3) percentage points per annum in excess of the rate of interest from time to time announced by Harris Trust and Savings Bank, Chicago, Illinois (or similar institution if such bank shall cease to exist or to publish such a rate) as its corporate base rate of interest, but in no event in excess of the maximum lawful rate permitted to be charged by Landlord against Tenant. Such rate of interest is hereinafter referred to as the "Maximum Rate of Interest." Notwithstanding the foregoing, Tenant shall be permitted, not more than once each calendar year during the Term, to be late by not more than ten (10) days in the payment of Base Rent or Additional Rent hereunder before interest shall commence to accrue thereon as aforesaid.

ARTICLE 4

PAYMENT OF TAXES, ASSESSMENTS, ETC.

SECTION 4.1 ADDITIONAL RENT. Subject to the terms, provisions and conditions of this Section 4.1, and except as expressly provided elsewhere in this Lease, Tenant covenants and agrees to pay as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all real estate taxes, special assessments, Tenant's allocable share of regular and special assessments with respect to the Park for items such as, without limitation, common area maintenance ("Park Assessments"), water rates and charges, sewer rates and charges, including, without limitation, any sum or sums payable for sewer or water capacity, charges for public utilities, insurance premiums, street lighting, excise levies, licenses, permits, governmental inspection fees (incurred after Substantial Completion of either or both of the Initial Improvements or the Expansion Improvements, if applicable), other governmental charges and all other charges or burdens of whatsoever kind and nature (including, without limitation, costs, fees and expenses of complying with any restrictive covenants or similar agreements to which the Demised Premises are subject), incurred in the use, occupancy, operation, leasing or possession of the Demised Premises (excluding any income taxes on the Base Rent imposed on Landlord, it being the intent of the parties hereto that any tax on the net income derived from the Base Rent payable in respect to the Demised Premises imposed by any governmental authority shall be paid by Landlord), 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, which at any time during the Term may be payable (together, "Impositions"). It is the intention of Landlord and Tenant that Tenant will pay all Impositions directly to the person, entity, utility, municipality or other body which is owed the Imposition; provided, however, that upon Landlord's request from time to time, Tenant shall deliver receipts and other reasonable evidence of its payment of any and all Impositions and other items of Additional Rent paid to third parties. Except with respect to the payment of real estate taxes (as provided below), if any Additional Rent is to be paid by Tenant to Landlord (as opposed to being paid by Tenant to a third party), then such payments shall be due thirty (30) days after Landlord has invoiced Tenant therefor.

All special (or similar) assessments or installments thereof (including, without limitation, interest thereon) for public improvements or benefits which, during the Term, shall be laid, assessed, levied or imposed upon or become a lien upon the Demised Premises and which are payable at any time during the Term shall hereafter be collectively referred to as "Special Assessments." In respect to the public improvements or benefits that are the subject of a Special Assessment(s), Landlord and Tenant shall agree on the useful life of such improvements or benefits. In the event Landlord and Tenant cannot agree on such useful life, the useful life shall be determined by the Arbitrator as provided in Section 2.11 hereof, which determination shall be binding on Landlord and Tenant. If such useful life is determined as aforesaid to be less than ten (10) years or greater than twenty (20) years, notwithstanding such determination, the useful life nonetheless shall be deemed to be, respectively, ten (10) years and twenty (20) years. The aggregate amount of the subject Special Assessment that has all or any portion thereof due and payable during the Term shall be apportioned evenly over the number of years of the determined useful life. Tenant shall pay, as part of the Additional Rent, those apportioned parts of the subject Special Assessment (or prorated portion thereof) that are within the Term. If the subject Special Assessment is due on a lump sum basis Landlord shall pay such lump sum amount or if the subject Special Assessment has been fully paid by Landlord, Tenant's apportioned part applicable thereto shall be due and payable on the date (in the instance of any apportioned part being due in the first year of the Initial Term) that is thirty (30) days subsequent to the Delivery Date and each anniversary such date during the Term in which such apportioned part is

applicable. If the subject Special assessment is payable in installments, Tenant's apportioned part shall be due and payable fifteen (15) days prior to the date the applicable installment is due. Landlord shall pay all installments of Special Assessments (including, without limitation, interest accrued on the

unpaid balance) which are payable prior to the commencement and after the termination of this Lease.

Except as hereinafter provided, Tenant shall pay all real estate taxes, whether heretofore or hereinafter levied or assessed upon the Demised Premises, or any portion thereof, which are due and payable during the Term (regardless of the period to which such taxes relate).

Anything in this Lease to the contrary notwithstanding, during each calendar year during the Term (prorated as appropriate), Tenant shall from time to time be obligated to pay its allocable share of the Park Assessments.

SECTION 4.2 TAXES ON RENT. Except for any tax on the net income derived from the Base Rent, if at any time during the Term, 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, in lieu of real property taxes, a capital levy, gross receipts tax or other tax on the rents received therefrom, or a franchise tax, or an assessment, gross levy or charge measured by or based in whole or in part upon such gross Rents, Tenant, to the extent permitted by law, covenants to pay and discharge the same. Anything in this Lease to the contrary notwithstanding, it is the intention of the parties hereto that the Base 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 otherwise expressly provided in this Lease. Nothing contained in this Lease shall require Tenant to pay any municipal, state or federal net income or excess profits taxes assessed against Landlord, or any municipal, state or federal business privilege, mercantile, capital levy, estate, succession, inheritance or transfer taxes of Landlord, or corporation franchise taxes imposed upon any corporate owner of the fee of the Demised Premises.

SECTION 4.3 RECEIPTS FOR IMPOSITIONS. Tenant covenants to furnish Landlord, within thirty (30) days of written request from Landlord, official receipts of the appropriate taxing authority, or other appropriate proof satisfactory to Landlord, evidencing the payment of any Imposition or other tax, assessment, levy or charge payable by Tenant hereunder. 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. The Landlord shall notify all taxing authorities to deliver tax bills, assessment, and/or levies directly to Tenant during the Term, at the address provided by Tenant to Landlord. Notwithstanding such notice to the taxing authorities, if any tax bills, assessments or levies are nonetheless delivered to the Landlord, Landlord shall promptly provide such documents to Tenant. Landlord shall be responsible for any penalties and/or interest imposed by taxing authorities resulting from the failure of the Landlord to promptly deliver to Tenant any bills, assessments and/or levies that were delivered to Landlord (and not Tenant) by the applicable taxing authority. For purposes of this Section 4.3, "promptly deliver" shall mean Landlord's obligation to deliver to Tenant such tax bills, assessments and/or levies within five (5) days of Landlord's receipt thereof, if such tax bill, assessment and/or levy is payable

within thirty (30) days or less from the date of Landlord's receipt thereof.

SECTION 4.4 ADDITIONAL RENT ESCROW. Should Tenant default in the timely payment of any Imposition or other Additional Rent and thereafter fail to make payment within fifteen (15) days of written demand by Landlord, at Landlord's further written demand, Tenant shall pay to Landlord the known or estimated yearly real estate taxes, assessments and Park Assessments payable with respect to the Demised Premises, in monthly payments equal to one-twelfth (1/12) of the known or estimated yearly real estate taxes, assessments and Park Assessments next payable with respect to the Demised Premises. From time to time, Landlord

may re-estimate the amount of real estate taxes, assessments and Park Assessments, and in such event, Landlord shall notify Tenant, in writing, of such re-estimate and fix future monthly installments for the remaining period prior to the next tax and assessment due date in an amount sufficient to pay the re-estimated amount over the balance of such period, after giving credit for payments made by Tenant on the previous estimate. If the total monthly payments made by Tenant pursuant to this Section 4.5 shall exceed the amount of payments necessary for said taxes and assessments, such excess shall be promptly paid to Tenant, and the balance shall be credited on subsequent monthly payments of the same nature. However, if the total of such monthly payments so made under this Section 4.5 shall be insufficient to pay such taxes and assessments when due, then Tenant shall immediately pay to Landlord such amount as may be necessary to make up the deficiency. If under this Section 4.5, Tenant is making periodic deposits of funds with Landlord for the purposes of paying taxes and assessments as aforesaid, then Landlord covenants and agrees with Tenant that it will pay all such taxes and assessments as they become due, to the extent possible out of such deposits.

SECTION 4.5 LANDLORD'S AND TENANT'S RIGHT TO CONTEST IMPOSITIONS. Tenant shall have the right, at Tenant's expense, to contest the amount or validity, in whole or in part, of any Impositions by appropriate proceedings conducted in the name of the Landlord or in the name of Landlord and Tenant. Landlord shall cooperate with Tenant in executing documents or other actions as may be required for Tenant to pursue challenges to the Impositions. To the extent that the Tenant achieves a reduction in the Imposition, Tenant shall have the sole right to any refunds of amounts of such Impositions previously paid by the Tenant. In the event that the Landlord recommends to the Tenant that Tenant contest an Imposition, and the Tenant fails to notify the Landlord, within sixty (60) days that Tenant intends to contest the Imposition as recommended by the Landlord, then Landlord shall have the right, but not the obligation, to contest the amount or validity, in whole or in part, of any Impositions 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 costs incurred by Landlord in contesting Impositions (including, without limitation, reasonable attorneys' fees), but such reimbursements shall not be in excess of the amount saved by Tenant by reason of Landlord's actions in contesting such Impositions. Tenant shall reasonably cooperate with Landlord in regard to any and all such contests.

ARTICLE 5

INSURANCE

SECTION 5.1 LANDLORD'S INSURANCE.

(a) Property Insurance. Landlord, at Tenant's sole cost and expense (such cost and expense being a part of Tenant's Additional Rent hereunder), shall obtain and continuously maintain in full force and effect at all times during the Term, policies of insurance covering all of the Improvements, which insurance shall be for the benefit of Landlord and its Mortgagees, as the named insureds, against (i) loss or damage by fire; (ii) loss or damage from such other risks or hazards now or hereafter embraced by a "Special Cause of Loss" form, including without limitation, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles and aircraft, smoke damage, water damage and debris removal; (iii) loss from flood if the Demised Premises are in a federally designated flood area; (iv) loss from earthquake (if appropriate); and (v) 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 and occupancy to the Demised Premises ("Property Insurance"). The Property Insurance shall not be subject to a deductible less than One Thousand and 00/100ths Dollars ($1,000.00) or greater than Ten Thousand and 00/100ths Dollars ($10,000.00).

At all times, the Property Insurance coverage shall be in an amount equal to one hundred percent (100%) of the then "Full Replacement Cost" of the Improvements (except from the peril of flood in the event the Demised Premises is located in a flood zone as identified by PEMA, in which event flood insurance will be provided as an actual cash value basis),and shall include a so-called "Agreed Amount Endorsement." Full Replacement Cost shall be interpreted to mean the cost of replacing the Improvements, without deduction for depreciation, obsolescence, or wear and tear, and shall include a reasonable sum for architectural and engineering fees connected with the restoration or replacement of the Improvements in the event of damages thereto or destruction thereof. Full Replacement Cost shall be determined from time to time (but not more often than once every three years), at the request of Tenant, or of Landlord or its Mortgagees, by an appraiser, engineer, architect or contractor designated by the party requesting such determination and at Tenant's expense. No omission on the part of Landlord or Tenant to request any such determination shall relieve Tenant of any of its obligations under this Article 5, nor shall it relieve Tenant of any of its obligations in this Lease. Promptly after the construction of any Tenant Work or any New Work (which Tenant Work and New Work by definition is included, among other things, in the Improvements), Tenant shall inform Landlord in writing of the fair market value and the Full Replacement Cost thereof.

(b) Commercial Liability Insurance. Landlord, at Tenant's sole cost and expense (such cost and expense being a part of Tenant's Additional Rent hereunder), shall obtain and continuously maintain in full force and effect at all times during the Term, Commercial Liability insurance covering claims for bodily injury, personal injury or property damage for any loss, liability or damage on, about or relating to the Demised Premises, or any portion thereof, having limits of not less than Five Million and 00/100ths Dollars ($5,000,000.00) combined single limit on any occurrence basis ("Commercial Liability Insurance"). Such policy shall name Landlord and Mortgagee as named insureds and Tenant as an additional insured.

(c) Business Interruption Including Extra Expense (Loss of Rents and Extra Expense).
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Landlord, at Tenant's sole cost and expense (such cost and expense being a part of Tenant's Additional Rent hereunder), shall obtain and continuously maintain, in full force and effect, at all times during the Term, rental interruption insurance, insuring against loss of all or any portion of the Rent due and payable hereunder, for up to twelve (12) months ("Business Interruption Insurance). Such policy shall name Landlord and its Mortgagees as insureds thereunder. The Business Interruption Insurance limit shall include a reasonable extra expense limited as determined by Landlord from time to time.

(d) Insurance Companies. The Property Insurance, the Commercial Liability Insurance and the Business Interruption Insurance provided under this Section 5.1 shall, as applicable, (i) be written with reputable companies licensed to do business in the Commonwealth of Pennsylvania, having a Best's "General Policy Holding Rating" of A- or better and a financial rating class of X or better; (ii) cite the interest of Landlord and its Mortgagees in standard mortgagee clauses effective as of the Initial Term Commencement Date (or as of the date on which Landlord provides Tenant with Early Access, if applicable); (iii) be maintained continuously throughout the Term; and (iv) if requested by Landlord, provide for cancellation or material change thereto only upon at least thirty (30) days' prior written notice to Landlord and its Mortgagees.

(e) Procurement by Tenant. Landlord shall advise Tenant, annually and in writing, of the cost, scope and carrier from whom Landlord proposes to procure the insurance required of Landlord to be procured and maintained pursuant to this Section 5.1. Within fifteen (15) days following Tenant's receipt of such notice, Tenant may elect, by written notice to Landlord, to procure equal or better coverage from an equal or better carrier, in each instance reasonably acceptable to Landlord, provided, however, Landlord shall be the owner of such coverage, regardless of whether the premiums therefor is paid directly by Tenant. If Tenant fails to notify Landlord of such election within said fifteen (15) days, Landlord shall procure the coverage, at Tenant cost as part of Additional Rent, required to be procured and maintained by Landlord pursuant to this Section 5.1.

SECTION 5.2 TENANT'S INSURANCE.

(a) Property Insurance. Tenant shall maintain insurance coverage upon all personal property and Trade Fixtures of Tenant (including, without limitation, boiler and pressure vessel and machinery peculiar to Tenant's use of the Demised Premises), and the personal property of others kept, stored or maintain on the Demised Premises on a "Special Cause of Loss" property insurance form, for the full replacement cost thereof.

(b) General Liability Insurance. Tenant shall obtain and continuously maintain in full force and effect commercial general liability insurance covering claims for bodily injury, personal injury or property damage for any loss, liability or damage on, about or relating to the use and occupancy of the Demised Premises, or any portion thereof, having limits of not less than Five Million and 00/100ths Dollars ($5,000,000.00) combined single limit on an occurrence basis. Such policy shall name Tenant as named insured and Landlord and its Mortgagees as additional insureds.

(c) Worker's Compensation Insurance. Tenant shall obtain and continuously maintain

in full force and effect Worker's Compensation and Employer's Liability Insurance with statutory benefits, voluntary compensation coverage and Employer's Liability limits of Five Hundred Thousand and 00/100ths Dollars ($500,000.00) each accident, Five Hundred Thousand and 00/100ths Dollars ($500,000.00) each employee for disease, and Five Hundred Thousand and 00/100ths Dollars ($500,000.00) policy limit for disease.

(c) Insurance Approval. All policies of insurance required of Tenant under this Article 5 shall be written in such form and by such companies licensed to do business in Pennsylvania as shall be reasonably satisfactory to Landlord, and its Mortgagees. Certificates of insurance reasonably acceptable to Landlord shall be delivered to Landlord, and its Mortgagees, on or before the earlier of the Initial Term Commencement Date or the date on which Tenant exercises its rights to Early Access, if applicable. A new or replacement certificate of insurance reasonably acceptable to Landlord, and its Mortgagees, shall be delivered to Landlord, and its Mortgagees, within thirty (30) days' prior to the expiration of the then current policy term.

(d) Cancellation Notice. Each policy of insurance required of Tenant under this Article 5 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 Landlord and its Mortgagees, and Tenant, and (ii) an endorsement to the effect that the insurance as to the interests hereunder of Landlord, and Landlord's partners, directors, officers, shareholders,

contractors, subcontractors, sub-subcontractors, Mortgagees, agents or employees shall not be invalidated by any act or neglect of any person.

SECTION 5.3 CONTRACTOR'S INSURANCE.

(a) Landlord's Contractors. During any period of construction of Landlord's Improvements, Landlord shall cause Contractor or its other contractors to obtain and continuously maintain in full force and effect, general liability insurance (including, without limitation, contractual liability coverage) with minimum limits of liability of Three Million and 00/100ths Dollars ($3,000,000.00) each occurrence and Two Million and 00/100th Dollars ($2,000,000) combined single limit for bodily injury, personal injury and property damage, builders' risk insurance, and worker's compensation insurance with statutory benefits, voluntary compensation coverage and Employer's Liability limits of One Hundred Thousand and 00/100ths Dollars ($100,000.00) each accident, One Hundred Thousand and 00/100ths Dollars ($100,000.00) each employee for disease, and Five Hundred Thousand and 00/100ths Dollars ($500,000.00) policy limit for disease. Landlord shall require Contractor to issue a certificate of insurance with Landlord and Tenant listed as additional insured under general liability policy. Landlord and/or Contractor shall carry builders risk insurance until the Delivery Date.

(b) Tenant's Contractors. During any period of construction by Tenant, Tenant shall cause Tenant's contractors to obtain and continuously maintain in full force and effect (i) General Liability insurance with minimum limits of liability of One Million and 00/100ths Dollars ($1,000,000.00) each occurrence and Two Million and 100/100th Dollars ($2,000,000.00) combined single limit for bodily injury, personal injury and property damage and including Landlord and Landlord's Mortgagee as additional insureds, and (ii) workers compensation insurance.

SECTION 5.4 WAIVER OF SUBROGATION. Subject to this Section 5.4, Landlord and Tenant each hereby waive any and every claim for recovery from the other for any and all loss or damage to the Demised Premises or to the contents thereof, which loss or damage is covered by the provisions of any property insurance policy carried, or would have been covered by the provisions of any property insurance policy required to be carried, by either party pursuant to this Lease. Inasmuch as this mutual waiver will preclude (subject to this Section 5.4) the assignment of any such claim by subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant each agree to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of such insurance coverage by reason of such waiver. Anything in this Section 5.4 to the contrary notwithstanding, if at any time during the Term the waiver of subrogation clause required to be maintained by Landlord and Tenant, respectively, is no longer available on terms which are commercially reasonable, then Landlord and Tenant shall, in good faith, find a mutually acceptable alternative to the benefits afforded each other as a result of such mutual waiver of subrogation.

SECTION 5.5 REQUIREMENTS IN EVENT OF LOSS. In the event of loss or damage to the Demised Premises or in the event of a claim in connection with the injury or death of any person at the Demised Premises or by reason of operations at the Demised Premises, Tenant shall (i) promptly notify Landlord thereof in writing; (ii) prepare and present timely claims to the appropriate insurers on behalf of Tenant, Landlord, Landlord's designated agent and the Mortgagee; and (iii) adjust and settle such claim, provided, however, that if Tenant has failed to settle such claims within six (6) months of the event of loss or damage, injury or death, then, upon ten (10) days' prior written notice to Tenant, Landlord, Landlord's designated agent and/or the Mortgagee shall have the right to adjust and settle such claims. In the case of property damage claims involving net insurance proceeds of more than Ten Thousand and 00/100ths Dollars ($10,000.00), no settlement shall be made without Landlord's written consent, which will not be unreasonably withheld or delayed, and Landlord (and its

designated agent and/or the Mortgagee) shall be entitled, at Landlord's cost, to participate in the adjustment process.

SECTION 5.6 PROCEEDS, PAYMENT AND POLICY PROVISIONS. The Property Insurance and the Commercial Liability Insurance required by Section 5.1 hereof shall provide that the proceeds thereof shall be jointly payable to Landlord, or its Mortgagees, and shall be applied, if applicable, to the repair, replacement or Restoration (as such term is defined in Section 11.1 hereof) of Landlord's Improvements.

ARTICLE 6

USE, MAINTENANCE AND MANAGEMENT OF DEMISED PREMISES

SECTION 6.1 PREMISES USE. Tenant shall use and occupy the Demised Premises as an office facility and any use related to Tenant's telecommunications business and for customer services and retail sales of telecommunications products, provided Tenant, at its sole cost and expense obtains the necessary approvals so the same is permitted by and consistent with all zoning and other applicable statutes, rules, orders ordinances, requirements, regulations or laws and the Park covenants ("Premises Use"). The Premises Use shall also include the right of Pennsylvania Cellular Telephone Corp. or any company resulting from a merger of or into Pennsylvania Cellular Telephone Corp. or any company to which Pennsylvania Cellular Telephone Corp. assigned all or

substantially all of its assets (including this Lease) to use and locate switching equipment or transmission satellite dishes or towers in or about the Demised Premises, provided the related telecommunications business and installations is permitted by and consistent with all zoning and other applicable statutes, rules, orders, ordinances, requirements, regulations or laws and the Park covenants, and such installation(s) (i) are done at Tenant's sole cost and expense in a good workmanlike manner without detriment to any structural component of the Demised Premises, (ii) are maintained by Tenant in good condition and repair, (iii) do not increase the scope of Landlord's Repairs and Maintenance (as defined in Section 6.3 hereof), and (iv) do not void or make voidable any warranties affecting the Demised Premises. Any permitted sublessee or assignee of Tenant shall be permitted to use any such switching equipment or transmission satellite dishes or towers installed by Pennsylvania Cellular Telephone Corp. as above provided, but shall not be permitted, as part of the Premises Use, to constructed any additional switching equipment or transmission satellite dishes or towers, unless such sublessee or assignee is a company resulting from a merger of Pennsylvania Cellular Telephone Corp. as aforesaid or is an assignee of all or substantially all of the assets (including this Lease) of Pennsylvania Cellular Telephone Corp. Notwithstanding the foregoing, Tenant shall not use or occupy the Demised Premises, or knowingly permit them to be used or occupied, contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto, or in any manner which would violate any certificate of occupancy affecting the same, or which would make void or voidable any insurance then in force with respect thereto or which would make it impossible to obtain fire or other insurance thereon required to be furnished hereunder by Landlord or Tenant, or which would cause structural injury to the Improvements or cause the value or usefulness of the Demised Premises, or any portion thereof, to diminish substantially, or which would constitute a public or private nuisance or waste. Tenant shall promptly, upon discovery of any such use, compel the discontinuance of such use.

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 (as such), without restriction or in such manner as might reasonably tend to impair Landlord's title to the Demised Premises, 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 contained in this Lease 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.

SECTION 6.2 TENANT'S REPAIRS, MAINTENANCE AND REPLACEMENTS. Except for the obligations of the Landlord as expressly provided in Section 6.3 hereof, Tenant, at its sole cost and expense, throughout the Term, shall keep in good order, condition and repair, and shall make and perform all routine maintenance and necessary repairs, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description shall take good care of the Demised Premises and shall keep the same in good order, condition and repair, 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 6 "repairs" shall specifically include, without limitation, all necessary replacements, renewals and alterations. All repairs made by Tenant, except as hereinafter provided, shall be at least equal in quality to the original work and, in all events, shall be made by Tenant in Compliance with Laws. The necessity for or adequacy of maintenance and repairs shall be measured by the standards which are

appropriate for improvements of similar construction and class; provided, however, that in all events, Tenant shall make all repairs necessary to avoid any structural damage or other damage or injury to the Improvements.

In addition, except for the obligations of the Landlord provided in Section 6.3, herein, Tenant shall timely and properly repair and maintain all of the Demised Premises, including, without limitation, electrical systems, plumbing systems, heating, ventilating and air conditioning systems, fire protection systems, other mechanical systems, and landscaping, in accordance with the highest of the following standards: (a) the manufacturer's recommended maintenance schedule which is necessary so as not to void, diminish or impair any warranty for such item from time to time in effect; or (b) that which is generally recognized as the industry standard for the required maintenance and repair of each such item. Tenant shall also keep all portions of the Demised Premises in a clean and orderly condition, free of snow, ice, dirt, rubbish, debris and unlawful obstructions. All of Tenant's obligations and requirements described in this Section 6.2 are herein collectively referred to as "Tenant's Repairs and Maintenance." The time permitted for Tenant to effectuate Tenant's Repairs and Maintenance shall be extended for such period as may reasonably be necessary; provided, however, that Tenant shall continuously, diligently and in good faith prosecute the same. In addition, Landlord, not more frequently than annually during the Term, upon five (5) days written notice (except in the event of an emergency or extraordinary condition), may cause, at Landlord's sole cost and expense, independent private building inspectors, qualified in the specific discipline, to make inspections of the Demised Premises, and the systems or segments thereof, to determine Tenant's compliance under this Section 6.2.

If Tenant does not timely or properly perform Tenant's Repairs and Maintenance as herein provided, Landlord may, but need not, after thirty (30) days' notice to Tenant, make such repairs, replacements or maintenance in a reasonably diligent fashion. Tenant shall pay to Landlord all of Landlord's actual costs incurred in connection therewith, plus a fee of ten percent (10%) of such cost, forthwith upon being billed therefor. Landlord may, but shall not be required to, enter the Demised Premises at all reasonable times upon reasonable notice (except in the instance of an emergency) to make such repairs, alterations, improvements and additions to the Demised Premises or to any equipment, fixtures or landscaping located on the Demised Premises, as Landlord deems reasonably necessary and which Tenant failed to do as required in this Lease after written notice from Landlord. However, any and all repairs, replacements or maintenance made by Landlord pursuant to this Lease shall be done in a reasonably diligent manner and so as to minimize any disruption to Tenant's business operations.

SECTION 6.3 LANDLORD'S REPAIRS, MAINTENANCE AND REPLACEMENTS. Landlord, at its sole cost and expense, throughout the Term, shall (i) keep in good order, condition and repair, and shall make and perform all routine maintenance and necessary repairs and replacements, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description, to the roof, floor slabs, foundation walls and footings, structural steel, exterior walls, driveways, roadways, sidewalks, curbs, parking areas, and loading areas (including, in the instance of driveways, roadways, sidewalks, parking areas, and loading areas, repaving and striping the same, as applicable) forming a part of Landlord's Improvements, and (ii) make all Capital Replacements (as defined in Section 6.7) of all or any portion of the heating, ventilating and air conditioning, electrical, plumbing, fire protection and other mechanical systems forming a part of Landlord's Improvements (collectively, in respect to clause (i) and (ii) above, "Landlord's Repairs and

Maintenance"). Because Landlord shall not have any regular on-site presence at the Demised Premises, Tenant agrees to timely advise Landlord, in writing, of any Landlord's Repairs and Maintenance Tenant reasonably believes Landlord must undertake.

SECTION 6.4 PROHIBITION AGAINST WASTE. Tenant shall not do or suffer any waste or damage, disfigurement or injury to the Demised Premises (including, without limitation, any and all improvements now or hereafter erected thereon, and any and all fixtures or equipment now or hereafter located therein), or permit or suffer any overloading of the floors or other use of the Improvements that would place an undue stress on the same or any portion thereof beyond that for which the same was designed.

SECTION 6.5 MISUSE OR NEGLECT. Anything in this Lease to the contrary notwithstanding, Tenant shall be responsible for all repairs to the Demised Premises which are made necessary by any misuse or neglect by Tenant, or any of its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, employees, agents or invitees, in or upon the Demised Premises. Notwithstanding anything to the contrary contained in Section 6.3 hereof or elsewhere in this Lease, Landlord's Repairs and Maintenance shall not impose any duty on the Landlord in respect to those Landlord's Improvements that are the subject of Landlord's Repairs and Maintenance that are (a) damaged or destroyed by the misuse or intentional acts of Tenant or any of its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, employees, agents or invitees, in or upon the Demised Premises, or (b) in disrepair or are damaged as a result of Tenant's failure to timely and properly perform Tenant's Repairs and Maintenance.

SECTION 6.6 MANAGEMENT OF DEMISED PREMISES.

(A) Anything in this Lease to the contrary notwithstanding, Landlord shall perform, or shall cause to be performed, all of Landlord's obligations under this Lease in connection with Landlord's Repairs and Maintenance by an independent third party property manager in a manner consistent with the first-class standards of commercial property managers in the geographic area in which the Demised Premises are located ("Landlord's Manager"). As of the Delivery Date, Landlord's Manager shall be a property management entity with offices locally in the Harrisburg area. Notwithstanding the foregoing, in the event any successor Landlord determines that such local Landlord's Manager is not performing Landlord's Repairs and Maintenance in to the standards required by this Lease or at a commercially reasonable cost, such successor Landlord shall be permitted to terminate such local Landlord's Manager and replace the same with any other property management entity (regardless of whether located locally in this Harrisburg area) that is reasonably acceptable to Tenant. During the Term, Tenant shall pay to Landlord, as part of the Additional Rent, (i) a monthly fee equal to the actual out-of-pocket cost to Landlord paid to the Landlord's Manager, but in no instance and amount greater than one and one quarter percent (1.25 %) of the monthly Base Rent required by Tenant to be paid at the subject time during the Term ("Management Fee").

In the event that, at any time during the Term, Tenant reasonably determines that Landlord has failed to properly perform Landlord's Repairs and Maintenance, then Tenant shall give the Landlord written notice thereof setting forth, with reasonable specificity, the type and nature of the subject deficiencies. Following the receipt of such notice of deficiency, Landlord shall

have a period of thirty (30) days in which to cure such noticed deficiencies and advise Tenant of the actions taken by Landlord to cure the same, provided, however, if a deficiency is not susceptible to cure within such thirty (30) period, Landlord shall nonetheless be deemed curing, if Landlord commences such cure within said thirty (30) day period and thereafter diligently prosecutes the same to completion. If the Landlord fails to take reasonable actions to cure the noticed deficiencies, then Tenant shall have the right to direct Landlord to terminate the Landlord's Manager and replace it with a substitute Landlord's Manager reasonably acceptable to Tenant.

During the Term, Tenant shall be permitted to retain, at Tenant's sole cost and expense, such other property management entity Tenant reasonably chooses to perform Tenant's Repairs and Maintenance and/or any of Tenant's other performance obligations under the terms of this Lease.

(b) Landlord shall maintain or cause the Landlord's Manager to maintain a temperature range for all office areas within the Demised Premises between 68 Fahrenheit and 76 Fahrenheit and FDB relative humidity at a level of not greater than fifty percent (50%) from 7:00 A.M. to 7:00 P.M. (Saturdays 8:00 A.M. to 1:00 P.M.), Sundays and holidays excepted, and shall maintain the air quality within the Demised Premises within ASHRAE standards. Notwithstanding the foregoing, Landlord shall not be responsible for such standards during emergencies or when a Tenant's or Landlord's Repairs and Maintenance is being undertaken that, in either instance, affect the heating, ventilating and air condition systems of the Demised Premises. A reasonable period of time at the beginning of the heating and cooling season shall be allocated for adjustments to the HVAC system by Landlord. The relocation of Tenant's personnel within the Demised Premises (or a change in use of any area of the Demised Premises, provided it is nonetheless a Permitted Use) shall not diminish Landlord's obligation to meet the temperature, humidity, and air quality standards hereunder, so long as a reasonable period of time is afforded to the Landlord after notice from the Tenant for the Landlord to adjust or modify the HVAC system as may be necessary to accommodate such relocation or change in use.

SECTION 6.7 CAPITAL REPLACEMENT. "Capital Replacement," for purposes of this Lease, shall mean the replacement of a capital item (as defined in the United States Internal Revenue Code, 1984, as amended) comprising a part of Landlord's Improvements having a cost in excess of $5,000.00, which $5,000.00 amount shall be increased over the Term by the percentage by which the CPI Index published nearest to the expiration of each twelve (12) month period subsequent to the Initial Term Commencement Date is greater than the CPI Index most recently published prior to the Initial Term Commencement Date

ARTICLE 7

COMPLIANCE WITH LAWS AND ORDINANCES

SECTION 7.1 COMPLIANCE. Tenant shall, throughout the Term and at Tenant's sole cost and expense, promptly comply or cause compliance with or remove or cure any violation of any and all present and future laws, ordinances (zoning or otherwise), orders, rules, regulations and requirements, as are now, or may from time to time hereafter, be in effect, of all federal, state, municipal and other governmental bodies having jurisdiction over the Demised Premises, and the appropriate departments, commissions, boards and officers thereof (subject only to Section 7.3 hereof), and the orders, rules and regulations, as are now, or may from time to time hereafter, be in effect, of the Board of Fire Underwriters where the Demised Premises are situated, or of any other body now or hereafter

constituted exercising lawful or valid authority over the Demised Premises,

or any portion thereof, or the sidewalks, curbs, roadways, alleys or entrances adjacent or appurtenant thereto, or exercising authority with respect to the use or manner of use of the Demised Premises, and whether the compliance, curing or removal of any such violation and the costs and expenses necessitated thereby shall have been foreseen or unforeseen, ordinary or extraordinary, and whether the same shall be presently within the contemplation of Landlord or Tenant or shall involve any change of governmental policy, or require structural or extraordinary repairs, alterations or additions by Tenant and irrespective of the costs thereof ("Compliance with Laws"). Regardless of the foregoing provisions, Tenant's obligations with regard to Compliance with Laws shall not extend to any compliance with or removal or cure of any violation of any laws, ordinances, zoning or otherwise, orders, rules, regulations and requirements of federal, state, municipal or governmental bodies which results from the construction of the Demised Premises or other circumstances, facts, conditions or events which occurred or were in existence as of or prior to the Initial Commencement Date.

SECTION 7.2 OTHER COMPLIANCE. Tenant, at its sole cost and expense, shall comply with all agreements, contracts, easements, restrictions, reservations or covenants, if any, running with the Land, or hereafter created by Tenant or consented to, in writing, by Tenant, or requested, in writing, by Tenant. Tenant shall also comply with, observe and perform all provisions and requirements of all policies of insurance at any time in force with respect to the Demised Premises and required to be obtained and maintained under the terms of Article 5 hereof, and shall comply with all development permits issued by governmental authorities issued in connection with development of the Demised Premises.

SECTION 7.3 ENVIRONMENTAL MATTERS.

(a) Landlord, Contractor and Tenant Mutual Covenants. In addition to the compliance requirements set forth herein, and not by way of limitation thereof, Landlord, Contractor and Tenant mutually covenant and agree as set forth in this Section 7.3.

(b) Definitions. As used in this Section 7.3, the following terms shall have the following meanings:

(i) "Environmental Condition(s)" means the presence on, in or under the Demised Premises of any Hazardous Substance(s) except as are in compliance with Environmental Laws, whether such presence is in ambient air, surface water, groundwater, land surface or subsurface strata.

(ii) "Environmental Laws" means all federal, state or local environmental laws, and any and all policies, rules and regulations thereunder, which are, at any time and from time to time, applicable to the Demised Premises, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Solid Waste Disposal Act and Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; the Clean Water Act, 33 U.S.C. Section 1251, et seq.; the Clean Air Act, 42 U.S.C. Section 7401, et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.; and the Safe

Drinking Water Act, 42 U.S.C. Section 300f through 300j, and the Clean Streams Law, as amended (35 P.S. Section 681.101, et seq.; the

Solid Waste Management Act, as amended (35 P.S. Section 6801.101, et seq.; and the Hazardous Sites Clean Act (35 P.S. Section 6020.101, et seq., and the regulations adopted and publications promulgated pursuant thereto.

(iii) "Environmental Liability(ies)" means any Environmental Conditions with respect to which there are effective and applicable Environmental Laws pursuant to which any regulatory authorities having jurisdiction over the Demised Premises would have authority to require remediation activities. Designation of a condition as an Environmental Liability by any regulatory authorities or other third parties, shall not be construed as an admission thereof by either Landlord, Contractor or Tenant.

(iv) "Hazardous Substances" means (A) any material or substance (1) which is defined as a "hazardous substance," "hazardous waste," "chemical mixture or substance," or "air pollutant" under any Environmental Laws, (2) containing petroleum, crude oil or any fraction thereof, (3) containing polychlorinated biphenyls PCB's, (4) containing asbestos, or (5) which is radioactive; (B) any other material or substance displacing toxic, reactive, ignitable or corrosive characteristics, as all such terms are used in their respective broadest senses, or are defined or become defined under any Environmental Laws; or (C) any materials which cause a nuisance upon or waste to the Demised Premises or any portion thereof.

(c) Landlord Representation; Landlord Indemnity. To Landlord's actual knowledge (being the actual knowledge of those representatives of Landlord identified in Section 19.5 hereof), and except as may be set forth in that certain environmental site assessment report entitled "Commerce Park Lots 1,2 and 7 Phase I Environmental Site Assessment Final Report," dated as of August, 1997, and prepared by Skelly and Loy, Inc., as of the date of this Lease, no Environmental Conditions exist on the Land. To the extent, if any, and only to the extent, that (i) Landlord is in breach of the first sentence of this Section 7.3(c), or (ii) Landlord, or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents or employees, directly cause any Environmental Conditions on the Demised Premises, or any portion thereof, then Landlord shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, harmless from and against the direct out-of-pocket costs and expenses (and not any indirect or consequential loss, cost or damage or any other direct loss, cost or damage) incurred by any one or more of them in order to clean-up or remediate the Demised Premises to the extent required by applicable Environmental Laws), and from and against any and all other direct liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees and court costs, incurred or sustained by any one or more of Tenant and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees as a result of such breach or of such Environmental Conditions.

(d) Contractor Indemnity. To the extent, if any, and only to the extent, that Contractor,

or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents or employees, directly cause any Environmental Conditions on the Demised Premises, or any portion thereof, then Contractor shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, harmless from and against the direct out-of-pocket costs and expenses (and not any indirect or consequential loss, cost or damage or any other direct loss, cost or damage) incurred by any one or more of them in order to clean-up or remediate the Demised Premises to the extent required by the governmental authorities having jurisdiction and responsibility for the enforcement of the

applicable Environmental Laws, and from and against any and all other direct liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees and court costs, incurred or sustained by any one or more of them as a result of such of such Environmental Conditions.

(e) Tenant Covenant; Tenant Indemnity. To the extent, if any, and only to the extent, that Tenant, or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents or employees, (i) are in breach of any of its covenants, agreements or obligations under this Article 7, or (ii) directly cause any Environmental Conditions on the Demised Premises, or any portion thereof, then Tenant shall indemnify and save Landlord, Contractor and each of their respective partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, harmless from and against the direct out-of-pocket costs and expenses (and not any indirect or consequential loss, cost or damage or any other direct loss, cost or damage) incurred by any one or more of them in order to clean-up or remediate the Demised Premises to the extent required by the governmental authorities having jurisdiction and responsibility for the enforcement of the applicable Environmental Laws, and from and against any and all other direct liability, loss, cost or damage, including, without limitation, reasonable attorneys' fees and court costs, incurred or sustained by any one or more of them as a result of such of such breach or of such Environmental Conditions. Upon the expiration or earlier termination of this Lease, Tenant shall cause all Hazardous Substances (to the extent such Hazardous Substances are generated, stored, released or disposed of during the Term by Tenant) to be removed from the Demised Premises and transported for use, storage or disposal in accordance and in compliance with all applicable Environmental Laws.

(f) Notice. If a claim by a third person (including, without limitation, any governmental entity) is made against any person or entity indemnified hereunder, and such person or entity intends to seek indemnification with respect to such claim under this Section 7.3, such person or entity seeking such indemnification shall promptly give notice of such claim to the indemnifying party. In addition, if a person or entity indemnified under this Section 7.3 comes into possession of facts which could reasonably lead to a claim for indemnification under this Section 7.3, such party shall promptly give notice of such facts to the indemnifying party. If Tenant is notified or cited for any violation (or possible violation) of any Environmental Liability, Environmental Laws or other hazardous materials laws, by any governmental body having jurisdiction of the Demised Premises, with regard to any Environmental Condition, Tenant shall promptly notify Landlord thereof, and shall include with such notification copies of such governmental notification or citation and such other documents as may be reasonably necessary to describe the alleged violation (or possible violation).

(g) Exclusive Remedy and Survival. Notwithstanding any other indemnities set forth herein, the parties agree that the foregoing indemnifications shall exclusively define their rights and

obligations with respect to Environmental Liabilities arising from or related to the Demised Premises. The provisions of this Section 7.3 shall survive the termination of the Lease and be effective for so long as Landlord, Contractor or Tenant may have any liability whatsoever with respect to the Demised Premises.

(h) Compliance with Other Laws. Subject to Section 7.1 hereof and the foregoing provisions of this Section 7.3, Tenant, at its sole cost and expense, shall fully comply with (as part of its obligations hereunder as to Compliance with Laws), and provide to Landlord all information needed from time to time in regard to, all provisions of all applicable federal, state and local environmental protection acts, responsible property transfer laws, and any other applicable federal, state or local environmental liability or protection or

cleanup responsibility laws, either currently in effect or hereafter enacted, which affect Tenant's operations at the Demised Premises.

(i) Storage of Hazardous Materials. Tenant shall not install, handle, generate, store, treat, use, dispose of, discharge, release, manufacturer, refine, emit, abate, remove, transport or conduct any other activity with respect to, on, in or around the Demised Premises (collectively, "handle"), any Hazardous Substances or any material deemed to be toxic or hazardous by any governmental authority having jurisdiction over the Demised Premises; provided, however, that notwithstanding the foregoing, (i) Tenant may handle, or cause to be handled, normal quantities of Hazardous Substances or other materials as aforesaid, customarily used in (i) the conduct of general administrative and executive office activities (e.g., copier fluids and cleaning supplies), and (ii) connection with the operation, repair and/or replacement of the back-up generator or back-up temporary stand-by battery power generator. Any and all such Hazardous Substances or other materials, regardless of whether customarily used in the conduct of general administrative and executive office activities or back-up diesel generator or back-up temporary stand-by battery power generator, shall be handled in accordance with any and all applicable Environmental Laws.

(j) Environmental Audits. Upon Landlord's request, prior to the exercise of any option to renew for a Renewal Term and prior to Tenant's vacation of the Demised Premises, Tenant shall undertake and submit to Landlord an environmental audit from an environmental company reasonably acceptable to Landlord, which audit shall be conducted in accordance standards reasonably imposed by Landlord, and shall otherwise evidence Tenant's compliance with this Article 7. If Tenant, at any time prior to Landlord's request for an environmental audit, has been cited for violation of any Environmental Laws, such environmental audits shall be at Tenant's sole cost and expense. In all other instances, Landlord shall pay the cost and expense of such requested environmental audits.

ARTICLE 8
MECHANIC'S LIENS AND OTHER LIENS

SECTION 8.1 LIENS AND RIGHT OF CONTEST. Tenant shall not suffer or permit any mechanic's lien or other lien to be filed against the Demised Premises, or any portion thereof, by reason of work, labor, skill, services, equipment or materials supplied or claimed to have been supplied to the Demised Premises at the request of Tenant, or anyone holding the Demised Premises, or any portion thereof, by, through or under Tenant. If any such mechanic's lien or other lien shall at any time be filed against the Demised Premises, or any portion thereof, Tenant shall cause the same to be

discharged of record within thirty (30) days after the date of filing the same. However, in the event Tenant desires to contest the validity of any lien, it shall (a) on or before thirty (30) days prior to the due date thereof, notify Landlord, in writing, that Tenant intends so to contest the same, and (b) on or before the due date thereof, if Landlord reasonably deems Tenant to be financially insecure or if any Mortgagee of Landlord so requires, deposit with Landlord security (in form and content reasonably satisfactory to Landlord or Landlord's Mortgagees) for the payment of the full amount of such lien and, from time to time, deposit additional security or indemnity so that, at all times, adequate security or indemnity will be available for the payment of the full amount of the lien together with all interest, penalties, costs and charges accrued or accumulated thereon.

If Tenant complies with the foregoing, and Tenant continues, in good faith, to contest the validity of such lien by appropriate legal proceedings which shall operate to prevent the collection thereof and the sale or forfeiture of the Demised Premises, or any part thereof, to satisfy the same, Tenant shall be under no obligation to pay such lien until such time as the same has been decreed, by court order, to be a valid lien on the Demised Premises. Any surplus

deposit retained by Landlord, after the payment of the lien shall be repaid to Tenant. Provided that nonpayment of such lien does not cause Landlord to be in violation of any of its contractual undertakings, Landlord agrees not to pay such lien during the period of Tenant's contest. However, if Landlord pays for the discharge of a lien or any part thereof from funds of Landlord, any amount paid by Landlord, together with all costs, fees and expenses in connection therewith (including, without limitation, 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. Tenant shall indemnify and save Landlord, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, and the Demised Premises, harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with the assertion, filing, foreclosure or other legal proceedings with respect to any such mechanic's lien or other lien or the attempt by Tenant to discharge the same as above provided.

All materialmen, contractors, artisans, mechanics, laborers and any other person now or hereafter furnishing any labor, services, materials, supplies or equipment to Tenant with respect to the Demised Premises, or any portion thereof, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for the same. Notice is hereby given that Landlord shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished or to be furnished to Tenant upon credit, and that no mechanic's lien or other lien for any such labor, services, materials, supplies, machinery, fixtures or equipment shall attach to or affect the estate or interest of Landlord in and to the Demised Premises, or any portion thereof.

SECTION 8.2 LIENS ON LANDLORD'S AND CONTRACTOR'S WORK. The provisions of Section 8.1 hereof shall not apply to any mechanic's lien or other lien for labor, services, materials, supplies, machinery, fixtures or equipment furnished to the Demised Premises in the performance of Landlord's or Contractor's obligations to construct Landlord's Improvements, or to provide Warranty Work or Punch List Item work required herein. Landlord shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, harmless from and against any and all direct (but not indirect or consequential) loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with the assertion, filing, foreclosure or other

legal proceedings with respect to any such mechanic's lien or other lien. Landlord shall cause the Contractor to enter into and duly record a waiver of mechanics' liens pursuant to a Pennsylvania Mechanics' Lien law in such form and substance, so as to result in an effective waiver of mechanics' liens pursuant to said law.

SECTION 8.3 OTHER LIENS. Tenant shall not create, permit or suffer, and, subject to the provisions of Section 8.1 hereof, shall promptly discharge and satisfy of record, any other lien, encumbrance, charge, security interest, or other right or interest which, as a result of Tenant's action or inaction contrary to the provisions hereof, shall be or become a lien, encumbrance, charge or security interest upon the Demised Premises, or any portion thereof, or the income therefrom.

ARTICLE 9
INTENT OF PARTIES

SECTION 9.1 NET RENT. Landlord and Tenant do each state and represent that it is their respective intention that this Lease be interpreted and construed as an absolute net lease and that all Base Rent and Additional Rent shall be paid by Tenant without abatement, deduction, diminution, deferment. suspension, reduction, set off, defense or counterclaim with respect to the same. Except as

otherwise provided herein, the obligations of Tenant shall not be affected by reason of damage to or destruction of the Demised Premises from whatever cause, nor shall the obligations of Tenant be affected by reason of any condemnation, eminent domain or like proceedings.

SECTION 9.2 LANDLORD'S PERFORMANCE FOR TENANT. If Tenant shall at any time fail to pay any Additional Rent in accordance with the provisions hereof, or shall fail to make any other payment or perform any other act on its part to be made or performed, then Landlord, after fifteen (15) days' prior written notice to Tenant (or without notice in case of emergency), and without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may, but shall be under no obligation to do so, (a) pay after such fifteen (15) days' written notice to Tenant, any such Additional Rent payable by Tenant pursuant to the provisions hereof; or (b) make any other payment or perform any other act on Tenant's part to be paid or performed hereunder, except that any time permitted to Tenant to perform any act required to be performed by Tenant hereunder shall be extended for such period as may be necessary to effectuate such performance, provided Tenant is continuously, diligently and in good faith prosecuting such performance. Landlord may enter upon the Demised Premises for any such purpose and take all such action therein or thereon as may be necessary therefor and all such action taken by Landlord shall be in a reasonably diligent fashion.

SECTION 9.3 PAYMENT FOR LANDLORD'S PERFORMANCE FOR TENANT. All sums so paid by Landlord and all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Landlord in connection with the performance of any such act, together with interest thereon at the Maximum Rate of Interest from the respective dates of Landlord's making of each payment of such cost and expense, shall be paid by Tenant to Landlord on demand.

Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or not incurred by Tenant, and which would have been payable upon such insurance. Rather, Landlord shall also be

entitled to recover, as damages for such breach, the uninsured amount of any loss (to the extent of any deficiency between the dollar limits of insurance required by the provisions of this Lease and the dollar limits of the insurance actually carried by Tenant), damages, costs and expenses of suit, including, without limitation, reasonable attorneys' fees, suffered or incurred by reason of damage to or destruction of the Demised Premises, or any portion thereof, or other damage or loss which Tenant is required to insure against hereunder, occurring during any period when Tenant shall have failed or neglected to provide insurance as aforesaid.

ARTICLE 10
DEFAULTS AND LANDLORD'S REMEDIES

SECTION 10.1 DEFAULT. The following events, after the expiration of the applicable cure periods in this Article 10 (except as otherwise provided in this Lease), are sometimes referred to as an event of "Default":

(a) If default shall be made by Tenant under the provisions of Article 13 hereof relating to assignment, sublease, mortgage or other transfer of Tenant's interest in this Lease or in the Demised Premises or in the income arising therefrom;

(b) If default shall be made in the due and punctual payment of Base Rent or any installment thereof, or if default shall be made in the payment of Additional Rent or in the payment of any other sum required to be paid by Tenant under this Lease, after five (5) days' written notice, except that Tenant shall be permitted, not more than once each calendar year during the Term, to be late by not more than ten (10) days in the payment of any installment of Base Rent or Additional Rent

hereunder before Landlord shall be permitted to declare a Default by Tenant;

(c) If default shall be made in the observance or performance of any of the other covenants or conditions in this Lease which Tenant is required to observe and perform, and such default shall continue for thirty (30) days after written notice to Tenant, or if a default involves a hazardous or emergency condition and is not cured by Tenant immediately, provided, however, that the time allowed Tenant (except in the instance of hazardous or emergency conditions) within which Tenant is permitted to cure the same shall be extended for such reasonable period as may be necessary for the curing, provided Tenant is continuously, diligently and in good faith prosecuting such cure; and

(d) If, during the Term, (i) Tenant shall make an assignment for the benefit of creditors, (ii) a voluntary petition shall be filed by Tenant under any law having for its purpose the adjudication of Tenant a bankrupt, or Tenant shall be adjudged a bankrupt pursuant to an involuntary petition in bankruptcy, (iii) a receiver shall be appointed for the property of Tenant, or (iv) any

department of the state or federal government, or any officer thereof duly authorized, shall take possession of the business or property of Tenant, Landlord may treat the occurrence of any one or more of the foregoing events of Default as a breach of this Lease.

In any such event, Landlord, at any time thereafter during the continuance of any such event of Default, may give written notice to Tenant specifying such event of Default or events of Default and stating that this Lease and the Term hereby demised shall expire and terminate on the date specified in such notice, and upon the date specified in such notice, this Lease and the Term hereby demised, and all rights of Tenant under this Lease, including, without limitation, all rights of renewal whether exercised or not, shall expire and terminate, or in the alternative or in addition to the foregoing remedy, Landlord may assert and have the benefit of any and all other remedies and rights provided at law or in equity.

SECTION 10.2 RENT AFTER DEFAULT. In the event of an uncured Default, Landlord may terminate this Lease and the Term created hereby, in which event Landlord may forthwith repossess the Demised Premises and be entitled to recover as damages, in addition to any other sums or damages for which Tenant may be liable to Landlord hereunder, a sum of money equal to the excess of the value of the Rent provided to be paid by Tenant for the balance of the Term over the fair market rental value of the Demised Premises, after deduction of all anticipated expenses of re-letting for said period, and discounting the amount to a present value using an interest rate equal to the prime rate of interest published in the Wall Street Journal at the time such present value is determined, but if
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such rate of interest shall exceed the highest rate allowed by law, such rate shall be reduced to the highest rate allowed by law. Should the fair market rental value of the Demised Premises, after deduction of all anticipated expenses of re-letting, for the balance of the Term, exceed the value of the Rent provided to be paid by Tenant for the balance of the Term, Landlord shall have no obligation to pay Tenant the excess or any part thereof, or to credit such excess or any part thereof against any other sums or damages for which Tenant may be liable to Landlord.

SECTION 10.3 RE-LETTING AFTER DEFAULT. To the extent permitted by law, in the event of a Default, Landlord may terminate Tenant's right of possession and may repossess the Demised Premises by forcible entry and detainer suit, by taking peaceful possession or otherwise, without terminating this Lease. In such event, Landlord shall use good faith efforts to relet the same for the account of Tenant, for such rent and upon such terms as may be satisfactory to Landlord. For the purpose of such re-letting, Landlord is authorized to repair, remodel or

alter the Demised Premises. If Landlord shall fail to relet the Demised Premises, Tenant shall pay to Landlord, as damages, a sum equal to the amount of Rent reserved in this Lease for the balance of the Initial Term or the Renewal Term, as the case may be, as the same becomes due and payable. If the Demised Premises are relet and a sufficient sum shall not be realized from such re-letting, after paying all of the costs and expenses of all decoration, repairs, remodeling, alterations and additions and the expenses of such re-letting and of the collection of the rent accruing therefrom, to satisfy the Rent provided for in this Lease, Tenant shall satisfy and pay the same upon demand therefor from time to time. Tenant agrees that Landlord may file suit to recover any sums failing due under the terms of this Article 10 from time to time, and that no suit or recovery of any portion due to Landlord hereunder shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Landlord.

SECTION 10.4 ACCEPTANCE AFTER DEFAULT; NO WAIVER. No failure by Landlord or Tenant, as the case may be, 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 either party hereunder, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by both Landlord and Tenant. 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 Tenant herein shall be implied from any omission by Landlord to take any action on account of such Default. If such Default persists or is repeated, 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 by Tenant, as the case may be, shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

SECTION 10.5 REMEDIES CUMULATIVE. Upon a default by Tenant of any of the terms contained in this Lease, Landlord shall be entitled 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, as the case may be, were not provided for in this Lease. Each remedy or right of Landlord 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 at law or in equity or by statute or otherwise. The exercise or the beginning of the exercise by Landlord of any one or more of such rights or remedies, except as otherwise provided herein, shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies.

SECTION 10.6 LANDLORD DEFAULT. Subject to Section 14.2 hereof, if at any time during the Term, Landlord has failed to perform any of its limited obligations under this Lease, then Tenant shall provide written notice of such default to Landlord. If, within thirty (30) days after Landlord's receipt of Tenant's notice (or such shorter time as is reasonable, in the case of an emergency), Landlord has not cured such default, or has not commenced and diligently pursued the cure thereof, then Tenant shall provide an additional written notice to Landlord. Then, if Landlord does not cure such default, or does not commence and diligently pursue such cure, within ten (10) days (or such shorter time as is reasonable, in the case of an emergency) after Landlord's receipt of such additional notice, then Tenant may, in Tenant's sole discretion take such steps to cure such default as may be reasonably required. Landlord shall reimburse Tenant for the reasonable costs and expenses of such cure, including reasonable attorneys fees, with interest at the Maximum Rate of Interest from the date of the invoices to the date of payment by Landlord, and a ten percent (10%) administrative fee within thirty (30) days after Tenant has provided Landlord with a written statement thereof, together with reasonable supporting documentation. However, anything in this Section 10.6 or elsewhere in this Lease to the contrary notwithstanding, no actions taken by Tenant to cure

any default of Landlord under this Lease shall ever be deemed (a) to constitute an eviction or disturbance of Tenant's use and possession of the Demised Premises, (b) to relieve Tenant from any of its obligations to pay Rent when due, without abatement (except as otherwise expressly provided in this Lease), or (c) to perform any of Tenant's other obligations under this Lease.

ARTICLE 11
DESTRUCTION AND RESTORATION

SECTION 11.1 RESTORATION. In the event of any damage to or destruction of Landlord's Improvements, upon the occurrence thereof, Tenant shall forthwith give Landlord written notice (except in cases of emergency when Landlord may be notified by telephone, with a written notification to follow promptly) of such damage or destruction, and shall specify in such notice, in reasonable detail, the extent thereof. If any such damage or destruction occurs, the restoration, repair, replacement, rebuilding (including, without limitation, the cost of temporary repairs) of Landlord's Improvements or any portion thereof to the condition (as is reasonably practical) existing immediately prior to such damage or destruction are sometimes hereinafter referred to as the "Restoration." In all instance of Restoration, Landlord shall employ its diligent efforts to reasonably promptly complete the Restoration required of it with as little disruption of the Premises Use as is reasonably practicable.

Except as hereafter provided, in case of damage to or destruction of all or a portion of Landlord's Improvements by fire or otherwise during the Term, Landlord, at the cost and expense hereafter provided, shall, within sixty (60) days after the date of the damage or destruction, commence and thereafter diligently complete the Restoration for which the Property Insurance set forth in Section 5.1 hereof was procured. Notwithstanding the foregoing, Landlord shall not be obligated to undertake the Restoration in the event any such damage or destruction (i) occurs at any time during the last twelve (12) months of the then current Term (including any renewals hereunder), or (ii) is of such a degree that no reasonable portion of Landlord's Improvements can be occupied for the Premises Uses and the damage or destruction occurs at such a time of the year, taking into account seasonal weather conditions, that the Restoration cannot be reasonably completed within three hundred and sixty-five (365) days. In any of the foregoing instances, Landlord shall provide Tenant with notice, within forty-five (45) days of such damage or destruction, of Landlord's decision whether Landlord will undertake the Restoration. If Landlord has failed to deliver the foregoing notice, it shall be conclusively presumed that Landlord has elected to undertake the Restoration. If Landlord has elected, as aforesaid, not to undertake the Restoration, then Tenant may terminate this Lease by providing Landlord with notice thereof within fifteen (15) days of the notice from Landlord.

Regardless of the foregoing, in the instance of any destruction of Landlord's Improvements in respect to which Landlord has elected (or is deemed to have elected, as aforesaid) to undertake the Restoration, Tenant may nonetheless terminate this Lease, if Landlord does not commence the Restoration within sixty (60) days after the date of such destruction. For purposes of this Section 11.1, Landlord shall be deemed to have "commenced" the Restoration, if Landlord has commissioned the preparation of plans and specifications necessary for such Restoration or undertaken other meaningful measures necessary, in a commercially reasonable context, to effectuate such Restoration. If Landlord commences the Restoration more than sixty (60) days after the subject destruction, and Tenant has not yet then delivered to Landlord Tenant's notice of termination of this Lease, Tenant shall be deemed to have waived the immediately foregoing right of termination on the date Landlord commenced the subject Restoration. If the Restoration is

commenced, Tenant may nonetheless thereafter elect to terminate this Lease, if, (i) in the instance of a complete destruction of Landlord's Improvements

resulting in the inability of Tenant to reasonably occupy any of the Landlord's Improvements for the Premises Uses, Landlord does not complete the Restoration within three hundred sixty-five (365) days after the date of such destruction, or (ii) in the instance of a partial destruction of Landlord's Improvements resulting in Tenant being able to continue to reasonably occupy a material portion of Landlord's Improvements for the Premises Uses, Landlord does not complete the Restoration within two hundred seventy (270) days after the date of such destruction.

If Landlord's Improvements are damaged or destroyed so that no portion thereof can be reasonably occupied for the Premises Uses, the Base Rent and Additional Rent shall abate as of the date of the damage until the Restoration is complete and an occupancy permit and all other permits and approvals are issued such that the Tenant can reoccupy the Demised Premises. If the damage or destruction is or such a degree so that Tenant can continue to use the Demised Premises in a manner that permits the Tenant to continue to conduct its business operations in a useful and efficient manner, as determined in the reasonable discretion of the Tenant, then the Base Rent and Additional Rent shall be fairly and equitably reduced to reflect the limited use of the Demised Premises by the Tenant until the Restoration is complete as aforesaid.

SECTION 11.2 INSURANCE PROCEEDS. All insurance moneys recovered by Landlord on account of such damage or destruction, less the costs, if any, to Landlord of such recovery, shall be applied by Landlord to the payment of the costs of the Restoration and shall be paid out from time to time as the Restoration progresses. If the net amount of the insurance proceeds (after deduction of all costs, expenses and fees (including, without limitation, attorneys' fees) related to recovery of the insurance proceeds) recovered by Landlord is insufficient to complete the Restoration (exclusive of Tenant's personal property and Tenant's Trade Fixtures, all of which shall be restored, repaired or rebuilt out of Tenant's separate funds), Landlord shall pay, any deficiency necessary to cause the completion of Restoration. In all events, the full amount of any deductible under the applicable insurance policies shall be paid by Tenant within thirty (30) days after Landlord's invoice therefor.

SECTION 11.3 CONTINUANCE OF TENANT'S OBLIGATIONS. Regardless of the foregoing provision of Sections 11.1 and 11.2, Tenant shall not be liable for Rent in the event of damage or destruction of the Demised Premises, to the extent (if any) that such Rent obligations of Tenant are paid by Landlord's receipt of proceeds under any Business Interruption Insurance.

ARTICLE 12
CONDEMNATION

SECTION 12.1 TOTAL CONDEMNATION. If during the Term, the entire Demised Premises shall be taken as the result of the exercise of the power of eminent domain ("Proceedings"), this Lease and all right, title and interest of Tenant hereunder shall terminate on the date of vesting of title pursuant to such Proceedings, and Landlord shall be entitled to and shall receive the total award made in such Proceedings. Tenant hereby assigns any interest in such award, damages, consequential damages and compensation to Landlord. Landlord agrees that it will not object to the petition of Tenant for a separate award as set forth herein; provided, however, that any such petition or award shall in no way diminish the award otherwise payable to Landlord hereunder.

SECTION 12.2 PARTIAL CONDEMNATION. If during the Term, less than the entire Demised Premises shall be taken in any such Proceedings, then this Lease shall, upon vesting of title in the Proceedings, terminate as to the portion of the Demised Premises so taken. If the portion of the Demised Premises taken shall substantially and materially interfere with or inhibit Tenant's Premises Use of the Demised Premises, Tenant may, at its option, terminate this Lease as to the remainder of the Demised Premises. Tenant shall not have the right to terminate this Lease pursuant to the preceding sentence, however, if that portion of the Demised Premises not taken can reasonably be utilized by Tenant with

substantially the same utility and efficiency as prior to the taking. Such termination as to the remainder of the Demised Premises shall be effected by Tenant's written notice to Landlord, 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 and Landlord's determination as aforesaid, the Term, and all right, title and interest of Tenant hereunder, shall cease and terminate. If this Lease is terminated as provided in this Section 12.2, Landlord shall receive the award as is provided in Section 12.1 hereof. In the event that Tenant elects not 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 12.3 hereof.

SECTION 12.3 RESTORATION AFTER CONDEMNATION. If, in the case of a partial taking, this Lease is not terminated as provided in Section 12.2 hereof, this Lease shall, upon vesting of title pursuant to the Proceedings, terminate as to the parts so taken, and, except as provided in Section 12.1 hereof, Tenant shall have no claim or interest in the award, damages, consequential damages and compensation, or any part thereof. Landlord, in such case, covenants and agrees promptly to restore that portion of the Demised Premises not so taken to a complete architectural and mechanical unit for Tenant's Premises Uses as provided in this Lease. In the event that the net amount of the award (after deduction of all costs and expenses, including, without limitation, attorneys' fees) that may be received by Landlord in any such Proceedings as a result of such taking, is insufficient to pay all costs of such restoration work, Landlord shall pay such "shortfall."

SECTION 12.4 BASE RENT REDUCTION. In the event of a partial taking of the Demised Premises under Section 12.2 hereof, followed by Tenant's election not to terminate this Lease, the fixed Base Rent payable hereunder during the period from and after the date of vesting of title pursuant to such Proceedings to the earlier of the termination of this Lease or until the next date upon which Rent is determined under Section 3.1 hereof, shall be determined by multiplying the applicable Base Rent then being paid by Tenant, by a fraction, the numerator of which is the square footage of Landlord's Improvements after such taking and after the same has been restored to a complete architectural unit, and the denominator of which is the square footage of Landlord's Improvements immediately prior to such taking.

ARTICLE 13
ASSIGNMENT, SUBLETTING, ETC.

SECTION 13.1 PERMITTED TRANSFEREE OF TENANT. 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 herein, 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, without obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld provided, however, that such consent shall not be required if (i) such assignment results from the merger of Tenant into another entity (provided that the majority of the assets of Tenant are owned by the entity resulting from such merger) or an assignment to an entity which purchases all or substantially all of the assets of the Tenant, or (ii) Tenant shall remain principally liable thereafter, and shall not thereby be relieved of principal liability, for the due and faithful performance of all of terms of this Lease. Tenant shall pay, on behalf of Landlord, any and all costs of Landlord, including, without limitation, reasonable attorneys' fees, occasioned in connection with any proposed sublease, assignment, mortgage, pledge, transfer or other encumbrance or disposal of this Lease, or any interest herein, by Tenant.

SECTION 13.2 SUBSEQUENT ASSIGNMENTS. Anything in this Lease to the contrary notwithstanding, and notwithstanding any consent by Landlord to any sublease of the Demised Premises, or any portion thereof, or to any assignment of this Lease

or of Tenant's interest or estate in the Demised Premises, or any other permitted sublease or assignment hereunder, no sublessee shall assign its sublease nor further sublease the Demised Premises, or any portion thereof, and no assignee shall further assign its interest in this Lease or its interest or estate in the Demised Premises, or any portion thereof, nor sublease the Demised Premises, or any portion thereof, without Landlord's prior written consent in each and every instance, which consent may be given or withheld in Landlord's sole discretion. No such subsequent assignment or subleasing shall relieve Tenant from any of Tenant's obligations in this Lease.

SECTION 13.3 PROFIT. If Landlord consents to an assignment or subletting as provided above, or if the consent of Landlord to the assignment is not required, or if Tenant remains principally liable on the Lease and Landlord's consent is therefore not required, and if the sums of money or compensation paid by a sublessee or assignee exceed the sums required to be paid by Tenant hereunder, all of such excess shall be retained by Tenant.

SECTION 13.4 INEFFECTIVE ASSIGNMENT. Tenant's failure to comply with all of the foregoing provisions and conditions of this Article 13 shall (regardless of whether Landlord's consent is required under this Article 13), at Landlord's sole option, render any purported assignment or subletting null and void and of no force and effect.

SECTION 13.5 LANDLORD'S CONVEYANCE OR OTHER DISPOSITION. The Landlord shall not convey or otherwise dispose of its interest in the Demised Premises (other than assignments or mortgages in connection with the financing of the Demised Premises), until the Initial Term Commencement Date has passed. If there is a dispute between Landlord and Tenant in respect to whether all of the Punchlist Items have been completed substantially in accordance with the Final Plans, the Architect's determination of such completion shall be binding on Landlord and Tenant.

ARTICLE 14
SUBORDINATION, NON-DISTURBANCE, NOTICE TO MORTGAGEE AND ATTORNMENT

SECTION 14.1 SUBORDINATION. This Lease and all rights of Tenant herein, and any and all

interest or estate of Tenant in the Demised Premises, or any portion thereof, shall be subject and subordinate to the lien of any and all mortgages, deeds of trust, security instruments, ground or underlying leases or other documents of like nature, 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 (herein individually referred to as a "Mortgage," and collectively herein referred to as "Mortgages"), and to each and every advance made under any and all Mortgages. Tenant agrees at any time hereafter, and from time to time on demand of Landlord, to promptly execute and deliver to Landlord any and all reasonable instruments, releases or other documents which may reasonably be required for the purpose of subjecting and subordinating this Lease to the lien of any and all such Mortgages, and which do not alter the terms, provisions or conditions of this Lease (hereinafter individually referred to as a "Subordination Agreement," and hereinafter collectively referred to as "Subordination Agreements"). So long as there exists no Default, no such Subordination Agreement shall interfere with, hinder or reduce Tenant's right to quiet enjoyment under this Lease, nor the right of Tenant to continue to occupy the Demised Premises, and all portions thereof, and to conduct its business thereon, all in accordance with the covenants, conditions, provisions, terms and agreements of this Lease. Each such Subordination Agreement shall provide for the non-disturbance of Tenant's rights hereunder, provided that Tenant attorns to the holder of the Mortgage which is the subject thereof.

SECTION 14.2 MORTGAGEE PROTECTION CLAUSE. Tenant shall deliver to each and every holder of a Mortgage ("Mortgagee"), whose identify and address have been

provided to Tenant, a copy of any notice from Tenant to Landlord in which Tenant advises Landlord of any act or omission on the part of Landlord which, after the expiration of the applicable cure period, would constitute a default by Landlord of its obligations under this Lease. After the expiration of all applicable cure periods afforded Landlord in respect to such act or omission, Tenant shall advise the Mortgagee, in writing, of the same as a condition precedent to Tenant initiating any action under this Lease against Landlord, and Tenant, for an additional thirty (30) days after the date of Mortgagee's receipt of such notice, shall allow Mortgagee the option to remedy such act of omission of the Landlord.

SECTION 14.3 ATTORNMENT. If any Mortgagee shall succeed to the rights of Landlord under this Lease or to ownership of the Demised Premises, whether through possession or foreclosure or the delivery of a deed to the Demised Premises in lieu of foreclosure, then, upon the written request of such Mortgagee so succeeding to Landlord's rights hereunder, and provided that such Mortgagee assumes, in writing, the obligations of Landlord hereunder accruing on and after the date such Mortgagee acquires title to the Demised Premises, Tenant shall attorn to and recognize such Mortgagee as Tenant's landlord under this Lease, and shall promptly execute and deliver any and all reasonable instruments which such Mortgagee may reasonably request to evidence such attornment. In the event of any other transfer of Landlord's interest hereunder, upon the written request of the transferee and Landlord, and provided that such transferee assumes, in writing, the obligations of Landlord hereunder accruing on and after the date of such transfer, Tenant shall attorn to and recognize such transferee as Tenant's landlord under this Lease, and shall promptly execute and deliver any and reasonable instruments which such transferee and Landlord may reasonably request to evidence such attornment.

SECTION 14.4 COSTS. Landlord agrees to reimburse Tenant for its reasonable fees of outside counsel incurred in connection with the review of any Subordination Agreements or Estoppel Letter, which Landlord may request Tenant to execute.

ARTICLE 15
SIGNS

SECTION 15.1 SIGNS. During the first one hundred eighty (180) days of the Term, without Landlord's prior written consent, Tenant may erect signs depicting the name and/or corporate logo of Tenant on the exterior or interior of the Improvements or on the landscaped area adjacent thereto ("Original Signage"); provided, however, that the Original Signage (a) does not cause any structural damage or other damage to any of the Improvements or landscaping; (b) does not violate applicable governmental laws, ordinances, rules or regulations; and (c) does not violate any existing restrictions affecting the Demised Premises, including, without limitation, Park covenants. Any changes to the Original Signage that Tenant wishes to make shall require Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, Landlord's consent to a change in the Original Signage shall not be required, if such change complies with the foregoing Original Signage requirements and is consistent changes to the Tenant's name and/or corporate logo.

ARTICLE 16
TRADE FIXTURES

SECTION 16.1 TRADE FIXTURES. It is the intent of the parties that Trade Fixtures shall include only those items of Tenant's furniture, equipment, machinery, partitions and other personal property (including any items which are affixed to the Demised Premises in a manner that can be readily detached without significant damage to the Demised Premises) which are specifically used by Tenant in the conduct of its business. Regardless of the foregoing, the Landlord acknowledges that the items of property set forth on Exhibit 16.1 attached hereto and made a part hereof, are Trade Fixtures and can be replaced and

disposed of by the Tenant, in Tenant's sole discretion.

ARTICLE 17
CHANGES AND ALTERATIONS

SECTION 17.1 CHANGES AND ALTERATIONS. Tenant shall have the right, at any time and from time to time during the Term, to make such changes and alterations, structural or otherwise, to the Initial Interior Build-Out (or the interior build-out hereunder for the Expansion Improvements, if applicable), as Tenant shall reasonably deem necessary in connection with the requirements of its business; provided, however, that any and all such changes, other than changes or alterations of Tenant's Trade Fixtures ("New Work"), shall be made, in all cases, subject to the following conditions, which Tenant covenants to observe and perform:

(a) No New Work shall be undertaken until Tenant shall have first 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 of the Demised Premises or the proposed changes or alterations. Landlord shall join in the application for

such permits or authorizations whenever such action is necessary, all at Tenant's sole cost and expense; provided, however, that (i) no such applications shall cause Landlord to become liable for any cost, fees or expenses, and (ii) at Landlord's direction, and in Landlord's sole discretion, any and all such permits or authorizations shall be terminated at the expiration of the Term.

(b) In any undertaking of Tenant pursuant to this Article 17, except in the instance of either (i) interior decorating, painting, carpentry or similar interior work, or (ii) New Work which (A) will not, in Landlord's reasonable judgment, impact the structure, or the mechanical, heating, ventilating, air conditioning, plumbing, electrical, or fire or health safety systems, of any of the Improvements or any other portion of the Demised Premises, and (B) in the aggregate will not cost in excess of One Hundred Thousand and 00/100ths Dollars ($100,000.00), no New Work shall be undertaken until detailed plans and specifications therefor have been first submitted to and approved in writing by Landlord, which approval shall not unreasonably be withheld; provided, however, that if, in Landlord's reasonable judgment, any such New Work would tend to impair the value or usefulness to Landlord of the Demised Premises, or any substantial portion thereof, or would tend to alter unreasonably the aesthetics of the Demised Premises, then Landlord shall not, under any circumstances, be obligated to approve such plans and specifications. Among other things, Landlord may condition its approval of any such New Work on Tenant's agreement to restore or remove all or any portion thereof at the expiration of the Term. Further, before the commencement of any New Work (including, without limitation, New Work falling within the exception set forth in the first paragraph of this Section 17.1(b)), Tenant shall (i) guarantee to Landlord (and demonstrate to Landlord's reasonable satisfaction, Tenant's financial status and creditworthiness sufficient to secure such guarantee) the completion thereof within a reasonable time thereafter, (A) free and clear of all mechanic's liens or other liens, encumbrances, security interests and charges, and (B) in accordance with the plans and specifications approved by

Landlord; and (ii) Tenant shall promptly upon the completion of the New Work deliver to Landlord two (2) complete sets of "as built" drawings for the New Work.

(c) Any change or alteration shall not, when completed, reduce the area or cubic content of the Improvements, nor change the character of the Demised Premises as to use, without Landlord's express written consent (which may be withheld, as aforesaid).

(d) All New Work shall be done promptly and in a good and workmanlike manner and in Compliance with Laws and in accordance with the orders, rules and regulations of the Board of Fire Underwriters where the Demised Premises are located, or any other body exercising similar functions. The cost of any and all such changes or alterations shall be paid by Tenant, 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. The New Work shall be prosecuted with reasonable dispatch, delays due to strikes, lockouts, acts of God, inability to obtain labor or materials, governmental restrictions or similar causes beyond the reasonable control of Tenant excepted. Tenant shall obtain and maintain, and shall cause its contractors, subcontractors and sub-subcontractors to obtain and maintain, at Tenant's or their sole cost and expense, during the performance of the New Work, workers' compensation insurance covering all persons employed in connection with the New Work and with respect to which death or injury claims could be asserted against Landlord or Tenant or against the Demised Premised, or any interest therein, together with comprehensive general liability insurance for the mutual benefit of Landlord, Landlord's Mortgagees and Tenant, with limits of not less than Two Million and 00/100ths Dollars ($2,000,000.00) in the event of injury to one person, Two Million and 00/100ths Dollars ($2,000,000.00) in respect to any one accident or occurrence, and Two Million and 00/100ths Dollars ($2,000,000.00) for property damage. The fire insurance with "extended coverage" endorsement required by Section 5.1 hereof shall be supplemented with "builder's risk" insurance on a completed value form or other comparable coverage on the New Work. All such insurance shall be in a company or companies which are authorized to do business in the Commonwealth of Pennsylvania and which are reasonably satisfactory to Landlord. All such policies of insurance or certificates of 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 satisfactory to Landlord, prior to the commencement of any New Work. From time to time from and after the date of this Lease, and within ten (10) days after Landlord's reasonable request therefor, Tenant shall provide Landlord with reasonable written evidence of the insurance required hereunder being in full force and effect.

(e) All improvements and alterations (other than Tenant's Trade Fixtures) made or installed by Tenant shall immediately, upon completion or installation thereof, become the property of Landlord, without payment therefor by Landlord, and shall be surrendered to Landlord on the expiration of the Term (unless the parties agree in writing to the contrary).

(f) No New Work shall be in, or connect the Demised Premises with, any other space, property, building or improvement, nor shall the same obstruct or interfere with any then existing easement.

(g) If Landlord requires Tenant, in Landlord's reasonable discretion, to restore or remove any New Work, Landlord shall so notify Tenant by written notice, given at the time of Landlord's approval of such

requested change or alteration. If Landlord so notifies Tenant, then at the expiration of the Term, Tenant shall remove any such New Work and, at Tenant's sole cost and expense, restore any damage caused to the Demised Premises as a result of such removal.

ARTICLE 18
SURRENDER OF PREMISES

SECTION 18.1 SURRENDER OF POSSESSION. Tenant shall, upon termination of this Lease for any reason whatsoever, surrender to Landlord the Demised Premises, together with any and all buildings, structures, fixtures and building equipment or real estate fixtures upon the Demised Premises and any and all additions, alterations and replacements thereof (except Tenant's personalty and Trade Fixtures), in good order, condition and repair, with all electrical systems, plumbing systems, heating, ventilating and air conditioning systems, fire protection systems, and other mechanical systems in good working order and repair, reasonable wear and tear excepted (provided that such exception shall in no way be deemed to relieve Tenant from its obligations to make all necessary Tenant Repairs and Maintenance as and when required hereunder).

SECTION 18.2 NO SURRENDER WITHOUT ACCEPTANCE. 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, shall be valid or effective unless agreed to and accepted in writing by Landlord (which agreement Landlord may give or withhold in its sole discretion), and consented to in writing by all Mortgagees and contract purchasers, if any (which consent may be given or withheld in their respective sole discretion). Further, no act or omission by Landlord, or any representative or agent of Landlord, other than such a written acceptance by Landlord, which is consented to by all Mortgagees and contract purchasers, if any, shall constitute an acceptance of any such surrender.

SECTION 18.3 REMOVAL OF TENANT'S PROPERTY; HOLDOVER RENT. Except as otherwise provided herein, at the expiration of the Term, Tenant shall surrender the Demised Premises, and shall surrender all keys to the Demised Premises, to Landlord at the place then fixed for the payment of Rent, and shall inform Landlord of all combinations on locks, safes and vaults within the Demised Premises, if any. Except as otherwise provided herein, Tenant shall, at such time, also remove all of its property (including, without limitation, its personalty and all Trade Fixtures) therefrom and all New Work placed thereon by Tenant, if so requested by Landlord pursuant to Section 17.1 hereof. Tenant shall repair any damage to the Demised Premises caused by such removal, and any and all such property not so removed when required 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.

If Tenant fails to surrender possession as required under this Section 18.3, then, for each month, or portion thereof, after the termination of the Term or of Tenant's rights of possession hereunder, whether by lapse of time or otherwise, during which Tenant remains in possession of the Demised Premises, or any portion thereof, after such termination, Tenant shall pay to Landlord, in addition to Additional Rent, a sum equal to one hundred fifty percent (150%) of the Base Rent herein provided for the month immediately prior to such termination. The provisions of this Section 18.3 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein at law or at equity, and Landlord's acceptance of the additional rent in the event of a holdover by Tenant shall not act as a waiver or limitation on any such other rights or remedies

(including, without limitation, any direct, indirect or consequential damages).

All property of Tenant not removed on or before the last day of the Term

shall be deemed abandoned. Tenant hereby appoints Landlord as its agent to remove all property of Tenant from the Demised Premises upon the termination of this Lease, and to cause the transportation and storage thereof for Tenant's benefit, all at the sole cost and risk of Tenant. 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, immediately upon demand, for any expenses incurred by Landlord with respect to any removal or storage of abandoned property and with respect to restoring the Demised Premises to good order, condition and repair.

ARTICLE 19
MISCELLANEOUS PROVISIONS

SECTION 19.1 RIGHT OF INSPECTION. Upon reasonable advance notice to Tenant (except for emergency situations), Tenant agrees to permit Landlord and its authorized representatives to enter upon the Demised Premises at all reasonable times during ordinary business hours for the purpose of inspecting the same and, pursuant to the terms of this Lease, 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. Except as otherwise provided herein, nothing 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 Default in failing to perform the same. Landlord shall not unreasonably interfere with the use and occupancy of the Demised Premises pursuant to the provisions of this Section 19.1.

SECTION 19.2 DISPLAY OF DEMISED PREMISES. Upon reasonable advance notice to Tenant, Landlord may, at any time during normal business hours during the Term, enter upon the Demised Premises and exhibit the same for the purpose of mortgaging or selling the same; provided, however, that during the final twelve (12) months of the then-current Term, Landlord shall be entitled to display the Demised Premises for sale or lease upon twenty-four (24) hours prior notice, and shall be allowed to post appropriate signage in or about the Demised Premises, so long as the same does not unreasonably interfere with Tenant's business.

SECTION 19.3 INDEMNITIES.

(a) Tenant. To the fullest extent allowed by law, except to the extent
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the same is otherwise expressly waived by Landlord under this Lease (including, without limitation, in Section 5.4 hereof), Tenant shall, at all times, indemnify and save Landlord, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with the conduct or management, or from any work or things whatsoever done in or about the Demised Premises during the Term, and will further indemnify and save them harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, arising during

the Term, from any condition of the Demised Premises, or arising from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed, pursuant to the terms of this Lease, or arising from any negligence of Tenant, its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors (other than Landlord, Contractor or their respective subcontractors or sub-subcontractors), agents, employees or invitees, or arising from any accident, injury or damage whatsoever caused to any person or entity during the Term, in or about the Demised Premises. The indemnity obligations of Tenant under this Section 19.3 which relate directly or indirectly to death, bodily or personal injury or property damage, shall be insured by contractual liability endorsement on

Tenant's policies of insurance required under the provisions of Article 5 hereof. Anything in this Section 19.3(a) to the contrary notwithstanding, Tenant's indemnification obligations as aforesaid shall not apply to any claims, costs, liabilities, actions and damages which arise as a result of (i) the negligence or wrongful acts or omissions of Landlord or Contractor (or their respective partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents or employees); or (ii) the failure of either Landlord or Contractor to comply with a provision of this Lease.

(b) Landlord. To the fullest extent allowed by law, except to the extent the same is otherwise expressly waived by Tenant under this Lease (including, without limitation, in Section 5.4 hereof), Landlord shall at all times shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with the conduct of or the failure to conduct any of Landlord's obligations hereunder, or any negligence in the performance thereof. Anything in this Section 19.3(b) to the contrary notwithstanding, Landlord's indemnification obligations as aforesaid shall not apply to any claims, costs, liabilities, actions and damages which arise as a result of (i) the negligence or wrongful acts or omissions of Tenant (or its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors (other than Landlord, Contractor or their respective contractors, subcontractors or sub-subcontractors), agents, employees or invitees); or (ii) the failure of Tenant to comply with a provision of this Lease.

SECTION 19.4 NOTICES. All notices, demands and requests which may be or are required to be given, demanded or requested by any party to the other shall be in writing. All transmittals by Landlord or Contractor to Tenant shall be delivered by private messenger, or sent by United States registered or certified mail, postage prepaid, or by Federal Express or similar overnight courier service (provided, however, that billing and invoicing may be sent to Tenant by United States first class mail), addressed to Tenant as follows:

All notices, except billings and invoices:

Vanguard Cellular Systems, Inc.
2002 Pisgah Church Road, Suite 300
Greensboro, NC 27455
Attention: Legal Department

With a Copy to: Pennsylvania Cellular Telephone Corp.
Mid-Atlantic Central Regional Office

6310 Allentown Boulevard, Suite 101
Harrisburg, PA 17112
Attention: Business Manager

All billing and invoices:

Vanguard Cellular Systems, Inc.
2002 Pisgah Church Road, Suite 300
Greensboro, NC 27455
Attention: Accounts Payable

With a Copy to: Pennsylvania Cellular Telephone Corp.
Mid-Atlantic Central Regional Office
6310 Allentown Boulevard, Suite 101
Harrisburg, PA 17112
Attention: Business Manager

and after the Initial Term Commencement Date, copies of all notices shall be

addressed to the Demised Premises, or at such other place as Tenant may from time to time designate by written notice to Landlord and Contractor.

Any such transmittals by Tenant to Landlord or Contractor shall be delivered by private messenger, or sent by United States registered or certified mail, postage prepaid or by Federal Express or similar overnight delivery service, addressed to Landlord or Contractor at the following address:

c/o Walsh, Higgins & Company
Suite 800
101 East Erie Street
Chicago, Illinois 60611
Attn: Gerald A. Pientka, President
and Donald J. Johnson, Chief Financial Officer

or at such other place as Landlord or Contractor may from time to time designate by written notice to Tenant. Except as otherwise provided herein, notices, demands and requests which shall be served upon Landlord or Contractor by Tenant, or upon Tenant by Landlord or Contractor, in the manner aforesaid, shall be deemed to be sufficiently served or given for all purposes hereunder three (3) days after the time such transmittals shall be mailed (except for notices of late payment as provided in Section 10.1(a) hereof which, when mailed, shall be effective upon delivery or refusal to accept delivery, if delivery is not accepted), or upon the actual date of delivery to the addressee if sent by private messenger, or overnight courier.

SECTION 19.5 AUTHORIZED INDIVIDUALS. Whenever in or in connection with this Lease, the consent or approval of any party hereto is required or desired (including, without limitation, in connection with the approval of components of the Final Initial Interior Build-Out Plans), any one or more of the following named persons shall be authorized to act on behalf of, and bind, the parties as set forth below, until any party shall deliver written notice to the others of the termination of such

authorization:

For Landlord: Gerald A. Pientka
Timothy J. McEnery
Robert D. McCormick

For Tenant: Mr. Frank Timchak (limited to any changes and approved plans should not result in an increase in costs of greater than One Hundred Thousand Dollars ($100,000.00) or result in a delay in construction of more than five (5) business days, and which does not involve the approval of the Final Plans).

Ms. Sherry Fluke

Ms. Cynthia DeGeorge

For Contractor: Gerald A. Pientka
Robert D. McCormick

At any time or from time to time, any party may add or delete names of authorized individuals to the aforesaid list, by providing written notice of such additions to the other parties hereto.

SECTION 19.6 QUIET ENJOYMENT. Landlord covenants and agrees that Tenant, upon paying the Rent, and upon observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, observed and performed, shall lawfully and quietly hold, occupy and enjoy the Demised Premises during the Term without hindrance or molestation.

SECTION 19.7 LANDLORD AND SUCCESSORS. The term "Landlord," as used in

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 (provided that such grantee assumes in writing the obligations of Landlord hereunder on and after the date of such conveyance), the then grantor shall be automatically freed and relieved, from and after the date of such transfer or conveyance, of all liability with respect to any covenants or obligations on the part of Landlord contained in this Lease, the performance of which first accrues on or after the date of such transfer; provided, however, 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. It is intended that the covenants and obligations contained in this Lease on the part of Landlord shall, subject to the aforesaid, be binding on Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership.

SECTION 19.8 LIMITATION ON LANDLORD'S LIABILITY. Tenant acknowledges and agrees that (a) Tenant is entitled only to look to Landlord's interest in the Demised Premises for recovery of any judgment from Landlord; and (b) Landlord (and if Landlord is a partnership, its partners, whether general or limited, and if Landlord is a corporation, its directors, officers or shareholders) shall never be personally liable for any personal judgment or deficiency decree or judgment against it.

SECTION 19.9 ESTOPPELS. Tenant shall, without charge, at any time and from time to time, within ten (10) business days after written request by Landlord, certify by written instrument in substantially the form set forth as Exhibit 19.9 attached hereto and made a part hereof, duly executed, acknowledged and delivered to any actual or proposed Mortgagee, assignee or purchaser, or to any other person or entity dealing with Landlord or the Demised Premises as to the matters set forth in Exhibit 19.9 ("Estoppel Letter"). Landlord shall, without charge, at any time and from time to time, within ten (10) business days after written request by Tenant, certify by written instrument in substantially the form set forth in Exhibit 19.9, duly executed, acknowledged and delivered to any proposed lender, purchaser of Tenant's stock or assets, or any other person dealing with Tenant or the Demised Premises as to the matters set forth in Exhibit 19.9, provided that "Landlord" shall be substituted for "Tenant" and "Tenant" shall be substituted for "Landlord" as is logical and reasonable.

SECTION 19.10 SEVERABILITY; GOVERNING LAWS. 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 Commonwealth of Pennsylvania.

SECTION 19.11 BINDING EFFECT. The covenants and agreements herein contained shall bind and inure, respectively, to the benefit of Landlord, its successors and assigns, Contractor, and its successors and assigns, and Tenant, and its permitted successors and assigns.

SECTION 19.12 CAPTIONS. The caption of each Article and Section of this Lease is for convenience of reference only, and in no way defines, limits or describes the scope or intent of such Article or Section of this Lease.

SECTION 19.13 LANDLORD - TENANT RELATIONSHIP. This Lease does not create the relationship of principal and agent, or of partnership, joint venture or any other association or relationship, between or among one or more of Landlord, Contractor and Tenant, the sole relationship between Landlord and Tenant being that of landlord and tenant, and the relationship between Contractor and Tenant being that of master and servant. Further, except as otherwise provided herein, no person or entity shall be entitled to claim any rights as a third party

beneficiary hereof.

SECTION 19.14 MERGER OF AGREEMENTS. All preliminary and contemporaneous negotiations are merged into and incorporated in this Lease, including, but not limited to the merger of the Letter of Indemnification, dated April 9, 1997 between the parties (it is agreed that such letter is null and void and Tenant has no obligation to Landlord for any payment pursuant to that Letter of Indemnification). This Lease 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. Submission of the form of the Lease for examination shall not bind Landlord in any manner, and no Lease or obligations of Landlord shall arise until this instrument is executed and delivered by all three of Landlord, Contractor and Tenant.

SECTION 19.15 LANDLORD'S PROPERTY. Tenant acknowledges that the Demised Premises will be the property of Landlord, and that Tenant will have only the right to possession and use thereof upon the covenants, conditions, provisions, terms and agreements set forth in this Lease.

SECTION 19.16 SURVIVAL. All obligations of the parties hereunder (together with interest on Tenant's monetary obligations at the Maximum Rate of Interest) accruing prior to expiration of the Term shall survive the expiration or other termination of this Lease.

SECTION 19.17 CLAIMS. Any claim which Tenant may have against Landlord or Landlord may have against Tenant for default in the performance of any of their respective obligations herein contained to be kept and performed shall be deemed waived unless (a) such claim is asserted by written notice thereof to Landlord or Tenant, as the case may be within one hundred eighty (180) days after the later of (i) the commencement of the alleged default or of the accrual of the cause of action, or (ii) the date the claiming party had actual knowledge of the default or fact on which the claim is based, and (b) unless suit is brought thereon within one (1) year after the later of (i) the accrual of such cause of action, or (ii) the date the claiming party had actual knowledge of the default or fact on which the cause of action is based.

SECTION 19.18 REASONABLENESS. Except as otherwise provided herein, any consent, action or inaction required to be given (or which may be withheld), done or not done, by any of the parties hereto shall be given (or not withheld), done or not done in a commercially reasonable fashion.

SECTION 19.19 REAL ESTATE BROKER. Tenant represents that Tenant has not dealt with any broker, other than Svatos/Larson, Ball & Gould, Inc. in cooperation of Gelcor Realty, Inc. (collectively, Tenant's Broker"), in connection with this Lease, and that no other broker (or other person or entity) negotiated this Lease or is entitled to any commission in connection herewith. Landlord shall pay the commission due Tenant's Broker that is evidenced by that certain registration letter dated September 19, 1997, agreed to and accepted by Tenant's Broker. In addition, Landlord shall pay Tenant's Broker the commission provided in such registration letter in respect to Tenant's exercise of the Expansion Option.

Tenant shall indemnify and save Landlord, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, Mortgagees, agents and employees, harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with claims made by any broker or finder, other than Tenant's Broker, for a commission or fee in connection with this Lease, provided that Landlord has not in fact retained such broker or finder. Landlord shall indemnify and save Tenant, and its partners, directors, officers, shareholders, contractors, subcontractors, sub-subcontractors, agents and employees, harmless from and against any and all loss, cost or damage, including, without limitation, reasonable attorneys' fees, incurred or sustained by any of them in connection with any claims made by Tenant's Broker, in respect to Landlord's failure to pay any commission required

of Landlord under the terms of the foregoing registration letter, or any other broker or finder claiming by, through or under Landlord, for a commission or fee in connection with this Lease.

SECTION 19.20 DELIVERY OF CORPORATE DOCUMENTS. Tenant shall, without charge to Landlord, not more than once each calendar year during the Term, within ten (10) days after written

request by Landlord, deliver to Landlord in connection with any proposed bona fide sale or mortgage of the Demised Premises, copies, certified by Tenant's chief financial officer, of Tenant's balance sheet, income statement and statement of sources and uses for Tenant's then most recently ended fiscal year, and Tenant's immediately preceding two (2) fiscal years.

SECTION 19.21 EXHIBITS; RIDER PROVISIONS. Any Exhibits attached hereto are an integral part hereof, and this Lease shall be construed as though such Exhibits were set forth in full herein. In the event that there are one or more Riders attached to this Lease, then the provisions of such Rider(s) shall take precedent over any conflicting provisions contained herein.

SECTION 19.22 ATTORNEYS' FEES. In the event of any litigation or judicial action in connection with this Lease or the enforcement hereof, the prevailing party in any such litigation or judicial action shall be entitled to recover all costs and expense of any such judicial action or litigation (including, without limitation, reasonable attorneys' fees) from the other party.

SECTION 19.23 TIME IS OF THE ESSENCE. Subject to the required notice and applicable cure periods contained in this Lease, time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

IN WITNESS WHEREOF, each of the parties hereto has caused this Lease to be duly executed as of the day and year first above written.

Landlord:

WALSH HIGGINS NO. 33, L.L.C., a Pennsylvania limited partnership

By: /s/ Gerald A. Pientka

Its:_____

Tenant:

PENNSYLVANIA CELLULAR TELEPHONE CORP., a North Carolina corporation

By: /s/ Richard C. Rowlenson

Its: Vice President

Contractor:

WALSH, HIGGINS & COMPANY, an Illinois corporation

By: /s/ Gerald A. Pientka

Its:_____

EXHIBIT 10.47(a)

AMENDMENT NO. 1 TO

BUILD-TO-SUIT OFFICE LEASE AGREEMENT

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

PENNSYLVANIA CELLULAR TELEPHONE CORP.

AMENDMENT NO. 1 TO BUILD-TO-SUIT LEASE AGREEMENT

This AMENDMENT NO. 1 TO BUILD-TO-SUIT LEASE AGREEMENT ("Amendment No. 1") is made this 15/th/ day of September, 1998, by and among WALSH HIGGINS NO. 33, L.P., a Pennsylvania limited partnership ("Landlord"), PENNSYLVANIA CELLULAR TELEPHONE CORP., a North Carolina corporation, and WALSH, HIGGINS & COMPANY, an Illinois corporation ("Contractor").

Recitals

A. Landlord, Tenant and Contractor entered into that certain Build-To-Suit Lease Agreement ("Lease") dated September 26, 1997, pursuant to the terms of which Landlord let to Tenant and Tenant leased from Landlord those certain premises comprised of a four (4)-story office facility containing approximately 81,859 square feet ("Initial Improvements") located on approximately 10.5 acres of land in Susquehanna Township, Dauphin County, Pennsylvania which were required to be constructed by Contractor. All capitalized terms in this Amendment No. 1 not otherwise defined herein shall be as defined in the Lease.

B. The Lease provides that, subject to Permitted Delays, the Delivery Date for the Initial Improvements was anticipated to be September 1, 1998.

C. Landlord and Tenant desire to modify the Lease to provide that the anticipated Delivery Date is October 1, 1998.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained in this Amendment No. 1, Ten and 00/100 Dollars, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals - Amendment. The foregoing Recitals are deemed to form a part of this Amendment No. 1 as if fully restated herein. This Amendment No. 1 is made a part of the Lease, and, except as specifically amended pursuant to this Amendment No. 1, all of the terms, provisions and conditions of the Lease shall apply to this Amendment No. 1 as if fully restated herein.

2. Delivery Date. Notwithstanding anything contained in Section 1.1 of the Lease or elsewhere in the Lease to the contrary, the anticipated Delivery Date and therefore the anticipated Initial Term Commencement Date is October 1, 1998. As a result, the anticipated Initial Term Termination Date is September 30, 2008.

3. Modification of Sections 2.5(a) and 2.6. Sections 2.5(a) and 2.6 of the Lease is hereby modified to provide that wherever the date of "September 1, 1998" appears in said Sections 2.5(a) and 2.6, it shall be changed to be

"October 1, 1998."

4. No Change in Rent; No Permitted Delays. Landlord and Tenant each acknowledge and agree that the extension of the several relevant dates pursuant to this Amendment No. 1 shall not result in (i) an increase in the Rent, or (ii) a Change Order. Landlord and Tenant waive any and all claims each has or may have had for Permitted Delays in respect to events occurring prior to the date of this Amendment No. 1. Landlord and Tenant each acknowledge that there are pending Scope Changes that may result in future Change Orders.

5. No Further Amendment. Except as specifically amended by this Amendment No. 1, all of the remaining terms, provisions and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 is executed by Landlord, Tenant and Contractor as of the day and year first above written.

LANDLORD:

Walsh Higgins No. 33, L.P.,
a Pennsylvania limited partnership

By: /s/ Gerald A. Pientka

TENANT:

Pennsylvania Cellular Telephone
Corp., a North Carolina corporation

By: /s/ Richard C. Rowlenson
Vice President

CONTRACTOR:

Walsh, Higgins & Company, an
Illinois corporation

By: /s/ Gerald A. Pientka

GUARANTOR'S CONSENT

Pursuant to the terms of that certain Build-To-Suit Office Agreement Guaranty ("Guaranty"), dated September 26, 1997, Vanguard Cellular Financial Corp., a North Carolina corporation ("Guarantor") guarantied for the benefit of the Landlord the payment and performance obligations of Tenant under the terms of the Lease. Guarantor, as of the date of the Amendment No. 1, hereby consents to the Amendment No. 1 and agrees that the terms, provisions and conditions of the Amendment No. 1 shall form part of Lease, the obligations of Tenant thereunder are guarantied by Guarantor pursuant to the provisions of the Guaranty.

GUARANTOR:

Vanguard Cellular Financial Corp.,
a North Carolina corporation

By: /s/ Richard C. Rowlenson
Vice President

EXHIBIT 10.47(b)

AMENDMENT NO. 2 TO

BUILD-TO-SUIT OFFICE LEASE AGREEMENT

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

PENNSYLVANIA CELLULAR TELEPHONE CORP.

AMENDMENT NO. 2 TO BUILD-TO-SUIT LEASE AGREEMENT

THIS AMENDMENT NO. 2 TO BUILD-TO-SUIT LEASE AGREEMENT (the "Second Amendment") is made this 18th day of January, 1999, by and among WALSH HIGGINS NO. 33, L.P., a Pennsylvania limited partnership (hereinafter referred to as "Landlord"), PENNSYLVANIA CELLULAR TELEPHONE CORP., a North Carolina corporation (hereinafter referred to as "Tenant"), and WALSH, HIGGINS & COMPANY, an Illinois corporation (hereinafter referred to as "Contractor").

W I T N E S S E T H

WHEREAS, Landlord, Tenant and Contractor entered into that certain Build-to-Suit Office Lease Agreement dated as of September 26, 1997, as amended by Amendment No. 1 to Build-to-Suit Lease Agreement dated September 15, 1998 (collectively, the "Lease"), relating to certain premises located in Susquehanna Township, Dauphin County, Pennsylvania more particularly described in the Lease; and

WHEREAS, Landlord, Tenant and Contractor desire to modify and amend the Lease in certain respects as hereinafter provided.

NOW, THEREFORE, for and in consideration of the premises, the sum of Ten Dollars ($10.00) in hand paid by each of the parties hereto to the others, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord, Tenant and Contractor do hereby covenant and agree as follows.

1. Defined Terms. The terms and words of art used herein, as indicated by the initial capitalization thereof, shall have the same respective meanings given to such terms and words of art in the Lease.

2. Nonexclusive Assignment of Warranties. Landlord, Tenant and Contractor acknowledge and agree that the assignment and transfer to Tenant of assignable warranties required pursuant to the second sentence of Section 2.7 of the Lease shall be a nonexclusive assignment so that such warranties shall be owned and enforceable by each of Tenant and Landlord.

3. Limits of Liability Insurance. In the event Tenant shall exercise an option to extend the Term of the Lease for any Renewal Term, Landlord may require that the minimum limits of liability under the commercial general liability insurance policy to be maintained by Tenant under Section 5.2(b) of the Lease be increased during the applicable Renewal Term to the amount of coverage then customarily required of new tenants of office space comparable to the Demised Premises in the metropolitan Harrisburg, Pennsylvania area, and if Landlord shall elect to require an increase in the minimum limits of such liability insurance (which election shall be made by written notice to Tenant given at any time during the applicable Renewal Term, but only once during such

Renewal Term), the minimum limits of liability under the commercial general liability

insurance required to be maintained by Landlord under Section 5.1(b) of the Lease shall likewise be increased to an equivalent amount.

4. Change of Control. Supplementing the terms and provisions of Article 13 of the Lease, Landlord and Tenant agree that if Tenant is a corporation, any transfer of any of Tenant's issued and outstanding capital stock or any issuance of additional capital stock, as a result of which the majority of the issued and outstanding capital stock of Tenant is held by a person or persons who do not hold a majority of the issued and outstanding capital stock of Tenant on the date on which Tenant acquires its interest in this Lease, shall be deemed a voluntary assignment of this Lease and subject to the provisions of this Article 13; provided, however, that this sentence shall not apply to the Tenant if (i) at least fifty percent (50%) of the outstanding voting stock of the Tenant is transferred to an entity that, prior to such transfer, controls, is controlled by or is under common control with the Tenant, or (ii) all of the outstanding voting stock of such corporation is registered under Section 12(b) or 12(g) of the Securities and Exchange Act of 1934, as amended, after the transfer of such stock. If Tenant is a partnership or limited liability company, any transfer of any interest in the partnership or limited liability company, directly or indirectly, or any other change in the composition of the partnership or limited liability company, directly or indirectly, which results in a change in the control of Tenant shall be deemed a voluntary assignment of this Lease and subject to the provisions of this Article 13. Notwithstanding that a transfer of Tenant's issued and outstanding capital stock or the issuance of additional capital stock of Tenant or, if Tenant is a partnership or limited liability company, any change in the control of Tenant shall be deemed a voluntary assignment of this Lease subject to the provisions of this Article 13, such assignment of this Lease is and shall be expressly permitted, provided that Tenant shall have a net worth, determined after such transfer of stock, issuance of capital stock or change in the control of Tenant, and determined in accordance with generally accepted accounting principles, equal to or greater than the net worth of Tenant prior to such transaction, and further provided that any such transaction is not entered into as a subterfuge to avoid the restrictions relating to assignments set forth in this Lease.

5. Amendments to Lease. Landlord, Tenant and Contractor hereby agree that, notwithstanding anything contained in the second sentence of Section 19.14 of the Lease to the contrary, from and after the date hereof, Contractor shall not be required to join in or be a party to any modification or amendment to the Lease unless such modification or amendment affects the obligations and liabilities of Contractor under the Lease. No modification or amendment to the Lease entered into solely by Landlord and Tenant which does not affect the obligations and liabilities of Contractor under the Lease will modify or release the obligations and liabilities of Contractor under the Lease.

6. Third Party Claims. Landlord and Tenant hereby agree that the waiver of claims by Landlord set forth in Section 19.17 of the Lease shall be inapplicable to any crossclaims asserted by Landlord against Tenant resulting from claims asserted against Landlord by any party unrelated to Landlord. Likewise, Landlord and Tenant hereby agree that the waiver of claims by Tenant set forth in Section 19.17 of the Lease shall be inapplicable to any crossclaims asserted by Tenant against Landlord resulting from claims asserted against Tenant by any party unrelated to Tenant.

7. Brokerage Fees Upon Expansion. Landlord and Tenant acknowledge that brokerage fees payable to Tenant's Broker in connection with the leasing of the Expansion Improvements (as provided in the registration letter dated September

19, 1997 referred to in Section 19.17 of the Lease) are included in the "Expansion Costs" under Exhibit 3.1(h) of the Lease.

8. Errata.

(a) Section 1.3 of the Lease is hereby amended by adding to the words "day after the" after the words "from the" appearing in the tenth line of Section 1.3 of the Lease.

(b) Section 3.1(c) of the Lease is hereby amended by deleting the last sentence thereof and by substituting in lieu thereof the following:

> In no instance however, shall the Initial Improvements Base Rent plus the Change Order Base Rent payable during the or any succeeding Lease Year of the applicable Renewal Term be less than the Initial Improvements Base Rent plus the Change Order Base Rent payable by Tenant during the last Lease Year of the Initial Term or during the last Lease Year of the preceding Renewal Term, as applicable.

(c) The last grammatical paragraph of Section 3.1(f) of the Lease is hereby amended by changing the word "paid" to "the monthly amount payable" in the fourth line of such grammatical paragraph and by adding the words "last year of the" before the words "Initial Term" in the fourth line of such grammatical paragraph, before the word "preceding" in the fifth line of such grammatical paragraph, before the word "Initial Term" in the eighth line of such grammatical paragraph and before the word "preceding" in the eighth line of such grammatical paragraph.

(d) Section 3.1(h) is hereby amended by inserting the word "Term" after the word "Initial" in the thirteenth line of Section 3.1(h) of the Lease.

9. Ratification. Except as expressly modified and amended herein, the Lease shall remain in full force and effect and, as modified and amended herein, is expressly ratified and confirmed by the parties hereto.

10. Binding Effect. This Second Amendment shall be binding upon and shall inure to the benefit of Landlord, Tenant and Contractor and their respective legal representatives, successors and assigns. This Second Amendment shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

11. Initial Term Commencement Date and Initial Term Termination Date. The "Initial Term Commencement Date", as described in Section 1.1 of the Lease, shall be November 16, 1998 and the "Initial Term Termination Date", as described in Section 1.1 of the Lease, shall be November 15, 2008.

[Signatures contained on following page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Second Amendment to be duly executed as of the day, month and year above written.

LANDLORD:

WALSH HIGGINS NO. 33, L.L.C.,
a Pennsylvania limited partnership

By: /s/ JW Higgins

Name:_____

Title:_____

TENANT:

PENNSYLVANIA CELLULAR TELEPHONE CORP.,
a North Carolina corporation

By: /s/ Richard C. Rowlenson

Name: Richard C. Rowlenson

Title: Vice President

CONTRACTOR:

WALSH, HIGGINS & COMPANY,
an Illinois corporation

By: /s/ JW Higgins

Name:_____
Title:_____

CONSENT

The undersigned VANGUARD CELLULAR FINANCIAL CORP., a North Carolina corporation, as "Guarantor" under that certain Build-To-Suit Office Lease Agreement Guaranty Payment and Performance dated September 26, 1997 (the "Guaranty"), does hereby consent to the execution and delivery of the within and foregoing Second Amendment and does hereby confirm to and agree with Landlord (i) that such Second Amendment shall not affect or reduce the continuing liability of the undersigned under the Guaranty, and (ii) that such Guaranty is and shall remain in full force and effect.

This 13th day of January, 1999.

VANGUARD CELLULAR FINANCIAL CORP.,
a North Carolina corporation

By: /s/ Richard C. Rowlenson

Name: Richard C. Rowlenson

Title: Vice President

EXHIBIT 10.48

BUILD-TO-SUIT OFFICE LEASE AGREEMENT GUARANTY

PAYMENT AND PERFORMANCE

BY VANGUARD CELLULAR FINANCIAL CORP.

BUILD-TO-SUIT OFFICE LEASE AGREEMENT GUARANTY

PAYMENT AND PERFORMANCE

This Built-To-Suit Office Lease Agreement Guaranty ("Guaranty") is dated this 26th day of September, 1997, and is made by VANGUARD CELLULAR FINANCIAL CORP., a North Carolina corporation ("Guarantor")

RECITALS

(A) Walsh, Higgins No. 33, L.P., a Pennsylvania limited partnership, as landlord ("Landlord"), contemporaneously herewith entered into that certain Build-To-Suit Lease Agreement ("Lease") with Pennsylvania Cellular Telephone Corp., a North Carolina corporation, as tenant ("Tenant"), for the leasing of that certain property located on approximately 10.5 acres in Commerce Park in Susquehanna Township, Dauphin County, Pennsylvania ("Premises").

(B) Tenant is a wholly owned subsidiary of Guarantor's parent and Guarantor will be benefited by Landlord entering into the Lease.

NOW, THEREFORE, for and in consideration of the Lease, and other good and valuable consideration the receipt and sufficiency are hereby acknowledged by Guarantor, Guarantor agrees, for the benefit of Landlord and its successors and assigns, as follows:

1. Recitals and Defined Terms. The foregoing Recitals are deemed remade and form a part of this Guaranty. Unless otherwise defined herein, all capitalized terms herein shall have the meanings ascribed to them in the Lease.

2. Guaranty. Guarantor hereby unconditionally guarantees that Tenant shall completely perform, within the time required under the terms of the Lease, each and every Tenant's obligations under the Lease, and to the extent that the Tenant fails to so do, shall pay all costs and expenses and shall pay, perform and discharge all liabilities and obligations contained in the Lease.

If Tenant does not do the matters above specified in this Paragraph 2 on or before the times such matters are to be done by Tenant in accordance with the applicable provisions of the Lease after all notice and cure periods have expired, Guarantor unconditionally and irrevocably covenants and agrees that it shall, upon written notice from Landlord to Guarantor, at Guarantor's sole cost and expense and within the time provided in Paragraph 5 hereof, undertake the timely and complete discharge of each and every of Tenant's obligations, that Tenant, under the terms of the Lease, failed to so discharge.

3. Direct Action Against Guarantor. The Landlord shall have and may exercise, in addition to all other rights, privileges, or remedies available to it hereunder, the specific right and

remedy, exercisable by the Landlord, in its discretion, to sue for and obtain specific performance by Guarantor of Guarantor's covenants set forth herein, all at the cost of the Guarantor.

4. Indemnity. In the event of any default by the Guarantor hereunder, the Guarantor shall indemnify and defend the Landlord against, and hold the Landlord harmless from all liability, damage, cost and expense, including costs of suit and reasonable attorneys' fees, other than to the extent caused by the Landlord's negligent or willful misconduct, which the Landlord may incur by reason of such default by Guarantor; provided, however, the damages for which Guarantor shall indemnify Landlord hereunder shall not be any greater than the damages which Landlord is permitted to recover from Tenant under the Lease, without regard to any discharge, disaffirmation, rejection, stay or enforcement restriction in bankruptcy, receivership or other proceeding of Tenant.

5. Election of Enforcement. Landlord shall deliver to Guarantor a copy of any notice from Landlord to Tenant in which Landlord advises Tenant of any act or omission on the part of Tenant which, after the expiration of the applicable cure period provided in the Lease, would constitute a default by Tenant of its obligations under the Lease. After the expiration of all applicable cure periods afforded Tenant under the Lease in respect to such act or omission, Landlord shall advise Guarantor, in writing, of the same as a condition precedent to requiring any action of Guarantor hereunder, and Landlord, in the instance of a monetary default by Tenant, shall afford Guarantor an additional five (5) days in which to cure the monetary default of Tenant, and, in the instance of a non-monetary default by Tenant, shall afford Guarantor an additional thirty (30) days in which to cure the non-monetary default of Tenant.

The Landlord may, at its option, after the expiration of the time periods provided above in this Paragraph 5, proceed to enforce this Guaranty against the Guarantor in the first instance without first proceeding against the Tenant or any other person and without first resorting to any security that may be held by the Landlord or to any other remedies, and the liability of Guarantor hereunder shall be in no manner affected or impaired by any failure, delay, neglect, omission or election by the Landlord not to realize upon or pursue any persons or security liable for the obligations of the Tenant under the terms of the Lease.

6. Modification of Obligations. The Landlord, from time to time, without further notice to or assent from Guarantor and without in any manner affecting the liability of Guarantor and upon such terms and conditions as it may deem advisable, may: (a) extend in whole or in part, modify or release (or consent to any of the foregoing) the obligations of the Tenant under the terms of the Lease; and (b) settle, adjust or compromise any claim of the Landlord against Tenant in respect to the obligations under the terms of the Lease. The Guarantor hereby ratifies and confirms any such extension, renewal, change, release, waiver, surrender, exchange, modification, impairment, substitution, settlement, adjustment, compromise or consent and agree that the same shall be binding upon the Guarantor, and the Guarantor hereby expressly waives any and all defenses, counterclaims or offsets which the Guarantor might or could have by reason thereof, it being understood that the Guarantor shall at all times be bound by this Guaranty and remain liable to the Landlord, until each and every of the obligations of Tenant under the terms of the Lease have been fully and completely discharged, whereupon this Guaranty shall automatically terminate and be of no further force and effect. The Guarantor

agrees that its obligations hereunder shall not be discharged, limited or otherwise affected by any circumstances which otherwise would constitute a legal or equitable discharge of the Guarantor as surety or guarantor. Except as hereafter provided, the Guarantor shall have any and all defenses available to the Guarantor that are available to the Tenant under the Lease to any claim made by Landlord under the terms of this Guaranty for the non-performance or payment by the Tenant under the terms of the Lease; provided, however, Guarantor shall not be discharged or released from or have a defense to any of its obligations

under this Guaranty by reason of (i) a discharge in bankruptcy, receivership or other proceedings of Tenant, a disaffirmation or rejection of the Lease by a trustee, custodian or other representative in bankruptcy, a stay or other enforcement restriction, or any other reduction, modification, impairment or limitation of the liability of Tenant under the Lease, or (ii) the provisions of clause (b) of this paragraph 6 above provided. Nothing in this Guaranty shall be construed as a waiver by the Guarantor of any rights or claims it may have against the Landlord under this Guaranty or otherwise, but any recovery upon such rights and claims shall be pursued against Landlord in a separate cause of action and not as a claim of offset or counterclaim to any action brought Landlord under this Guaranty.

7. Lease Modification. Landlord may, without the consent of the Guarantor, at any time and from time to time: (a) amend any provisions of the Lease, and (b) make any agreement with the Tenant for the extension, renewal, modification, payment, compromise, discharge, exchange, settlement, waiver or release of any provision of the Lease.

8. No Prior Action. The Guarantor hereby waives all requirements that the Landlord shall institute any action or proceedings at law or in equity against the Tenant or anyone else as a condition precedent to bringing an action against Guarantor under this Guaranty, and the Guarantor further agrees to make and perform its obligations hereunder whether or not any one or more of the following events have occurred: (a) Landlord has made any demand on Tenant; (b) Landlord has taken any action of any nature against or has pursued any rights which the Landlord has against any other person, partnership, corporation, association, or entity who may be liable for performance of Tenant's obligations under the terms of the Lease; or (c) Landlord has invoked any other remedies or rights Landlord has available with respect to the obligations of the Tenant under the terms of the Lease. All remedies afforded to the Landlord by reason of this Guaranty are separate and cumulative remedies and none of such remedies, whether exercised by the Landlord or not, shall be deemed to be an exclusion of any one of the other remedies available to the Landlord, and shall not in any way limit or prejudice any other legal or equitable remedy available to the Landlord.

9. No Release. The Guarantor shall not be released by any act or thing which might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety or guarantor, or by reason of any waiver, extension, modification, forbearance or delay of the Landlord or its failure to proceed promptly or otherwise in the enforcement of the Lease or this Guaranty, and the Guarantor hereby expressly waives and surrenders any defense to its liability under this Guaranty based upon any of the foregoing acts, things, agreements or waivers.

10. Waiver of Demand. Except as otherwise provided herein, the Guarantor hereby waives demand, protest, notice of protest and of dishonor, notice of acceptance hereof, notices of

default and all other notices now or hereafter provided by law.

11. Termination of Guaranty. Except as hereafter provided, this Guaranty shall terminate and be of no further force and effect, upon (i) the expiration of the Term of the Lease, or (ii) the termination of the Lease by Tenant in accordance with the provisions of the Lease, or (iii) Tenant's assignment, in accordance with the terms of the Lease, of all of Tenant's right, title and interest in and to the Lease to an assignee (x) whose (or its guarantor's) net worth, determined in accordance with generally accepted accounting principles, consistently applied, is be equal to or greater than the net worth of Guarantor as of the date of this Guaranty, (y) against whom (or its guarantor) there is no action or proceeding pending or threatened or against whom (or its guarantor) there is no contingent liability that, if decided or

occurring against such assignee (or its guarantor), would have a material, adverse affect on the then current net worth of such assignee (or its guarantor), and (z) who executes an assumption agreement by and between Landlord and such assignee (or whose guarantor executes a guaranty), on terms, provisions and conditions reasonably acceptable to Landlord, pursuant to which such assignee (or its guarantor) assumes each and every of the future obligations of the Tenant under the terms of the Lease. Notwithstanding the foregoing, in the instance of clauses (i), (ii) and (iii) above, this Guaranty shall not terminate in respect to any of those obligations of Tenant under the Lease that, at the time of such expiration of the Term, termination of the Lease by Tenant or assumption of Tenant's obligations under the Lease, had accrued, but were not then fully discharged. Except as provided in this Paragraph 11, the termination of this Guaranty, upon the occurrence of any of the foregoing events, shall occur simultaneously with the occurrence of any of the foregoing events, without necessity of further notice.

12. Entire Agreement. The Guarantor hereby agrees that this Guaranty contains the entire agreement between the parties and there is and can be no other oral or written agreement or understanding whereby the provisions of this Guaranty have been or can be affected, varied, waived or modified in any manner unless the same be set forth in writing and signed by the Landlord, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

13. Governing Law. This Guaranty is and shall be deemed to be a contract entered into under and pursuant to the laws of the Commonwealth of Pennsylvania and shall be binding upon the Guarantor and its successors and assigns.

14. No Subrogation. The Guarantor shall not, by reason of the performance of the terms and provisions of this Guaranty, succeed to or be subrogated to the rights and privileges of the Landlord against the Tenant or be deemed to be the successor or assign of the Landlord.

15. Cost of Enforcement. The Guarantor agrees to pay all costs and expenses which may be incurred by the Landlord, its successors and assigns, in the enforcement of this Guaranty, including, but not limited to, reasonable attorneys' fees through and including the costs of any appeals and any appellate costs and regardless of whether any specific legal proceedings shall be commenced in connection therewith.

16. Representation. Guarantor hereby represents and warrants to Landlord that (i) the execution, delivery and performance of this Guaranty does not conflict with or result in any violation of constitute a default under any law, governmental regulation or court order or any agreement, instrument or document to which Guarantor is a party or by which Guarantor is bound, and (ii) this Guaranty is the legal, valid and binding obligation of Guarantor in accordance with its terms. The individual executing this Guaranty on behalf of Guarantor hereby represents and warrants to Landlord that such individual is duly authorized and empowered to execute this Guaranty on behalf of Guarantor and to cause this Guaranty to be the legal, valid and binding obligation of Guarantor.

17. Not Revocable. This Guaranty is a irrevocable, unconditional, and current guaranty of payment and performance and not of collection.

18. Partial Invalidity. In case any one or more of the provisions of this Guaranty shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions shall be in no way affected, prejudiced or disturbed thereby.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered to Landlord as of the day and year first above written.

GUARANTOR:

Vanguard Cellular Financial Corp.,
a North Carolina corporation

By: /s/ L. Richardson Preyer Jr.

Title: Executive Vice President

Name: L. Richardson Preyer Jr.

Attest: /s/ Richard C. Rowlenson

Name: Richard C. Rowlenson

Title: Assistant Secretary

EXHIBIT 10.49

PURCHASE AND SALE OF AGREEMENT AND JOINT ESCROW INSTRUCTIONS

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

MSGW CALIFORNIA I, LLC

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated as of February 17, 1999 ("Effective Date"), is made between Wells Operating Partnership, L.P., a Delaware limited partnership ("Buyer") and MSGW California I, L.L.C., a Delaware limited liability company ("Seller").

RECITALS

A. Seller owns certain land in the City of Lake Forest, County of Orange, State of California which is more fully described in Section 1.3 below.

B. Seller wishes to sell, and Buyer wishes to purchase, the Property defined in Section 1.3 below subject to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller and Buyer agree as follows:

1. PURCHASE AND SALE OF PROPERTY

1.1 Significant Definitions. The terms below are hereby defined as follows:

"City": The City of Lake Forest

"Closing Date": March 1, 1999.

"Deposit": One Hundred Thousand Dollars ($100,000.00), plus any accrued interest thereon.

"Development": The approximately thirty-three (33) acre project known as MSGW Pacific Commercentre in the City of Lake Forest, California consisting

of all of Parcel Map 97-196 (the "Parcel Map") as shown on a map filed in Book 301, pages 36 to 40, inclusive, of Parcel Maps of Orange County.

"Escrow Holder": Chicago Title Insurance Company with an office at 16969 Von Karman, Irvine, California 92612.

"FCPP Credits": Foothill Circulation Phasing Program ("FCPP") fee credit provided pursuant to Foothill Circulation Phasing Plan Fee Agreement No. 089-294 between

Pacific Commercentre Partners and the County of Orange, a portion of which were assigned to Seller in connection with Seller's purchase of the Development.

"Property": Shall have the meaning set forth in Section 1.3 below.

"Purchase Price": The sum of Four Million Four Hundred Fifty Thousand Two Hundred Thirty Dollars ($4,450,230).

1.2 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Property (as defined in Section 1.3) at the Closing (as defined in Section 9.2).

1.3 Description of Property. The "Property" shall consist of the following:

(a) Land. The land to be purchased hereunder (the "Land") is an approximately 8.837 acre parcel constituting all of Lot 8 ("Lot 8") and a portion of Lot 9 ("Lot 9") of Parcel Map 97-196 as shown on a map filed in Book 301, pages 36 to 40, inclusive, of Parcel Maps of Orange County, which land is depicted and described as "Parcel 2" of the application for Lot Line Adjustment LL 99-000 attached hereto as Exhibit A (the "Application for Lot Line Adjustment"). The lot-line adjustment pursuant to the Application for Lot Line Adjustment ("Lot Line Adjustment"), which will establish the Land as a legal parcel in accordance with the California Subdivision Map Act (Cal. Gov. Code '66410 et seq.) (the "Map Act"), will not be approved and recorded until after the Closing. Accordingly, the parties agree that all of Lots 8 and 9 will be conveyed to Buyer at the Closing, subject to Buyer's commitment to cooperate with the Lot Line Adjustment and reconvey the Reconveyance Parcel (as defined in Section 1.4 below) to Seller as provided in Section 1.4 below.

(b) Improvements. Any improvements upon the Land at the Closing (collectively, the "Improvements"). Prior to the Closing, Seller will rough grade the Land to superpad condition, with a typical grade average of approximately two percent (2%) (the "Seller Grading Work").

(c) Appurtenances. The interest of Seller in all rights, privileges

and easements appurtenant to the Land and Improvements other than those rights expressly reserved in the Grant Deed (the "Appurtenances").

(d) FCPP Fee Credits. In addition to the Land, Improvements and Appurtenances, Seller agrees to convey to Buyer at the Closing, FCPP Fee Credits in an amount equal to $454,494.00. The FCPP Fee Credits will be assigned at the Closing through Escrow by delivery of a notice of assignment in the form of Exhibit "B" (the "Assignment of FCPP Fee Credits"). The FCPP Fee Credits shall be conveyed to Buyer free of any lien, charge or encumbrance in favor of any third party.

The Land, Improvements, Appurtenances and FCPP Fee Credits are collectively referred to as the "Property". The Property (other than the FCPP Fee Credits) shall be transferred to Buyer at Closing pursuant to a grant deed in the form of Exhibit "C" attached hereto (the "Grant Deed").

1.4 Reconveyance Commitment. As indicated in Section 1.3 above, the Land to be conveyed to Buyer at the Closing will include an approximately 0.573 portion of Lot 9 which is within Parcel 4 of the Application for Lot Line Adjustment attached hereto as Exhibit "A" and which does not constitute part of the Property being sold to Buyer hereunder but will initially be conveyed to Buyer at the Closing, subject to reconveyance as provided herein, to comply with the Map Act. Prior to the Closing, Seller will submit the Application for Lot Line Adjustment to the City. Seller shall pay all engineering, legal, processing and recordation costs and fees for the Lot-Line Adjustment and the reconveyance of the Reconveyance Parcel. As a Buyer closing obligation pursuant to Section 9.4 below, Buyer agrees to deposit into Escrow at least one (1) Business Day prior to the Closing Date a Grant Deed in the form of Exhibit "E" (the "Reconveyance Grant Deed"), conveying the Reconveyance Parcel (which is legally described on Exhibit "A" to the Reconveyance Grant Deed) to Seller. In addition, if Buyer intends to encumber the Reconveyance Parcel with a deed of trust or other lien (a "Buyer Lien") at the Closing or pending the reconveyance, Buyer shall, at the time of such encumbrance, also deposit into Escrow an irrevocable request for partial reconveyance ("Partial Reconveyance") from the beneficiary of the Lien, in form sufficient for the Title Company to remove the Lien from title to the Reconveyance Parcel. The Reconveyance Grant Deed and Partial Reconveyance will be held by Escrow Holder in a subescrow, which will survive the Closing, and will be recorded by Escrow Holder, upon written request of Seller, as soon as possible after the Lot-Line Adjustment has been approved by the City and recorded in the Official Records of Orange County, California. The only condition to Escrow Holder's use and recordation of the Grant Deed and Partial Reconveyance shall be the City's approval to and recordation of the Lot-Line Adjustment. Buyer's commitment to reconvey the Reconveyance Parcel is a material element of the consideration for the sale of the Property hereunder, and Buyer hereby covenants that (i) Buyer will cooperate (without obligation to incur any out-of-pocket expense other than with respect to any Partial Reconveyance) with the processing of the necessary approvals and recordation of the Lot-Line Adjustment, including promptly executing any necessary post-Closing applications and documents as the owner of Lot 9; (ii) Buyer will not allow the Reconveyance Parcel to be transferred, occupied or encumbered in any way between the Closing and the date the Reconveyance Grant Deed is recorded (except for a Buyer Lien, so long as Buyer escrows the Partial Reconveyance as provided above); and (iii) any applications made by Buyer for permits, entitlements or changes to entitlements for the Property shall presume and be consistent with

the configuration of the Property after the Lot-Line Adjustment and reconveyance of the Reconveyance Parcel to Seller. Buyer's covenants set forth in this Section 1.4 shall survive the Closing.

2. PAYMENT OF PURCHASE PRICE AND WATER DISTRICT REIMBURSEMENTS

2.1 Payment. Buyer shall deliver the Purchase Price to Seller through Escrow (as defined in Section 9.1) in immediately available federal funds at Closing, in accordance with Section 9.4.

2.2 Deposit. As a condition to the effectiveness of this Agreement, simultaneously with the delivery of this Agreement, Buyer shall deposit the Deposit with Escrow Holder. The Deposit shall be non-refundable at 5:00 p.m. on February 19, 1999 unless (i) Buyer has

terminated this Agreement prior to such time for a Buyer Contingency in strict accordance with Article 4 below or (ii) or this Agreement is subsequently terminated and the Deposit is refundable to Buyer to the extent provided in Sections 5.3, 8.2, 10.2(d) or 11. The Deposit shall be applied to the Purchase Price in the event of the Closing. The Deposit shall be made in immediately available funds or by certified check made payable to Escrow Holder. All funds deposited into Escrow shall be deposited into an interest bearing account with interest accrued thereon credited to Buyer. Buyer's Federal Tax Identification Number is 58-2368838.

2.3 Reimbursement of Prepaid Water District Fees. In addition to the Purchase Price, Buyer shall reimburse Seller through Escrow at the Closing for the following Los Alisos Water District fees which Seller has prepaid for the Property: Plan Check Inspection Fees - $7,635.32 ($878.1533 per acre) and Water/Sewer Hook-Up Fees - $76,513.74 ($8,800 per acre) (the "LAWD Fee Reimbursements").

3. CONDITION OF PROPERTY

3.1 Buyer's Inspection of Property.

(a) Inspection Rights. Subject to the terms and conditions of this Section 3.1, Buyer and Buyer's consultants, agents, engineers, inspectors, contractors and employees directed by Buyer (collectively, "Buyer's Representatives") shall have reasonable access to the Property for the purpose of performing such inspections and investigations of the Property as Buyer may deem necessary and desirable ("Inspections"), including, without limitation inspections and investigations of the Seller Grading Work. Notwithstanding the foregoing, Buyer shall not make excavations or test borings, drill wells, materially disturb any plants, trees or shrubs, or engage in any other activities in, on or around the Property that materially damage the Property, absent specific written consent from Seller, which consent shall not be unreasonably withheld, conditioned or delayed. Buyer's right of entry onto the Property shall be for the limited purpose of performing the Inspections, and Buyer shall have no right to use the Property for any other purpose until after

Closing.

(b) Terms and Conditions. Inspections shall be performed at Buyer's sole cost and expense and subject to such reasonable conditions as Seller may impose. Upon advance request by Seller, Buyer shall divide and share with Seller all environmental testing samples taken from or related to the Property for the purpose of performing separate testing. Buyer shall provide Seller with copies of every report, survey or document which is prepared by third parties in connection with Buyer's Inspections. Before any entry onto the Property, Buyer shall obtain a policy of commercial liability insurance with a combined single limit coverage of not less than $1 million, which shall be on an occurrence basis and name Buyer as an insured and Seller as an additional insured and shall be issued by a responsible insurer reasonably approved by Seller and licensed to conduct business in California. Upon Seller's request, Buyer shall deliver to Seller certificates of insurance evidencing Buyer's compliance with the foregoing. Such insurance policy shall expressly provide that such insurance may not be canceled or reduced in scope or coverage without at least thirty (30) days' prior written notice.

(c) Indemnification. Buyer shall indemnify, defend with counsel reasonably acceptable to Seller and hold Seller harmless from all Claims (as defined below) resulting from physical injury or property damage (but excluding damage or injury caused by the negligence or willful misconduct of Seller) arising out of the acts or activities of Buyer, or Buyer's Representatives in, on or about the Property or arising in connection with the Inspections performed pursuant to this Section 3.1. For purposes of this Agreement, the term "Claims" means claims, demands, damages, losses, judgments, liabilities, fines, penalties, out-of-pocket costs, and out-of-pocket fees and expenses, including, without limitation, fees, costs and expenses of attorneys, consultants and other experts. Without limiting the generality of the foregoing, Buyer shall promptly repair, at its sole cost and expense, any material damage to the Property caused by any Inspection, or entry in, on or around the Property. Seller shall have the right to supervise such repair. Buyer's obligations under this Section 3.1(c) shall survive Closing or the earlier termination of this Agreement.

(d) Buyer's Reports. Upon any termination of this Agreement, other than due to the default of Seller hereunder, Seller, at its option, has the right to request, and Buyer shall promptly thereafter deliver to Seller, any copies of environmental, geotechnical, water or soils reports or studies and surveys prepared for Buyer by third parties and relating to the Property ("Buyer's Reports") provided that Buyer will not be deemed to make any representation or warranty to Seller with respect to the contents thereof. Buyer shall keep the nature of the reports and the contents thereof in strictest confidence and shall not disclose the contents of, or disburse copies of, any of such Buyer's Reports to any person or entity unless required by law to do so. Buyer's obligations under this Section 3.1(d) shall survive Closing or the earlier termination of this Agreement.

3.2 Documents Delivered by Seller. In connection with Buyer's Inspections and its review of the Condition of the Property, Seller has delivered and Buyer acknowledges receipt of the reports, documents and information set forth in Exhibit "F" attached hereto.

3.3 Condition of the Property. Subject to the approval or waiver of the

Contingencies (as defined in Section 4), Buyer's Closing Conditions (as defined in Section 5.1), Seller's obligation to perform the Seller Grading Work in accordance with Paragraph 1.3(b), and Seller's representations and warranties set forth in Section 8.1 with respect to the condition of the Property, and as a material inducement to Seller's execution and delivery of this Agreement and performance of its duties hereunder, Buyer agrees, represents and warrants, that it will purchase the Property "AS IS" and solely in reliance on its own investigation of the Property. Buyer agrees, represents and warrants, that it has conducted (or will conduct to the extent it deems appropriate) an investigation and determine to its satisfaction each and every matter of concern or relevance relating to the Property, including without limitation the financial, legal title, physical and environmental condition of the Property, soils, settlement or subsidence conditions, applicable governmental laws and regulations, zoning, building codes, access, the transportation management program referred to in Section 7, the special tax referred to in Section 12.20, and land use laws and regulations and the extent to which the Property complies therewith, and the fitness of the Property for Buyer's contemplated use, the presence of Hazardous Material (as defined in Section 12.1(b)) on the Property and, in general, its environmental condition and title

matters (collectively, the "Condition of the Property"). Subject to the other provisions of this Agreement, Buyer agrees, represents and warrants that (i) it will purchase the Property subject to each and every Condition of the Property, including adverse conditions that may not have been revealed by its investigation of the Property, (ii) Seller has no obligation to repair, correct or compensate Buyer for any Condition of the Property, and (iii) by acquiring the Property, Buyer shall be deemed to have waived any and all objections to the Condition of the Property, whether or not any Condition of the Property would have been disclosed by inspection. Seller shall, from the date of this Agreement to the Closing Date, at Seller's sole cost and expense, maintain the Property in good order, condition and repair so that, as of the Close of Escrow, there shall be no material adverse change in the condition of the Property from the condition that exists as of the date of this Agreement, except as specifically provided herein.

3.4 Buyer's Due Diligence.

(a) Limited Representations and Warranties. Buyer acknowledges that Seller makes no representations or warranties express or implied with respect to the Property except as set forth in Section 8.1. In light of Buyer's investigations, the parties have negotiated the representations and warranties by Seller set forth in Section 8.1 hereof. By acknowledging satisfaction of the Contingencies and Buyer's Closing Conditions described in Section 4 and Section 5.1 (or waiving one or more thereof), Buyer acknowledges that, except as provided in the representations and warranties in Section 8.1, Buyer is purchasing the Property without any other express or implied warranties of Seller.

(b) Seller's Disclosures. Buyer acknowledges that any and all information of any type which Buyer has received or may receive from Seller or

Seller's Representatives is furnished without any warranty whatsoever except as may be specifically set forth in Section 8.1. Buyer agrees that Buyer will not attempt to assert any liability against Seller for furnishing such information, unless Seller knew to Seller's knowledge that such information was false, misleading or fraudulently prepared. Any disclosure whatsoever to Buyer pursuant to this Agreement shall not enlarge or add to the warranties and representations of Seller beyond those specifically set forth in Section 8.1.

3.5 Release. Except for unknown claims attributable to Seller's fraud, gross negligence or willful misconduct, effective as of the Close of Escrow, Buyer waives, releases, acquits, and forever discharges Seller, and Seller's agents, directors, officers and employees to the maximum extent permitted by law, and from any and all Claims, whether direct or indirect, known or unknown, foreseen or unforeseen, that it now has or which may arise in the future on account of or in any way growing out of or connected with the Condition of the Property; provided, however, the foregoing shall not apply to Claims related to a matter which would be a breach of Seller's representations and warranties set forth in Section 8.1 or otherwise would be deemed to be a default by Seller pursuant to Section 10.2. BUYER EXPRESSLY WAIVES ANY OF ITS RIGHTS GRANTED UNDER CALIFORNIA CIVIL CODE 1542, WHICH PROVIDES AS FOLLOWS: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT

THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Buyer's Initials /s/ LFN Seller's Initials /s/ PHM

4. BUYER'S CONTINGENCIES

Buyer's shall have the right to terminate this Agreement and have the Deposit returned to it if Buyer timely disapproves any of the following contingencies (Contingencies") in strict accordance with this Article 4.

4.1 Title

(a) Title Objections. Seller has provided Buyer with a preliminary report issued by the Escrow Holder with respect to the Property and copies of the underlying documents referred to therein (the "Preliminary Report") and an ALTA survey of the Project which was prepared prior to and does not reflect the Parcel Map (the "Survey"). Prior to 5:00 p.m. California time on February 12, 1999, Buyer shall review the Preliminary Report and Survey and deliver to Seller and Escrow Holder written notice (Buyer's "Title Notice") of any objection to the Preliminary Report and/or Survey (Buyer's "Title Objections"). If Buyer fails to timely deliver the Buyer's Title Notice as provided above, Buyer shall be deemed to have approved the Preliminary Report and Survey in their entirety. Prior to 5:00 p.m. California time on February 17, 1999 ("Seller's Notice Date"), Seller shall notify Buyer in writing whether Seller will eliminate any timely made Buyer Title Objections (the "Seller's Title Notice"). If Seller elects to eliminate or cure a Title Objection, the elimination or curing by

Seller (by endorsement or otherwise) of the Title Objections shall be completed on or before and shall be a condition of the Closing. If Seller elects to eliminate or cure a Title Objection but fails to do so by the Closing, Buyer may pursue its remedies pursuant to Section 10.2. If (i) Seller does not deliver
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Seller's Title Notice on or before Seller's Notice Date, or (ii) Seller notifies Buyer that Seller is unable or unwilling to cure any Title Objections, Buyer shall elect prior to 5:00 p.m. California time on February 19, 1999 either to waive such existing Title Objections or deliver to Seller written notice terminating this Agreement in accordance with Section 4.3 below. If Buyer fails
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to give Seller notice of its election within the required period, Buyer shall be deemed to have elected to waive such Title Objections.

(b) Amendment to Project CC&R. Seller has previously recorded a
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Declaration of Covenants, Conditions and Restrictions for MSGW/Pacific Commercentre against the Land and the Project (the "Project CC&R"). Seller will prior to or concurrently with the Closing execute and record an amendment to the Project CC&R substantially in the form attached hereto as Exhibit "G" (the
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"Project CC&R Amendment"). If the Project CC&R Amendment is recorded at the
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Closing, the Amendment shall be recorded by the Escrow Holder prior to the Grant Deed.

(c) Permitted Exceptions. The term "Permitted Exceptions" shall mean
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(i) all exceptions to title shown in the Preliminary Report and Survey other than exceptions Nos.

2,3,4,5,17,18,22,25 and 26 of the Preliminary Report which Buyer has timely disapproved and Seller has agreed to eliminate from title at the Close of Escrow; (ii) any exceptions and reservations set forth in the Grant Deed; (iii) the Project CC&R Amendment; (iv) the Reconveyance Commitment; and (v) any other matter that is approved or caused by Buyer, its employees, agents, representatives, affiliates or any other third parties having claims against Buyer. Notwithstanding the foregoing, Seller shall eliminate any and all mechanics liens, judgment liens, delinquent tax liens, loans secured by mortgages, deeds of trust, security agreements or fixture filings and/or any other monetary lien or encumbrances, other than those approved or caused by Buyer, its employees, agents, representatives or affiliates or any other third parties having claims against Buyer, and such items shall not be deemed to be Permitted Exceptions.

4.2 Inspection/Feasibility. Buyer shall have until 5:00 p.m. California
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time on February 19, 1999, to investigate and approve, in Buyer's sole discretion, the Condition of the Property. If Buyer disapproves the Condition of the Property, Buyer may terminate this Agreement by written notice delivered to Seller and Escrow Holder no later than 5:00 p.m. California time on February 19, 1999 in strict accordance with Section 4.3 below. Unless Seller has
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provided notice to Buyer of the completion of Seller Grading Work pursuant to Section 1.3(b) above by February 17, 1999, Seller's covenant to perform the
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Seller Grading Work shall survive Buyer's approval of the Condition of the Property and the Close of Escrow hereunder.

4.3 Disapproval of Contingencies. If Buyer desires to terminate this
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Agreement for disapproval of either of the Contingencies set forth in Sections
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4.1(a) or 4.2 above, Buyer shall deliver written notice of termination ("Notice
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of Termination") to Seller and Escrow Holder no later than 5:00 p.m. California time on February 19, 1999. If Buyer timely delivers a Notice of Termination, this Agreement shall immediately terminate, the Deposit shall be returned to Buyer, and thereafter the parties shall have no further obligation or liability under this Agreement except for obligations which this Agreement provides expressly survive termination set forth in Section 3.1(c). In the event of any termination of this Agreement pursuant to the terms of this Section 4.3, any cancellation fee or other costs of the Escrow Holder shall be borne equally by Seller and Buyer. In the event Buyer does not timely deliver the Notice of Termination as provided above, Buyer shall irrevocably be deemed to have approved each of the Contingencies.

5. CONDITIONS TO CLOSING

5.1 Buyer's Closing Conditions. Buyer's obligation to purchase the Property is expressly conditioned on the fulfillment of each of the conditions precedent at or before Closing described below ("Buyer's Closing Condition"). Buyer's Closing Conditions are solely for Buyer's benefit and any and all of Buyer's Closing Conditions may be waived in writing by Buyer in whole or in part.

(a) Title. Title to the Real Property shall be conveyed to Buyer by Grant Deed (with documentary transfer tax information to be filed separately) subject only to the Permitted Exceptions. It shall be a Buyer's Closing Condition that the Escrow Holder shall be

irrevocably and unconditionally committed to issue to Buyer an ALTA extended coverage owner's policy ("Title Policy"), insuring title to the Real Property in an amount equal to the Purchase Price, subject only to the Permitted Exceptions.

(b) Delivery of Closing Documents. It shall be a Buyer's Closing Condition that Seller shall deliver through Escrow the documents specified in Section 9.3.

(c) Performance of Covenants. It shall be a Buyer's Closing Condition that Seller shall perform the covenants of Seller under this Agreement to be performed by Seller before Closing.

(d) Contingencies. It shall be a Buyer's Closing Condition that the Contingencies shall have been approved or waived by Buyer.

(e) Representations and Warranties. All of the representations and warranties of Seller set forth in Article 8 hereof shall be true and correct as of the Closing.

(f) Approval of Plans. Seller shall have provided or caused to be provided all required approvals under the Project CC&R for the Buyer's plans for the development of the Property which are attached hereto as Exhibit"D".

5.2 Seller's Closing Conditions. Seller's obligation to sell the Property

is expressly conditioned upon the fulfillment of each of the conditions precedent at or before Closing described below ("Seller's Closing Conditions"). Seller's Closing Conditions are solely for Seller's benefit and any or all of Seller's Closing Conditions may be waived in writing by Seller in whole or in part without prior notice.

(a) Waiver of Contingencies. It shall be a Seller's Closing Condition that Buyer shall have acknowledged (except where such approval or waiver is deemed to have occurred pursuant to this Agreement) its approval or waiver of all the Contingencies by delivering to Seller written notice thereof.

(b) Purchase Price/Reimbursements. It shall be a Seller's Closing Condition that Buyer shall have delivered to Seller through Escrow the Purchase Price and the LAWD Fee Reimbursements.

(c) Delivery of Closing Documents and Funds. It shall be a Seller's Closing Condition that Buyer deliver through Escrow the documents and funds specified in Section 9.4.

(d) Performance of Covenants. It shall be a Seller's Closing Condition that Buyer shall have performed the covenants of Buyer under this Agreement to be performed prior to Closing.

5.3 Termination. If Buyer's Closing Conditions or Seller's Closing Conditions, as the case may be, are not approved or waived (including a deemed approval or waiver) within

the time period allowed, this Agreement may be terminated by the party in whose favor the Closing Condition runs by written notice to the other. If this Agreement is so terminated, the parties shall have no further obligation or liability under this Agreement, except as provided in Section 10, Section 3.1(c) and this Section 5.3. In the event this Agreement is terminated due to a failure of a Buyer's Closing Condition to be satisfied, then the Deposit shall be returned to Buyer. Any cancellation fee or other costs of the Escrow Holder shall be borne equally by Seller and Buyer, unless this Agreement is terminated due to a default of one party, in which event the defaulting party shall bear such costs and fees.

6. Modification of Master CC&R.

6.1 Changes. Buyer acknowledges and agrees that, either before or after the close of escrow, PacTel Systems, a California corporation ("PacTel") has the right, but not the obligation to amend the Pacific Commercentre CC&R in order to accomplish any or all of the following "Changes": (i) add in the restriction described in Section 6.2, and (ii) implement such other changes to the Pacific Commercentre CC&R which do not materially and adversely impact Buyer. Buyer agrees to cooperate (without obligation to incur any out-of-pocket expense) with all of PacTel's efforts to make the Changes, including, if necessary, execution of any amendment or new or additional agreement to the Pacific Commercentre CC&R; provided however, Buyer shall have the right to reasonably disapprove any change which either (i) pertains to the Development or Buyer's intended use and

enjoyment thereof and has a material adverse effect on same, or (ii) increases Buyer's liabilities or obligations.

6.2 Self Storage Development Restriction. PacTel has the right to amend the Pacific Commercentre CC&R to prohibit construction of a "self storage project" on some or all of the lots specified below ("Restricted Lots") and to provide that such provision cannot be modified without the consent of Lot 20 of Tract 13343 ("Benefitted Lot"). Such prohibition commenced on September 5, 1995 and shall terminate on the later of termination of the Pacific Commercentre CC&R or March 22, 2007. The term "self storage project" means a project having more than 10,000 gross square feet of individual storage rental units, partitioned for the exclusive use of one tenant, with separate secure access. The Restricted Lots are the following: Tract 13343, Lots 4-5, 12-19; Tract 14315, Lots 1-6, 10; Tract 13344, Lots 3-23, 27-29, 39-44; and Tract 13179, Lots 1-2.

7. TRANSPORTATION MANAGEMENT PROGRAM

From and after the Closing Buyer confirms and agrees that it shall implement and shall cause all occupants of the Land to comply with a transportation management program complying with Condition of Approval No. 5, Board of Supervisors Resolution No. 87-1065, County of Orange. Notwithstanding anything to the contrary in this Agreement, this Section 7 shall survive the Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Seller's Representations and Warranties. Seller hereby warrants and represents as of the date hereof and as of the Closing the matters set forth below in this Section 8.1. For the purpose of this Section 8.1, "to Seller's knowledge" shall mean the current actual knowledge of John Dobrott, Jonathan Thorpe, and Patrick Murphy (or, if any of the named people are no longer associated with Seller, then the person or persons who replaced same) as of the date the representations and warranties are made, without any imputed or constructive knowledge or duty of inspection, investigation or diligence. Seller represents that the aforementioned individuals are the principals, employees or agents of Seller with primary responsibility for the development, operation and management of the Property and for the matters which are the subject of this Agreement.

(a) Organization; Authority. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly organized, existing and qualified to do business in the State of California. Seller has full power and authority to enter into and perform under this Agreement and has sufficient financial resources to fulfill Seller's obligations under this Agreement. Seller has received no written notice of, nor does Seller have any knowledge of, any attachments or execution proceedings and no assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending, nor has Seller received any written notice of any such actions being threatened against Seller, nor are any such proceedings contemplated by Seller, nor has Seller ever been a debtor under any case commenced under the United States Bankruptcy Code.

(b) Litigation. To Seller's knowledge, there is no pending litigation or arbitration proceeding or threatened litigation or arbitration directly affecting the Property or this transaction. Seller shall notify Buyer of any

pending or threatened litigation of which Seller receives notice prior to the Closing, and the provisions of Section 8.2 shall apply to such notice.

(c) Governmental Action. Seller has received no written notice from any governmental agency concerning any governmental proceeding or investigation of the Property, any violation of any laws, regulations or ordinances with respect to the Property, any pending or threatened condemnation proceeding involving the Property, and to Seller's knowledge there are none.

(d) Foreign Person. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code").

(e) Hazardous Material. To Seller's knowledge, except as disclosed in the environmental reports and materials listed on Exhibit "F" attached hereto, there is no Hazardous Material on the Property that is in violation of any applicable law or requires investigation or remedial action under applicable law. Neither Seller, nor to Seller's knowledge, any other person has generated, manufactured, stored, treated or disposed of Hazardous Materials on, into, over, under or from the Property or transported any Hazardous Materials to, from or across the

Property in violation of law. The Property does not contain any underground treatment or storage tanks or water, gas or oil wells, installed or permitted by Seller, or, to Seller's actual knowledge, by anyone else.

(f) Agreements. The execution, delivery and performance by Seller of this Agreement will not conflict with nor cause a breach of or default under any agreements to which Seller is a party.

(g) Authority of Individuals. The individuals executing this Agreement and the instruments referred to herein on behalf of Seller have the legal power, right, and actual authority to bind Seller to the terms and conditions of those documents.

(h) Enforceable Agreements. This Agreement and all other documents required to close this transaction are and will be valid, legally binding obligations of and enforceable against Seller in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

(i) No Cemetery. The Property does not contain any cemetery or burial ground.

(j) No Conveyances. Without the prior written consent of Buyer, Seller will not convey any interest in the Property, and Seller will not subject the Property to any additional liens, encumbrances, covenants, conditions, easements, rights of way or similar matters after the date of this Agreement, except as may be otherwise provided for in this Agreement, which will not be eliminated prior to Closing.

(k) No Demand. As of the date of this Agreement and of the Closing,

Seller has no agreements or commitments to sell the Property to any third party and has received no demands or claims alleging Seller is so committed.

8.2 Subsequent Disclosures. If, after the date hereof and before Closing, Seller or Buyer discovers facts that make one or more of the representations and warranties made by Seller in Section 8.1 materially incorrect, Seller or Buyer (as the case may be) shall immediately notify the other in writing of such facts. Thereafter, if such representation or warranty was known by Seller to have been untrue as of the date hereof, Seller shall correct the representation and warranty and, cure the matter referred to so that its representations and warranties are no longer incorrect, and Seller's obligations set forth in this sentence shall survive the Close of Escrow. If the representation or warranty was not known by Seller to be incorrect or untrue as of the date hereof, Seller may decline to do so, and if Seller so declines to cure such matter or if such cure is not completed by Closing, Buyer may, at its option, (i) proceed to buy the Property pursuant to this Agreement, in which case Buyer's objection to the incorrectness of Seller's representations and warranties shall be deemed waived by Buyer, or (ii) terminate this Agreement, implementing the termination provisions in the Section 4 subsection entitled "Disapproval of Contingencies", except in the event of Seller's actual fraud, intentional

misrepresentation, or intentional breach of a representation or warranty herein, in which case the provisions of Section 10.2 shall control.

8.3 Buyer's Representations and Warranties. In addition to its representations and warranties made elsewhere in this Agreement, Buyer hereby warrants and represents as of the date hereof and as of the Closing Date that Buyer is the entity or the Designee of the entity described in the preamble, duly organized, validly existing and, by the Closing will be, in good standing under the laws of the State of California; possesses full power and authority to enter into and perform this Agreement; and by the Closing will have sufficient financial resources to fund payment of the Purchase Price and LAWD Fee Reimbursements at Closing and to perform all of Buyer's assumed obligations. Buyer has received no written notice of, nor does Buyer have any knowledge of, any attachments or execution proceedings and no assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Buyer, nor are any of such proceedings contemplated by Buyer, nor has Buyer ever been a debtor under any case commenced under the United States Bankruptcy Code.

8.4 Survival. All representations and warranties contained in this Article 8 shall survive the Closing for one (1) year and then shall automatically terminate unless an action has been commenced. Such representations and warranties shall expire and the parties hereby waive any right to bring any claim or action with respect thereto unless such action is commenced by the filing of a lawsuit and service of such action upon the other party prior to the first anniversary of the date of the Closing.

9. CLOSING

9.1 Escrow. An escrow ("Escrow") shall be opened with the Escrow Holder at its office in Irvine, California, within three (3) days after the full execution of this Agreement. Buyer and Seller shall promptly upon request therefor execute such additional escrow instructions as are reasonably required to consummate the transaction contemplated by this Agreement and are not inconsistent herewith.

9.2 Closing. The "Closing" means the exchange of money and documents as described herein, and will be deemed to have occurred when Seller's Grant Deed to Buyer has been recorded, the Escrow Holder holds and can record and deliver the remaining documents described in this Article 9 and is irrevocably and unconditionally committed to issue the Title Policy and Buyer has delivered the Purchase Price and LAWD Fee Reimbursements in immediately available funds to the Escrow Holder. Seller and Buyer agree that the Closing shall occur on the Closing Date. The Closing will be at the offices of the Escrow Holder or such other place as the parties may agree.

9.3 Seller's Closing Obligations. Not later than one (1) Business Day before the Closing Date, Seller shall deliver to the Escrow Holder for delivery to Buyer (or the party noted below) through Escrow the following:

(a) The Grant Deed, duly executed and acknowledged by the Seller and in recordable form;

(b) The Assignment of FCPP Fee Credits, duly executed by the Seller;

(c) Certificates required by Section 1445 of the Internal Revenue Code of 1986, as amended, and California Revenue and Taxation Code Section 18815 executed by Seller and in a form satisfactory to Buyer, to relieve Buyer of any potential transferee withholding liability under such Section;

(d) Only to the extent required by Escrow Holder in order to issue the Title Policy and only for delivery to Escrow Holder, such proof of Seller's authority and authorization to enter into this Agreement and perform hereunder, and such proof of power and authority of the individuals executing and/or delivering any instruments, documents or certificates on behalf of Seller to act for and bind Seller as may reasonably be required by the Escrow Holder; and

(e) Other documents reasonably required to properly consummate this transaction.

9.4 Buyer's Closing Obligations. On the Closing Date, Buyer shall deliver to Escrow Holder by wire transfer such amount in immediately available federal funds which is equal to the Purchase Price, minus the amount of the Deposits paid by Buyer, plus the LAWD Fee Reimbursements and plus Buyer's estimated share of prorations and closing costs. Not later than one (1) Business Day before the Closing Date, Buyer will deliver to Escrow Holder for delivery to Seller (or the party noted below) through Escrow for delivery to Seller (or the party noted below).

(a) A Special Tax Disclosure Agreement Re Community Facilities District No. 87-7 of the County of Orange (Los Alisos) (the "Special Tax Disclosure Agreement"), in form attached as Exhibit "H", for delivery to the County of Orange;

(b) The Reconveyance Grant Deed, fully executed by Buyer and in recordable form;

(c) If Buyer is concurrently recording a Purchase Money Deed of Trust, a Partial Reconveyance executed by the beneficiary of the Purchase Money Deed of Trust (the delivery and effectiveness of which may only be conditioned upon City approval and recordation of the Lot-Line Adjustment);

(d) To the extent required by Escrow Holder in order to issue the Title Policy and only for delivery to Escrow Holder, such proof of Buyer's

authority and authorization to enter into this Agreement and perform hereunder, and such proof of power and authority of the individuals executing and/or delivering any instruments, documents or certificates on behalf of Buyer to act for and bind Buyer; and

(e) Other documents reasonably required to properly consummate this transaction.

9.5 Close of Escrow. If on the Closing Date, (i) the Escrow Holder holds and can deliver the documents described in Section 9.3 and Section 9.4, (ii) the Escrow Holder is irrevocably and unconditionally committed to issue the Title Policy with respect to the Property, (iii) the Buyer has delivered the funds required under Section 9.4(a), and (iv) the Escrow Holder can record the Grant Deed for the Property, then the Escrow Holder shall:

(a) Record the Grant Deed;

(b) Deliver the Purchase Price and LAWD Fee Reimbursements (less Seller's share of any net prorations and closing costs) to Seller as directed by Seller;

(c) Deliver the remaining documents to the respective parties specified in Section 9.3 and Section 9.4;

(d) Deliver the remaining funds to Seller or Buyer, as the case may be, after taking into account all items chargeable to the account of Seller and Buyer pursuant to Section 9.8 and Section 9.9; and

(e) Deliver the Special Tax Disclosure Agreement to the County of Orange.

9.6 Prorations.

(a) Prorations Paid Through Escrow. The Property constitutes a portion of two or more tax assessor parcels (the "Assessor Parcels"), which Assessor Parcels also include other land. Escrow Holder shall pay the second installment of 1998-1999 property taxes and assessments for the Assessor Parcels (the "Tax Payment") at the Closing. Real property taxes and current installments of any assessments applicable to the Property shall be prorated as of the Closing Date (as defined in Section 1.1), with taxes and assessments allocable to the period on and after Closing Date for the Property to be for Buyer's account, and taxes and assessments allocable for (i) the Property for the period before the Closing Date and (ii) any land other than the Property to be for Seller's account. Taxes and assessments shall be apportioned between the Property and other land within the Assessor Parcels on an acreage basis. Seller's share of the Tax Payment shall be deducted from the sales proceeds otherwise distributable to Seller hereunder and Buyer shall deposit its share of the Tax Payment with Escrow Holder concurrent with its payment of the Purchase Price. Any property taxes assessed against the Property after the Closing Date, with respect to any period of time before the Closing Date, shall be paid by Seller on demand, which obligation shall survive the Closing. All prorations shall be made as of 12:01 a.m. on the Closing Date and Buyer shall bear the burden of the expenses for such day. Any delinquent taxes and assessments for the Property will be paid at Closing from funds accruing to Seller.

(b) Adjustment After Closing. Any income or expense which cannot be

ascertained with certainty as of the Closing Date shall be prorated on the basis of the parties'

reasonable estimates of such amounts and shall be the subject of a final proration as soon thereafter as the precise amounts can be ascertained but in no event later than one hundred eighty (180) days after the Closing. A statement setting forth such agreed proration shall be delivered to the Escrow Holder, provided Escrow Holder shall not be required to calculate any prorations. Seller and Buyer shall each cooperate with the other diligently and promptly to correct any errors in computations or estimates under this Section 9.6 and shall promptly pay to the party entitled thereto any refund, credit or other payment necessary to comply with this Section 9.6. This Section 9.6 shall survive the Closing. Either party owing the other party a sum of money based on adjustments made to prorations after the Closing shall promptly pay that sum to the other party, together with interest thereon at the rate of Ten Percent (10%) per annum from the date of demand of payment to the date of payment if payment is not made within thirty (30) days after demand therefor.

9.7 Termination of Escrow. Subject to Buyer's rights with respect to the satisfaction or waiver of Buyer's Closing Conditions at the times and in the manner set forth in this Agreement, if Closing does not take place as set forth in Section 9.2 and Seller shall not be deemed to be in default hereunder pursuant to Section 10.2(a), then the Escrow shall terminate, all documents deposited into Escrow shall be returned to the respective parties, and, subject to the provisions of this Agreement, the Deposits shall be delivered to Seller.

9.8 Possession. Seller shall retain possession of the Property until Closing and shall deliver possession to Buyer upon Closing.

9.9 Closing Costs. Seller shall pay the real property transfer taxes on this transaction, the premium for a standard coverage form of owner's policy of title insurance (CLTA) in the amount of the Purchase Price, the premium for any endorsement against mechanic's liens for work performed by Seller and the premium for any other curative endorsements for any title exceptions Seller has committed to eliminate or cure in a Seller's Title Notice. Buyer shall pay any additional premiums or charges with respect to the Title Policy, including any additional extended coverage (ALTA) and endorsements. Seller and Buyer shall each pay one-half of the escrow fees. Seller shall pay the costs of recording any necessary releases or reconveyances, and the costs of recording the Grant Deed and the Project CC&R Amendment. Buyer shall pay all costs related to any Partial Reconveyance and the costs of recording any other documents. All other closing costs shall be divided as is customary in Orange County. This Section 9.9 shall survive the Closing.

9.10 Commissions.

(a) Cushman Realty Corporation/Cushman & Wakefield of California.

Conditioned upon the Closing, Seller shall pay (i) a brokerage commission equal to three percent (3%) of the Purchase Price to Cushman Realty Corporation ("CRC"), which shall be paid through Escrow at the Closing and (ii) any commission due and payable to Cushman & Wakefield of California ("C&W") with respect to the transactions contemplated hereunder, which shall be pursuant to a separate agreement between Seller.

C. Other Brokers. Except for CRC and C&W, Seller represents and warrants to Buyer and Buyer represents and warrants to Seller that it has not engaged any broker or finder in connection with any of the transactions contemplated by this Agreement, and that no broker or finder is in any way connected with any of such transactions. In the event of any claim for broker's or finder's fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the transactions contemplated hereby, (a) Seller shall indemnify, save harmless, protect and defend Buyer any successor of Buyer, and its and their respective officers, directors, shareholders, members partners, employees, agents and representatives (collectively, the "Buyer's Indemnitees") from and against, any and all claims for brokerage or finders fees, including costs and expenses (including attorneys' fees) in connection therewith, which Buyer or any of the Buyer's Indemnitees may suffer or incur as a direct or indirect consequence of (i) Seller's failure to timely pay any fees or commissions owed to CRC or C&W when due or (ii) any alleged or actual statement, representation or agreement made by Seller or any of the Seller's Indemnitees (as defined below) and (b) Buyer shall indemnify, save harmless, protect and defend Seller and any successor of Seller, and its and their respective officers, directors, shareholders, members partners, employees, agents and representatives (collectively, the "Seller's Indemnitees") from and against, any and all claims for brokerage or finders fees (other than claims by CRC and/or C&W), including costs and expenses (including attorneys' fees) in connection therewith, which Seller or any of the Seller's Indemnitees may suffer or incur as a direct or indirect consequence of any alleged or actual statement, representation or agreement made by Buyer or any of the Buyer's Indemnitees. The provisions of this Section 9.10 shall survive Closing hereunder for a period of one (1) year.

9.11 Parties to Bear Own Expenses. Except as otherwise provided in this Agreement, each of the parties hereto shall pay all the costs and expenses incurred or to be incurred by them in negotiating and preparing this Agreement and in carrying out the transaction contemplated hereby.

9.12 General Escrow Instructions. The general escrow instructions in Exhibit "I" are hereby incorporated herein by this reference. In the event of any conflict between this Agreement and Exhibit "I" the terms of this Agreement shall prevail.

10. DEFAULT AND INDEMNIFICATION

10.1 Buyer's Default.

(a) Default. Buyer shall be deemed to be in default hereunder if Buyer fails, for any reason other than Seller's default hereunder or the failure of a condition precedent to Buyer's obligation to perform hereunder, to meet, comply with or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, or there shall have occurred a material breach of any representation or warranty made by Buyer; provided, however, no such default shall be deemed to have occurred unless and until Seller has given Buyer written notice thereof, describing the nature of the default, and Buyer has failed to cure such default within five (5) Business Days of the receipt

of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

(b) LIQUIDATED DAMAGES. IF THE CLOSING FAILS TO OCCUR BY REASON OF DEFAULT OF BUYER UNDER THE TERMS OF THIS AGREEMENT, BUYER SHALL BE RESPONSIBLE FOR ALL CANCELLATION CHARGES REQUIRED TO BE PAID TO ESCROW HOLDER AND ANY ESCROW CHARGES. IN ADDITION, THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES SHALL TERMINATE AND THE DEPOSIT AND ALL INTEREST ACCRUED THEREON SHALL BE IMMEDIATELY DELIVERED BY ESCROW HOLDER TO SELLER ON SELLER'S REQUEST. THE DEPOSIT SHALL BE DEEMED LIQUIDATED DAMAGES FOR BUYER'S FAILURE TO ACQUIRE THE PROPERTY AS SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER AT LAW OR IN EQUITY (INCLUDING, WITHOUT LIMITATION, SELLER'S RIGHTS TO SEEK SPECIFIC PERFORMANCE OF THIS AGREEMENT AND TO RECEIVE DAMAGES FOR FAILURE TO ACQUIRE THE PROPERTY) WHICH SUM SHALL BE PRESUMED TO BE A REASONABLE ESTIMATE OF THE AMOUNT OF ACTUAL DAMAGES SUSTAINED BY SELLER BY REASON OF BUYER'S BREACH OF ITS OBLIGATION TO ACQUIRE THE PROPERTY. FROM THE NATURE OF THIS TRANSACTION, IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES THAT SELLER WOULD SUSTAIN, SHOULD BUYER BREACH ANY OF ITS OBLIGATIONS. THE IMPRACTICABILITY AND DIFFICULTY OF FIXING ACTUAL DAMAGES IS CAUSED BY, WITHOUT LIMITATION, THE FACT THAT THE PROPERTY IS UNIQUE. GIVEN THE FOREGOING, AMONG OTHERS, BUYER AND SELLER AGREE THAT LIQUIDATED DAMAGES ARE PARTICULARLY APPROPRIATE FOR THIS TRANSACTION AND AGREE THAT SAID LIQUIDATED DAMAGES SHALL BE PAID IN THE EVENT OF BREACH BY BUYER, NOTWITHSTANDING ANY WORDS OR CHARACTERIZATIONS PREVIOUSLY USED OR HEREIN CONTAINED IMPLYING ANY CONTRARY INTENT, THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671,1676 AND 1677. NOTHING HEREIN SHALL, HOWEVER, BE DEEMED TO LIMIT BUYER'S LIABILITY TO SELLER FOR DAMAGES OR INJUNCTIVE RELIEF FOR BREACH OF SECTIONS 3.1(c) OR THE INDEMNITY OBLIGATIONS OF BUYER OR FOR ATTORNEYS FEES AND COSTS AS PROVIDED IN SECTION 12.14.

Buyer's Initials /s/ LFW

Seller's Initials /s/ PHM

10.2 Seller's Default.

(a) Default. Seller shall be deemed to be in default hereunder if Seller fails, for any reason other than Buyer's default hereunder or the failure of a condition precedent to Seller's obligation to perform hereunder, to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required

in this Agreement, or there shall have occurred a material breach of any representation or warranty (made by Seller); provided, however, no such default shall be deemed to have occurred unless and until Buyer has given Seller written notice thereof describing the nature of the default, and Seller has failed to cure such default within five (5) Business Days of receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

(b) Remedies. If Seller shall be deemed to be in default under Section 10.2(a) at or before Closing, and Buyer does not waive such default, Buyer may pursue one of the following remedies, each of which shall be Buyer's sole and exclusive remedy:

(i) Enforce specific performance of this Agreement against Seller, in which case Buyer shall have no claim for damages or any other remedy against Seller; or

(ii) Terminate this Agreement by written notice delivered to Seller on or before the Closing Date and receive the Deposit and any other monies deposited with Escrow Holder; or (ii) pursue such other remedies at law or equity, as Buyer may determine in its sole discretion.

(c) Remedies After Closing. Except to the extent loss, damage or expense is caused by Seller's gross negligence or willful misconduct, if the Closing has occurred, Buyer shall not be entitled to recovery from Seller for breach of contract, for tort, or for any other reason unless Buyer establishes that Seller shall have breached a representation or warranty contained in Section 8.1 that has not terminated, or Seller has not performed a covenant to eliminate or cure Title Objections pursuant to Section 4.1, in which case Buyer may seek actual and/or "out-of-pocket" damages by reason thereof, but shall not be entitled to consequential or other damages or exemplary damages or any other damages or remedy.

(d) Termination Procedure. Upon termination of this Agreement in accordance with this Section 10.2, the Deposits shall be promptly returned to Buyer by the Escrow Holder upon receipt by Escrow Holder of written notice from Buyer advising that Seller has defaulted under this Agreement and Buyer elects to terminate this Agreement pursuant to this Section 10.2 and, in the event such written notice is given after the Contingency Date, Seller's failure to object to such termination within three (3) Business Days of receipt of written notice from Escrow Holder of such election by Buyer. Seller shall be responsible for all cancellation charges and escrow charges required to be paid to the Escrow Holder.

11. CONDEMNATION.

If before Closing any action or proceeding is commenced for the condemnation or exercise of the rights of eminent domain of the Property or any portion thereof, or if Seller is notified by the duly authorized officer of a duly empowered condemning authority, then at Buyer's option either (i) at Closing Seller shall assign and turn over, and Buyer shall be entitled to keep, all awards for the taking by eminent domain which accrue to Seller and the parties shall proceed with the Closing, without modifying the terms of this Agreement and without reducing the Purchase Price, or (ii) Buyer may terminate this Agreement in which case the Deposits shall

be returned to Buyer. Seller shall not negotiate, resist or stipulate to the condemning action without Buyer's written consent. Unless Buyer elects to terminate this Agreement as above provided, the Closing shall not be affected, delayed or prevented as a result of such condemning action.

12. MISCELLANEOUS

12.1 Definition of Environmental Laws and Hazardous Material.

(a) Environmental Laws. "Environmental Laws" shall mean any and all present and future federal, state and local law (whether under common law, statute, rule, ordinance, agreement, regulation or otherwise), requirement under

any permit issued with respect thereto, and other requirements of agencies having jurisdiction thereunder relating to the protection of human health or the environment, including (without limitation) the Federal Insecticide, Fungicide, and Rodenticide Act 7 U.S.C. Section 136, et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.; Federal Asbestos Hazard Emergency Response Act, 15 U.S.C. Section 2641 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq. ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. ("RCRA"); the Federal Water Pollution Prevention and Control Act, 33 U.S.C. Section 1251 et seq. (the "Clean Water Act"); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801. et seq.; the Solid Waste Disposal Act, 42 U.S.C. Section 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Section 1321; 42 U.S.C. Section 7401 et seq. (the "Clean Air Act"); the California Hazardous Waste Control Act, Cal. Health & Safety Code ("H.&S.C.") Section 25100 et seq.; the California Hazardous Substance Account Act, H.& S.C. Section 25300 et seq.; the California Safe Drinking Water and Toxic Enforcement Act, H.& S.C. Section 25249.5, et seq. ("Proposition 65"); the California Hazardous Waste Management Act, H.&S.C. Section 25170.1 et seq.; H.&S.C. Section 25501 at seq. (Hazardous Materials Response Plans and Inventory); the Porter-Cologne Water Control Act, Cal. Water Code Section 13000 et seq.; H.&S.C. Section 25280, et seq. (Underground Storage of Hazardous Substances); H.&S.C. Section 25915 et seq. (the "Connelly Act"); H.&S.C. Section 25359.7; H.&S.C. Section 2595 et seq.; Cal. Labor Code Section 6501.5 et seq.; and Title 22 of the California Code of Regulations; all as amended to the date hereof.

(b) Hazardous Material. "Hazardous Material" shall include any chemical, compound, material, mixture or substance which is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Law as a "hazardous substance," "hazardous material," "reproductive toxicant," "hazardous waste," "extremely hazardous waste," "infectious waste," "biohazardous waste," "medical waste," "toxic substance," "toxic pollutant", "pollutant", "contaminant" or any other formulation intended to define, list, or classify substances by reason of deleterious properties to human health, safety or the environment, such as ignitability, corrosivity, reactivity, carcinogenicity, radioactivity or toxicity, including all petroleum hydrocarbon, petroleum-derived material, natural gas, natural gas liquids, liquified natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas),

asbestos and those substances listed in the United States Department of Transportation Table (49 CFR 172.101, as amended).

12.2 Definition of Business Day. For purposes of this Agreement, "Business Day" means any day other than Saturday, Sunday or a holiday observed by national or federally chartered banks. Any event specified to occur on a non-Business Day shall be extended automatically to the end of the first Business Day thereafter.

12.3 Binding Effect. Subject to the restrictions on assignment contained in Section 12.4, this Agreement shall be binding on and shall inure to the benefit of the parties to it and their respective legal representatives, successors and assigns.

12.4 Assignment. Buyer shall not have the right to make any assignment, delegation or other transfer of its rights, duties, and obligations under this Agreement. Seller shall have the right to assign this Agreement at any time, and upon assumption by the assignee, the assignor shall be relieved of all liability hereunder.

12.5 Severability. If any term, covenant, provision, paragraph or condition of this Agreement shall be illegal, such illegality shall not invalidate the whole Agreement, but, to the extent permitted by law, the Agreement shall be construed to give effect to the intent manifested by the portion held inoperative or invalid and the rights and obligations of the parties shall be construed and enforced accordingly.

12.6 Entire Understanding. Except as provided in this paragraph, this Agreement represents the entire understanding of Buyer and Seller and supersedes all prior and concurrent written or oral agreements or representations, if any, relative to the purchase of the Property, including, without limitation, any letter of intent between Buyer and Seller.

12.7 Amendments. This Agreement may not be modified, changed or supplemented except by written instrument signed by both parties.

12.8 California Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of California applied to agreements to be performed entirely within the State of California by residents of the State of California.

12.9 Waiver. Other than deemed waivers provided for herein, all waivers by either party shall be in writing. The waiver by either party of any breach of any term, covenant or condition of this Agreement shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition of this Agreement.

12.10 Notices. Any and all notices or other communication required or permitted by this Agreement or by law to be served on or given to a party hereto by the other party shall be in writing and given personally (including overnight courier), by facsimile transmission or by registered or certified mail (postage fully prepaid) addressed as follows:

To Seller: MSGW California I, L.L.C.
c/o Gale & Wentworth
2030 Main Street, Suits 310
Irvine, CA 92614
Attention: Jonathan G. Thorpe
Telephone: (949) 260-1900
Facsimile: (949) 260-1925

Copy to: MSGW California I, L.L.C.
c/o Morgan Stanley Real Estate Funds
1999 Avenue of the Stars, Suite 2000
Los Angeles, CA 90067
Attention: Eric Kaplan
Telephone: (310) 788-2212
Facsimile: (310) 788-2281

Copy to: Paone Callahan McHolm & Winton LLP
19100 Von Karman, Eighth Floor
Irvine, CA 92612
Attention: John F. Simonis, Esq.
Telephone: (949) 955-2900
Facsimile: (949) 955-9009

To Buyer: Wells Operating Partnership, L.P.
3885 Holcomb Bridge Road

Norcross, GA 30092
Attention: Mr. Michael Berndt
Telephone: (800) 448-1010
Facsimile: (770) 840-7224

Copy to: Gilchrist & Rutter
1299 Ocean Avenue, Suite 900
Santa Monica, CA 90401
Attention: Jonathan S. Gross, Esq.
Telephone: (310) 393-4000
Facsimile: (310) 394-4700

Copy to: Troutman Sanders LLP
600 Peachtree Street N.E., Suite 5200
Atlanta, GA 30308-2216
Attention: John W. Griffin, Esq.
Telephone: (404) 885-3150
Facsimile: (404) 962-6577

Escrow Holder: Chicago Title Insurance Company
16969 Von Karman
Irvine, CA 92612
Attention: Margie Wheeler
Telephone: (949) 263-2500
Facsimile: (949) 752-8043

Either party may change such address by written notice to the other. Any notice delivered as described above shall be deemed received on the date of delivery. Buyer and Seller hereby agree that notices may be given hereunder by the parties' respective counsel and that, if any communication is to be given hereunder by Buyer's or Seller's counsel, such counsel may communicate directly with all principals as required to comply with the provisions of this Section.

12.11 Captions. The captions inserted herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any of the provisions hereof.

12.12 Exhibits. All exhibits and schedules referred to herein are incorporated by reference as though fully set forth herein.

12.13 Time of the Essence. Time is of the essence in this Agreement and failure to comply with this provision shall be a material breach of this Agreement.

12.14 Attorneys' Fees. Should any party institute any action, proceeding, suit, arbitration, appeal or other similar proceeding or other non-judicial dispute resolution mechanism ("Action") to enforce or interpret this Agreement or any provision hereof, for damages by reason of any alleged breach of this Agreement or of any provision hereof, or for a declaration of rights hereunder, the prevailing party in such Action shall be entitled to receive from the other party(s) all reasonable attorneys' fees, accountants' fees, expert witness fees, and any and all other similar fees, costs and expenses incurred by the prevailing party in connection with the Action and preparations therefor ("Fees"). If any party files for protection under, or voluntarily or involuntarily becomes subject to, any chapter of the United States Bankruptcy Code or similar state insolvency laws, any other party shall be entitled to any and all Fees incurred to protect such party's interest and other rights under this Agreement, whether or not such action results in a discharge.

12.15 Additional Cooperation. Seller and Buyer agree to execute such additional documents or take such additional action, without cost or expense, as may be reasonably necessary or desirable to carry out the provisions of this Agreement or to further perfect the conveyance, transfer and assignment of the Property to Buyer. This provision survives the Closing.

12.16 Confidentiality. Seller and Buyer agree that neither Seller nor Buyer shall disclose to any third party (except as required to obtain consents necessary to consummate the sale and

to obtain governmental approvals) the Purchase Price or the non-public terms and conditions of this Agreement. This provision shall not limit disclosure to the Escrow Holder, to Buyer's prospective partners or lenders, or to the agents, consultants and attorneys retained by Seller and Buyer in connection with this transaction or to the extent that such disclosure is reasonably appropriate to facilitate the consumption of the transactions contemplated by this Agreement or to whom disclosure is reasonable in the performance of services for or on behalf of Buyer or Seller, or disclosure required by applicable laws, legal process or Buyer's efforts to enforce its rights under this Agreement. Notwithstanding anything to the contrary in this Agreement, this Section 12.16 shall survive until December 31, 2000.

12.17 Memorandum. Seller and Buyer agree that neither party shall record a memorandum of this Agreement.

12.18 Consent to Jurisdiction. Seller and Buyer consent to suit with respect to this Agreement and the transaction contemplated hereby, and accept the jurisdiction of the Superior Court for the County of Orange, California, and the U.S. District Court for the Central District of California, and the courts to which appeals would be taken from each of the foregoing.

12.19 Counterparts. This Agreement may be executed and delivered by fax and in counterparts, each of which when executed shall be deemed an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to form one document.

12.20 Notice of Special Tax. Contemporaneously with the execution of this Agreement, Buyer shall execute the Notice of Special Tax for Community Facilities District No. 87-7, County of Orange, California, attached hereto after the signature page.

12.21 Aircraft Environmental Impact Declaration. Pursuant to the Conditions of Approval imposed by the County of Orange in connection with the Pacific Commercentre, Seller makes the following Declaration:

> We make this Declaration concerning aircraft environmental impact for the purpose and subject to the same conditions and limitations as shown in that certain notice concerning aircraft environmental impacts recorded December 1, 1983, as Instrument No. 83-549335 in the Official Records of Orange County, California. The Pacific Commercentre property is subject to overflight, sight and sound of aircraft operating from El Toro Marine Corps Air Station.

12.22 Sewer/Water System Bonds. Seller has posted payment and performance bonds (the "LAWD Bonds") with Los Alisos Water District ("LAWD") as security for

the construction of the water and sewer systems serving the Project ("Water/Sewer Systems"). Buyer will be responsible for the portions of the Water/Sewer Systems on the Property other than the arterial lines in the Loop Road (the "Buyer Water/Sewer Improvements") and shall indemnify, protect defend and reimburse Seller for any claims, draws or demands made against the LAWD Bonds,

Seller or Seller's surety company solely with respect to the Buyer Water/Sewer Improvements or the failure to timely or properly construct same. In addition, within thirty (30) days of written request by Seller, in connection with a release of Seller's obligations to provide the LAWD Bonds or a reconveyance of Seller's LAWD Bonds, at any time prior to the acceptance of the Buyer Water/Sewer Improvements by LAWD, Buyer will provide replacement payment and performance bonds for the Buyer Water/Sewer Improvements as reasonably necessary for Seller to obtain a reconveyance of the LAWD Bonds with respect to the Buyer Water/Sewer Improvements. The covenants set forth in this Section will survive the Closing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

"Seller" MSGW California I, L.L.C.,
a Delaware limited liability company

By: GW Real Estate Fund 1, LLC,
Administrative Member

By: SF Real Estate Fund 1, LLC,
Managing Member

By: /s/ [SIGNATURE ILLEGIBLE]

Its: Vice President

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

By: WELLS REAL INVESTMENT TRUST, INC.,
a Maryland corporation,
General Partner

By: /s/ Leo F. Wells

Title: President

By: _____

Title: _____

[NOTE: Parties must initial Section 3.5 and Section 10.1(b) and Buyer must execute and deliver the Notice of Special Tax.]

EXHIBIT 10.50

DEVELOPMENT AGREEMENT

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

ADEVCO CORPORATION

DEVELOPMENT AGREEMENT

BETWEEN

WELLS OPERATING PARTNERSHIP, L.P.
Owner

AND

ADEVCO CORPORATION,
Manager

March ___, 1999

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EXHIBITS:
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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made and entered into this 31st day of March, 1999, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (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 the City of Lake Forest, Orange County, California, 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 Ware & Malcomb Architects, 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 Ware & Malcomb Architects, Inc., and any other firm employed by the Owner as an architect with respect to the Project.

Architect's Agreement. The term "Architect's Agreement" means the agreement(s) between the Owner and the Architect under which the Architect has been or shall be engaged to prepare architectural designs, plans, drawings and specifications for the Project and to render

other services in connection with the design and construction of the Project. The Architect's Agreement is incorporated herein by this reference.

Building. The term "Building" means a first-class, single tenant, two-story office building, containing approximately 150,000 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 Tenant 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 Tenant, (iv) the term of the Lease has commenced, and (v) Tenant has executed and delivered to the "Landlord" under the 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, Gordon and Williams General Contractors 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.

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 Pacific Commercentre Business Park in Lake Forest, California, as more particularly shown or described on Exhibit "A" attached hereto and by this reference made a part hereof.

Lease. The term "Lease" means the Lease between Owner and Tenant dated as of February 18, 1999, with respect to leasable space in the Building.

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 Operating Partnership, L.P., a Delaware limited partnership, or its assigns.

Project. The term "Project" means the Land, the Building, the Site Improvements, and the Tenant Improvements, collectively.

Site Improvements. The term "Site Improvements" means the surface level parking facilities, sufficient to accommodate approximately 600 automobiles, any and all on and off-site road improvements, walkways, complete utilities and drainage systems, landscaping work, exterior lighting, ground-mounted signs and other site improvements which the Owner intends to develop and construct upon the Land.

Tenant. The term means Matsushita Avionics Systems Corporation, a Delaware corporation.

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 Tenant under or pursuant to the Lease.

Tenant Improvements Completion Date. The term "Tenant Improvements Completion Date" means with respect to the Tenant Improvements for Tenant, the first day in which the Tenant Improvements in Tenant's space have been completed in accordance with the plans and specifications for such Tenant Improvements, all necessary certificates of occupancy or their equivalent have been issued by the applicable governmental authority with respect to such space, and Tenant has accepted its premises (whether or not it has taken possession of its space) as evidenced by a customary estoppel certificate executed by 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, the term of this Agreement shall be extended until the date on which any remedial work required to be performed by the Contractor following completion of the Project shall be so performed and accepted by the Owner.

ARTICLE 4
RESPONSIBILITIES OF THE 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 and the Tenant Improvements.

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 Ware & Malcomb Architects, Inc., as the Architect, and Gordon and Williams General Contractors, 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 Lease, and reviewing and verifying all payment requests from the Architect and the Contractor. The Manager shall serve as the Owner's representative in all discussions, negotiations, and dealings with the Architect, the Contractor and the Tenant. The Manager shall periodically (but no less often than weekly) advise the Owner of the status of the Project and of the performance by the Architect and by the Contractor of their respective duties and obligations with respect to the Project. The Manager shall also assist and advise the Owner with respect to the performance and enforcement by the Owner of its duties and rights under the Architect's Agreement, the Construction Agreement and the Lease. The Manager shall coordinate with the Architect and the Contractor an orderly and expeditious transition from the construction stage of the Project to the operating 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 "Core and Shell Work" and the Tenant Improvements to be constructed and installed by the "Landlord" under the 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 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 Tenant under the 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 Tenant with respect to Tenant Improvements for Tenant) shall exceed $_____, the amount of the fees payable to the Manager under Section 11.2 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 any portion of the Development 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 Section 11.2 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 Tenant are approved by the Owner; provided, however, in the event such costs and expenses shall increase as a result of a change by the Owner in the scope of the work

comprising the Project, the incremental costs due to the change in the scope of the work shall not cause a reduction in the fees payable to the Manager under Section 11.2 hereof. The Owner shall not be obligated to accept or agree to changes in the scope of the work comprising the Project in order to reduce the costs and expenses with respect thereto. The Owner and the Manager agree that appropriate reductions in the fees payable to the Manager (and reimbursements thereof to the Owner, if applicable) shall be effected as and when it is reasonably determined by the Owner that the costs and expenses under any category or line item in the Development Budget shall exceed the amount originally budgeted therefor or that costs and expenses will be incurred that are not originally budgeted under the Development Budget; provided, however, the Owner and the Manager shall make reasonable allocations of the "contingency" category or line item in the Development Budget to other categories or line items prior to effecting a reduction in the fees payable to the Manager, so long as a reasonable reserve is maintained in the "contingency" category or line item to cover future contingencies. Promptly following the Completion Date, the Owner and the Manager shall make any final adjustments and payments between them to give effect to the agreements set forth in this Section 5.4.

ARTICLE 6
AUTHORITY OF THE MANAGER

6.1 General Authority. The Manager shall have, and is hereby granted by the Owner, full and complete power, authority, and discretion to act for, and in the name, place, and stead of, the Owner in carrying out and discharging the responsibilities and obligations of the Manager under this Agreement (including, without limitation, all of the responsibilities imposed upon the Manager under Article 4 hereof); provided, however, that the Manager shall have no right or authority, express or implied, to commit or otherwise obligate the Owner in any manner whatsoever except to the extent specifically provided herein or specifically authorized in writing by the Owner.

6.2 Execution of Documents and Agreements. Only when specifically authorized by the Owner in a writing to the Manager, the Manager may, at the Manager's election, execute any documents, agreements, or other instruments on behalf of the Owner as follows, it being acknowledged that the Manager shall be entitled to the indemnification by the Owner for any obligations or liabilities thereunder and shall not thereby incur any liability or obligation to any third party thereunder:

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

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 Lease are being achieved. The Manager shall identify in such report potential variances between the completion dates required in the 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 in accordance with and subject to the terms and provisions of Section 11.2 hereof, and such Development Fee 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 Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00). The Development Fee shall be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Project are completed. The Development Fee shall be paid in monthly installments commencing with the month following the month during which the on-site development work with respect to the Project shall commence. The remaining balance of the Development Fee shall be due and payable upon the Completion Date.

11.3 Reimbursement of Out-of-Pocket Costs. In addition to the Development Fee, the Owner shall reimburse to Developer the following out-of-pocket expenses actually incurred by Developer in connection with the performance of Developer's duties and responsibilities hereunder: airfare and other reasonable travel costs, including automobile rental and out-of-town meals relating to travel to and from the Project and Developer's office in the Metropolitan Atlanta, Georgia area, long distance telephone charges, postage, courier chargers and overnight

delivery charges (such as Federal Express). In the event Developer shall require the services of Gay Tucker in connection with the Tenant Improvements, Developer may engage Gay Tucker (or her company, Corporate Sources) on an hourly charge basis at a reasonable hourly fee amount, and Owner shall reimburse Developer for such hourly fees as and when incurred, but not to exceed an aggregate amount of $ 5,000.00, without prior written approval.

11.4 Disbursement to the Manager. The Manager may not disburse to itself any mounts 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 11.3 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 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 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 Operating Partnership, L.P.
3885 Holcomb Bridge Road
Norcross, Georgia 30092
Fax: (770) 840-7224
Attention: Mr. Michael C. Berndt

with a copy to: Troutman Sanders LLP
600 Peachtree Street, N.E.

Suite 5200
Atlanta, Georgia 30308-2216
Fax: (404) 962-6577
Attention: Mr. John W. Griffin

Manager: Adevco Corporation
3867 Holcomb Bridge Road, Suite 800
Norcross, Georgia 30092
Fax: (770) 441-7611
Attention: Mr. David M. Kraxberger

All notices, consents, approvals, demands or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date on which such notice, demand, or request is so deposited in the United States Mail; those given by facsimile transmission shall be deemed given on the first business day following the date shown on sender's copy thereof showing the proper "answerback" code for the facsimile transmission number to which the notice is sent. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received

by the party to whom addressed on the date of hand delivery or on the third calendar day following deposit in the United States Mail, as the case may be.

17.2 Modifications. Neither any change or modification of this Agreement 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 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 any 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 C. Berndt, or Mike Watson. Any party hereto may from time to time designate other or replacement authorized representatives by written notice from its authorized representative to the

other parties hereto. The written statements and representations of any authorized representative of the Manager or the Owner shall for the purposes of this Agreement be binding upon such party for whom the authorized representative purports to act, and the other parties hereto shall have no obligation or duty whatsoever to inquire into the authority of any such representative to take any action which he proposes to take, regardless of whether such representative actually has the authority to take any such action; and the Manager and the Owner shall be entitled to rely upon any direction, authorization, consent, approval, or disapproval given by any authorized representative of the Manager or the Owner, as the case may be, in connection with any matter arising out of or in connection with this Agreement or the Project.

17.9 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders; and all terms used herein in the singular shall include the plural, and vice versa.

17.10 Time of Essence. Time is of the essence of this Agreement.

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

"MANAGER":

ADEVCO CORPORATION,
a Georgia corporation

By: /s/ David M. Kraxberger
Name: David M. Kraxberger
Title: President

[CORPORATE SEAL]

"OWNER":

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

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

By: /s/ Leo F. Wells

Name:_____
Title:_____

EXHIBIT "A"

DESCRIPTION OR SITE PLAN OF LAND

EXHIBIT "B"

EXHIBIT "C"

INSURANCE REQUIREMENTS

This exhibit is attached to and made part of the Development Agreement between WELLS OPERATING PARTNERSHIP, L.P., as Owner, and ADEVCO CORPORATION, as Manager, dated March ___, 1999.

A. Owner's Insurance Requirements.

Throughout the term of this Agreement the Owner shall carry or cause to be carried and maintain in force insurance described in paragraphs 1 through 3 below. The cost of such policies shall be at the sole cost and expense of the Owner.

1. Builder's Risk.

An "All Risk" builder's risk policy including coverage for collapse, flood, earthquake and installation risks written on a completed value basis in an amount not less than total replacement value of the Project under construction (less the value of such portions of the Project as are uninsurable under the policy, i.e., site preparation, abrading, paving, parking lots, etc., excepting, however, foundations and other undersurface installations subject to collapse or damage by other insured perils). Such policy will also include coverage for soft costs including interest expense and loss of rents. Deductible per loss shall be determined by the Owner.

2. Commercial General Liability and Automobile Liability.

This policy (or policies) shall be written at a total limit of no less than $5,000,000 per occurrence and $5,000,000 Aggregate and will include the following extension of coverage:

a. Broad Form CGL endorsement;
b. X, C and U coverage;
c. Blanket Contractual with exclusions pertaining to completed operations, explosion, collapse and underground hazards deleted.

3. Boiler and Machinery.

If the Boiler and Machinery equipment is put in service prior to the expiration of the builder's risk policy and prior to certification of building completion the Manager shall notify the Owner so that the Owner may exercise its option to purchase Boiler and Machinery coverage if needed.

B. Manager's Insurance Requirements for policies covering Manager.

During the term of this Agreement if the Manager shall have employees in addition to Kraxberger, the Manager agrees to carry and maintain in force, at the Manager's sole cost and expense, Worker's Compensation and Employer's Liability. Such policy shall be endorsed to waive subrogation against the Owner.

C. Insurance Requirements for Architects and Engineers.

The Manager shall require any architect or engineering firm employed by the Owner to carry Professional Liability Insurance in an amount not less than $500,000 per occurrence.

D. Insurance Requirements for All Contractors and Third Party Services.

Every contractor and all parties furnishing service to the Owner and/or the Manager must provide the Manager prior to commencing work, evidence of the following minimum insurance requirements. In no way do these minimum requirements limit the liability assumed elsewhere in this Development Agreement:

1. Worker's Compensation and Employers Liability.

2. Commercial General Liability.

a. Commercial General Liability form, including Premises/Operations, Elevators and Escalators, Independent Contractors, Products - Completed Operations, Personal Injury, (exclusions A and C deleted), Broad Form Property Damage (including Completed Operations), and afford coverage for the X, C and U Hazards.

b. Contractual Liability: Blanket basis insuring the liability assumed under this Development Agreement (coverage must be endorsed so that all exclusions relating to watercraft, railroad property, products and completed operations and explosion, collapse and underground hazards are deleted).

c. Limits of Liability: Bodily Injury $500,000 each occurrence, $500,000 aggregate; Property Damage $100,000 each occurrence, $100,000 aggregate.

3. Comprehensive Automobile Liability.

a. Comprehensive Automobile Liability form, including all Owned, Non-Owned and Hired Vehicles.

b. Limits of Liability: Bodily Injury $250,000 each person, $500,000 each occurrence; Property damage $100,000 each occurrence.

4. Umbrella Liability.

Such insurance provide coverage with limits of not less than $1,000,000 per occurrence/$1,000,000 aggregate, in excess of the underlying coverages listed in 1, 2 and 3 above.

5. Additional Requirements.

a. The Contractor shall require the same minimum insurance requirements, as listed above, of all subcontractors, and these subcontractors shall also comply with the additional requirements listed below.

b. All insurance coverages required as herein set forth, shall be at the sole cost and expense of contractor, subcontractor, or those providing third party services, and deductibles shall be assumed by, for the account of, and at their sole risk.

c. Except where prohibited by law, all insurance policies shall contain provisions that the insurance companies waive the rights of recovery or subrogation against the Owner and the Manager, their agents, servants, invitees, employees, tenants, affiliated companies, contractors, subcontractors, and their insurers.

E. Miscellaneous.

1. Accident Reports.

The Manager shall be completely responsible for reporting to the appropriate insurance carriers and/or their agents all accidents involving injury to employees of any contractor, any member of the public or property damages, provided that the Manager receives a report from the Contractor regarding such accident or otherwise becomes aware of such accident.

EXHIBIT "D"

REIMBURSABLE EXPENDITURES RELATING TO PROJECT

Note: Developer will submit a draw request for any reimbursable expenses incurred prior to the date of this Development Agreement.

EXHIBIT "E"

ESTOPPEL CERTIFICATE

KNOW ALL MEN, that Matsushita Avionics Systems Corporation, a Delaware corporation ("Matsushita") is a tenant in a certain office building located at _____, Lake Forest, California pursuant to the terms set forth in that certain Office Lease dated as of February 18, 1999, as amended and supplemented (hereinafter collectively called the "Lease") with Wells Operating Partnership, L.P. ("Landlord"), and does hereby certify and acknowledge to Landlord as follows:

1. As of the date hereof, Matsushita has commenced to pay Base Rent (as defined in the Lease) and Additional Rent (as defined in the Lease) due under the Lease and is not in default in the respect thereof under the Lease.

2. As of the date hereof, Matsushita is in possession of the Premises (as defined in the Lease) and has accepted the same, including the work of Landlord performed therein, and Matsushita has no knowledge of any default of Landlord in the performance and observation of the covenants, conditions and agreements contained in the Lease on Landlord's part to be kept, observed and performed.

3. As of the date hereof, there exist no setoffs made by Matsushita or defenses that Matsushita may claim to the enforcement of the agreements, terms, covenants or conditions of the Lease.

4. The Lease is a valid and binding obligation by and between Matsushita and Landlord.

5. The term of the Lease commenced as of _____, ____ and shall expire, unless extended or sooner terminated in accordance with the terms of the Lease, on _____.

6. The Lease, except as amended by and supplemented by _____, has not been further amended or modified in any respect and, as of the date hereof, is in full force and effect and enforceable in accordance with its terms.

IN WITNESS WHEREOF, Matsushita has caused this instrument to be executed as of this ____ day of _____, ____.

MATSUSHITA AVIONICS SYSTEMS CORPORATION,
a Delaware corporation

WITNESS: By:_____
Title:_____

_____

GUARANTY

In consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration paid or delivered to DAVID M. KRAXBERGER ("Guarantor"), the receipt and sufficiency whereof are hereby acknowledged by Guarantor, and for the purpose of seeking to induce and as an inducement for the execution and delivery by WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Owner"), of that certain Development Agreement (the "Agreement") with ADEVCO CORPORATION, a Georgia corporation ("Manager"), of even date herewith, Guarantor does hereby guarantee to Owner the full and prompt payment of all sums and amounts payable by Manager under the Agreement, and hereby further guarantees the full and timely performance and observance of all the covenants, terms, conditions and agreements therein provided to be performed and observed by Manager; and Guarantor hereby covenants and agrees to and with Owner that if default shall at any time be made by Manager in the payment of any sums or amounts payable by Manager under the Agreement, or if Manager should default in the performance and observance of any of the terms, covenants and conditions contained in the Agreement, Guarantor shall and will forthwith pay such sums and amounts, and shall and will forthwith faithfully perform and fulfill all of such terms, covenants and conditions and will forthwith pay to Owner all damages that may arise in consequence of any default by Manager under the Agreement, including, without limitation, all reasonable attorneys' fees and disbursements incurred by Owner or caused by any such default or the enforcement of this Guaranty.

This Guaranty is an unconditional guaranty of payment (and not of collection) and of performance. The liability of Guarantor is coextensive with that of Manager and also joint and several and this Guaranty shall be enforceable against Guarantor without the necessity of any suit or proceeding on Owner's part of any kind or nature whatsoever against Manager and without the necessity of any notice of non-payment, non-performance or non-observance or of

any notice of acceptance of this Guaranty or of any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives. Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of (a) the assertion or the failure to assert by Owner against Manager of any of the rights or remedies reserved by Owner pursuant to the terms, covenants and conditions of the Agreement, or (b) any non-liability of Manager under the Agreement due to insolvency, discharge in bankruptcy or any other defense of a similar nature.

This Guaranty shall be a continuing guaranty, and the liability of Guarantor hereunder shall in no way be affected, released or diminished by reason of (a) any assignment, renewal, modification, amendment or extension of the Agreement, or (b) any modification or waiver of or change in any of the terms, covenants and conditions of the Agreement by Owner and Manager, or (c) any extension of time that may be granted by Owner to Manager, or (d) any consent, release, indulgence or other action, inaction or omission under or in respect of the Agreement, or (e) any dealings or transactions or matter or thing occurring between Owner and Manager, or (f) any bankruptcy, insolvency, reorganization, liquidation, arrangement, assignment for the benefit

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 ____ day of _____, 1999.

GUARANTOR:

/s/ David M. Kraxberger(SEAL)

DAVID M. KRAXBERGER

Residence Address:

_____
_____
_____

Social Security Number:
521-64-0657

EXHIBIT 10.51

OFFICE LEASE

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

MATSUSHITA AVIONICS SYSTEMS CORPORATION

OFFICE LEASE

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

as Landlord

and
MATSUSHITA AVIONICS SYSTEMS CORPORATION,
a Delaware corporation

as Tenant

Dated as of: February 18, 1999

SUMMARY OF BASIC LEASE INFORMATION

The undersigned hereby agree to the following terms of this Summary of Basic Lease Information (the "Summary"). This Summary is hereby incorporated into and made a part of the attached Office Lease (this Summary and the Office Lease to be known collectively as the "Lease") which pertains to the office building (the "Building") which will be constructed by Landlord on the real property described in Exhibit A-3 which real property is in the City of Lake Forest, California. Each reference in the Office Lease to any term of this Summary shall have the meaning as set forth in this Summary for such term. In the event of a conflict between the terms of this Summary and the Office Lease, the terms of the Office Lease shall prevail. Any capitalized terms used herein and not otherwise defined herein shall have the meaning as set forth in the Office Lease.

TERMS OF LEASE (References are to the Office Lease)		DESCRIPTION
1.	Dated as of:	February 18, 1999
2.	Landlord:	Wells Operating Partnership, L.P., a Delaware limited partnership
3.	Address of Landlord (Section 29.16):	3885 Holcomb Bridge Road Norcross, Georgia 30092-2295
4.	Tenant:	Matsushita Avionics Systems Corporation, a Delaware corporation
5.	Address of Tenant (Section 29.16):	Matsushita Electric Corporation of America 1 Panasonic Way Secaucus, New Jersey 07094

		Attn: Sharon Streicher, Esq.
	with a copy to:	Procopio, Cory and Hargreaves & Savitch 530 B Street , Suite 2100 San Diego, California 92101 Attn: Todd E. Leigh, Esq.
	and with a copy addressed to Tenant:	at the Premises

6.	Premises (Article 1):	The real property outlined on Exhibit A-2 and described in Exhibit A-3 and the building outlined on Exhibit A-1 to be constructed thereon by Landlord
7.	Term (Article 2)	
	7.1 Lease Term:	7 years
	7.2 Lease Commencement Date:	The Lease Commencement Date shall be the first to occur of (i) the date Tenant commences business in the Premises or (ii) the date all of the following conditions are satisfied: (a) Landlord's Work and Tenant Improvements are complete pursuant to Final Project Working Drawings and Final Tenant Improvements Working Drawings, respectively, (except for "punch list" items which can and will be completed within thirty (30) days after the Lease Commencement Date), and Tenant can conduct its business. (b) A Permanent or Temporary Certificate of Occupancy (TCO) is issued for the Premises (or such portion thereof to be initially built out with Tenant Improvements as provided in the Final Working Drawings) or could be issued but for any delay in Tenant's installation of its furniture, fixtures, equipment and personal property. (c) Tenant is able to occupy the Premises (or such portion thereof to be initially built out with Tenant Improvements as provided in the Final Working Drawings) pursuant to all applicable permits, regulations and requirements relating to the construction and installation of Landlord's Work and Tenant Improvements in accordance with the Final Working Drawings, and all utility services are being delivered to the Premises. (d) All roads for ingress and egress to and from the Premises are paved and all parking areas are paved, lighted and striped.

(e) Delivery of a Non-Disturbance, Attornment, Estoppel and Subordination Agreement in the form attached hereto as Exhibit I, fully executed and notarized by all of Landlord's lender(s) who have encumbrances on the Real Property.

(f) Tenant has been given access to the Premises for up to thirty (30) days following completion of

the items set forth in subsection (a) through (d) above to install Tenant's furniture, fixtures and equipment.

(g) Notwithstanding the foregoing to the contrary, in the event the satisfaction of the foregoing conditions set forth in clauses (a) through (f) are delayed by Tenant Caused Delays, the Lease Commencement Date shall be the first to occur of (y) the date Tenant commences business in the Premises or (z) the date that the foregoing conditions set forth in clauses (a) through (f) would have been satisfied but for the Tenant Caused Delay.

7.3 Lease Expiration Date: Seven (7) years after the Lease Commencement Date.

8. Base Rent (Article 3)

Lease Year	Monthly Installment of Base Rent
1-2	$ 152,500
3-4	$ 162,260
5-6	$ 172,020
7	$ 181,780

The Monthly Base Rent is based on a projected Total Project Cost (as defined in the Work Letter) of $17,847, 769. If, as provided in the Work Letter, the Total Project Cost is more or less than $17,847,769, the Annual Base Rent payable by Tenant during the initial Lease Term will go up or down, respectively, by ten percent (10%) of the difference. For instance, if the Total Project Cost is $18,847,769, then the Base Monthly Rent will be increased by $8,333.33 each month during the initial Lease Term. If the Total Project Cost is $16,847,769, then the Base Monthly Rent will be decreased by $8,333.33 each month during the initial Lease Term.

9. Broker (Section 29.20): Cushman Realty Corporation
4675 MacArthur Court, Suite 500
Newport Beach, California 92680-1836
Attention: Mr. Peter Andrich and
Mr. Rick M. Kaplan (Tenant's Broker)

10. Guarantor (Section 29.15): Matsushita Electric Corporation of America, a Delaware corporation

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EXHIBITS
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OFFICE LEASE

This Office Lease, which includes the preceding Summary of Basic Lease Information (the "Summary") attached hereto and incorporated herein by this reference (the Office Lease and Summary to be known sometimes collectively hereafter as the "Lease"), dated as of the date set forth in Section 1 of the Summary, is made by and between Wells Operating Partnership, L.P., a Delaware limited partnership ("Landlord"), and Matsushita Avionics Systems Corporation, a Delaware corporation ("Tenant").

ARTICLE 1

REAL PROPERTY, BUILDING AND PREMISES

1.1 Real Property, Building and Premises. Upon and subject to the terms, covenants and conditions hereinafter set forth in this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 6 of the Summary (the "Premises"), which Premises consists of approximately 150,000 rentable square feet in the "Building," as that term is defined in this Section 1.1 with the right of the Tenant to occupy all of the remaining space in the Building at any time pursuant to the provisions of Section 1.3 below. The outline of the floor plan of each floor of the Building is set forth in Exhibit A-1 attached hereto. The "Building" will contain approximately 150,000 rentable square feet and will be located on the real property described in Exhibit A-3 which real property is located in the City of Lake Forest, California. The Building, the surface parking areas, outside land surrounding the Building which are, subject to the provisions of this Lease, appurtenant to or servicing the Building, and the land upon which any of the foregoing are situated, are herein sometimes collectively referred to as the "Real Property," which Real Property is outlined on the "Outline of the Real Property," attached hereto as Exhibit A-2 and legally described in Exhibit A-3.

1.2 Verification of Rentable Square Feet of Premises and Building. For purposes of this Lease, "rentable square feet" shall be calculated in accordance with BOMA definition American National Standard Z65.1 - 1980 as reaffirmed in 1989. The rentable square feet of the Premises and Building are subject to verification and audit which shall be completed by Tenant's and Landlord's planners and designers prior to the occupancy of the Premises. In the event that such planners/designers determine that the amounts thereof are different from those set forth in this Lease, any amounts, percentages and figures appearing or referred to in this Lease which are based on the square footage of the Building shall be modified in accordance with such determination. If such determination is made, it will be confirmed in writing by Landlord and Tenant.

1.3 Construction and Delivery of the Building and Premises. Landlord will construct and deliver to Tenant on the Lease Commencement Date a two (2) story, concrete tilt-up, high performance glass Building and parking, landscaping, lighting and access routes to adjacent public streets ("Common Area Improvements") on the Real Property in accordance with the Work Letter and in compliance with all Laws including without limitation the Americans with Disabilities Act, Hazardous Materials Laws and all seismic Laws. The Building will contain approximately 150,000

rentable square feet with Tenant Improvements constructed and installed therein as provided in the Work Letter.

ARTICLE 2

LEASE TERM

2.1 Initial Term. The terms and provisions of this Lease shall be effective as of the date of this Lease except for the provisions of this Lease relating to the payment of Rent. The term of this Lease and any validly exercised option (the "Lease Term") shall be as set forth in Section 7.1 of the Summary and Section 2.2 below and shall commence on the date (the "Lease Commencement Date") set forth in Section 7.2 of the Summary (subject, however, to the terms of Section 12 of the Work Letter), and shall terminate on the date (the "Lease Expiration Date") set forth in Section 7.3 of the Summary, unless this Lease is sooner terminated or extended as hereinafter provided. For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Lease Term. At any time within six (6) months following the Lease Commencement Date, Landlord may deliver to Tenant a notice of Lease Term dates in the form as set forth in Exhibit C, attached hereto, which notice Tenant shall execute and return to Landlord within ten (10) business days of receipt thereof (provided that if said notice is not factually correct, Tenant shall make any necessary revisions prior to returning such notice to Landlord). Notwithstanding the definition of the Lease Commencement Date for the Premises set forth in Section 7.2 of the Summary, if Tenant commences business operations from any portion of the Premises prior to the occurrence of the Lease Commencement Date (the "Pre-Occupancy Space(C)"), all of the terms and conditions of this Lease shall apply to that portion of the Premises containing the Pre-Occupancy Space, except that Tenant shall have no obligation to pay Rent during the period commencing on the date Tenant commences business operations from the applicable Pre-Occupancy Space and continuing until the Lease Commencement Date (the "Pre-Occupancy Period(C)"). For purposes of the immediately preceding sentence, Tenant will not be deemed to have "commenced business operations" if Tenant has entered the Building for the purpose of performing its work of construction in the Premises; rather, the "commencement of business operations" will occur when Tenant is conducting business from the Premises in its normal course with one or more employees. At such time as the Lease Commencement Date occurs, and Tenant has relocated its business operation from the building located at 15253 Bake Parkway, Irvine, California, into the Premises, the lease and guarantee thereof shall cease with respect to the former premises pursuant to a Lease Termination Agreement, in the form attached hereto as Exhibit D which will be executed concurrently herewith. Tenant shall have the right to commence business operations from any portion of the Premises during the Pre-Occupancy Period, provided that (i) Tenant shall give Landlord at least ten (10) days prior notice of any such use of the Premises, and (ii) a certificate of occupancy or its equivalent permitting occupancy shall have been issued by the appropriate governmental authorities for the Pre-Occupancy Space.

2.2 Option Terms.

2.2.1 Option Rights. Landlord hereby grants Tenant two (2) options to extend the Lease Term for all and not less than all of the Premises for a period of five (5) years each (the "Option Terms"), which option shall be exercisable only by written notice delivered by Tenant to Landlord

as provided below, provided that, as of the date of delivery of each of such notices there is not an outstanding Event of Default by Tenant. Upon the proper exercise of an option to extend, the Lease Term, as it then applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.2 may only be exercised by Tenant, its "Affiliates" (as defined in Section 14.5 below) or an assignee of Tenant to whom an assignment of this Lease has been made in accordance with Article 14 (and not any sublessee or other transferee of Tenant's interest in this Lease).

2.2.2 Option Rent.

2.2.2.1 Rent. The Base Rent payable by Tenant during the Option Term (the "Option Rent") shall be equal to ninety-five percent (95%) of the face or stated rental rate, at which, as of the commencement of the Option Term, tenants are leasing non-expansion, non-affiliated, non-sublease, non-encumbered, non-equity space comparable in size, location and quality to the Premises for a term of five (5) years, which comparable space is located in other comparable buildings and building projects located in the Lake Forest and Irvine area of Southern California, of similar age, location and quality of initial construction (the "Comparable Buildings") taking into consideration, and accounting for any relevant differences in all or any of the following to the extent applicable:

(a) Use, location, height, size and/or floor level(s) of the space in question;

(b) The time the particular rental rate under consideration was agreed upon and became or is to become effective;

(c) Abatement or free rent provisions reflecting free rent (with respect to base rental, operating expenses, real estate taxes and/or parking charges) or absence thereof during any period of the lease term, except as set forth below;

(d) Inclusion (or absence) of parking charges in rental, and/or, subject to the terms of Article 28, below, the extent of associated parking rights and the cost thereof and the amount of parking available for use by the tenant;

(e) Lease takeovers/assumptions;

(f) Relocation/moving allowances;

(g) Space planning allowances;

(h) Tenant improvement, refurbishment and/or repainting allowances;

(i) Any other concessions or inducements;

(j) The base year or expense-stop, if any, applicable to such comparable space;

(k) Any other adjustments (including by way of Consumer Price Index or other indexes) to base rental;

(l) The manner and method of calculating rentable area; and

(m) Term of lease.

While Tenant shall continue to be obligated to pay Direct Expenses in accordance with Article 4 of this Lease during each Option Term, the amount of Base Rent shall be adjusted, if necessary, to reflect such obligation by Tenant to pay Direct Expenses vis-a-vis comparable transactions.

Notwithstanding the foregoing, however, in calculating the Option Rent, (i) no consideration shall be given to (a) any period of rent abatement given such tenants in connection with the construction of improvements in such comparable space, (b) the presence or absence of a brokerage commission in connection with Tenant's exercise of the Option Term, or in connection with such comparable deals and (ii) consideration shall be given to the fixed rental

increase specified in Section 2.2.2.3 below.

2.2.2.2 Concessions. The arbitrator shall inform Landlord and Tenant of the amount of any concessions to be granted Tenant pursuant to items (e) through (i), above (the "Option Concessions") as a component of the Option Rent. Landlord or Tenant may make a binding election that, in lieu of granting any or a portion the Option Concessions to Tenant in the form and at the times as granted in the comparable transactions, the rental rate component of the Option Rent shall be adjusted to be an effective rental rate which takes into consideration the total present dollar value (with interest at the Interest Rate) of that portion of such Option Concessions which Landlord or Tenant has elected not be granted to Tenant (in which case that portion of the Option Concessions evidenced in the effective rental rate shall not be granted to Tenant).

2.2.2.3 Base Rent Adjustment. The Base Rent as determined at the beginning of each Option Term shall be adjusted upward during the Option Term at the beginning of the 24th and 48th month of each Option Term by an amount equal to six percent (6%) of the Base Rent payable in the immediately preceding period.

2.2.3 Exercise of Option. The options contained in this Section 2.2 shall be exercised by Tenant, if at all, and only in the following manner: (i) Tenant shall deliver written notice to Landlord (the "Option Interest Notice") not more than nineteen (19) months or less than fifteen (15) months prior to the expiration of the initial Lease Term or the initial Option Term, as applicable, stating that Tenant is interested in exercising its option, and within thirty (30) days after receipt of Tenant's Option Interest Notice Landlord shall deliver to Tenant notice containing Landlord's proposed Option Rent; (ii) Landlord and Tenant shall thereafter use their reasonable good-faith efforts to agree upon the Option Rent before the first day of the thirteenth (13th) month prior to the expiration of the initial Lease Term or the initial Option Term, as applicable; (iii) whether or not Tenant has previously delivered an Option Interest Notice to Landlord, not later than the first day of the thirteenth (13th) month prior to the expiration of the initial Lease Term or the initial Option Term,

as applicable, Tenant may, by notice to Landlord, request Landlord's determination of the Option Rent which Landlord would submit to arbitration, if arbitration were to occur under Section 2.2.4, below, and within ten (10) business days of such request, Landlord and Tenant shall each concurrently deliver to the other the determinations of the Option Rent that each would submit to arbitration if arbitration were to occur under Section 2.2.4, below (the "Arbitration Option Rent"); and (iv) if Tenant wishes to exercise its option Tenant shall, on or before the date occurring twelve (12) months prior to the expiration of the initial Lease Term or the initial Option Term, as applicable, exercise the option by delivering written notice thereof to Landlord and upon, and concurrent with, such exercise Tenant may, at its option, elect to arbitrate the Option Rent, in which case the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.2.4, below. Notwithstanding the foregoing, if Tenant fails to deliver the Option Interest Notice, Tenant may nevertheless, on or before the date which is twelve (12) months prior to the expiration of the initial Lease Term or the initial Option Term, as applicable, deliver to Landlord notice that Tenant is thereby irrevocably electing to exercise its option to extend the Lease Term, in which case the Option Rent shall be determined pursuant to the procedure set forth in Section 2.2.4, below.

2.2.4 Determination of Option Rent. In the event Tenant timely elects to arbitrate the Option Rent, pursuant to the terms of Section 2.2.3, Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-

faith efforts. If Landlord and Tenant fail to reach agreement within fifteen (15) days following Tenant's election to arbitrate (the "Outside Agreement Date"), then each party shall make a separate determination of the Option Rent within ten (10) business days after the Outside Agreement Date, and such determinations (which for purposes of this Section 2.2.4 shall also be known as "Arbitration Option Rents") shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.7, below; provided, however, that if the Arbitration Option Rents have been established pursuant to Section 2.2.3, then such Arbitration Option Rents shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.7, below.

2.2.4.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker or appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the leasing (or appraisal, as the case may be) of Lake Forest, California-area commercial buildings such as the Comparable Buildings, exclusive of any broker from any brokerage firm currently representing (or who had previously represented within the preceding two (2) year period) either party or any affiliate thereof. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Arbitration Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.2.2. Each such arbitrator shall be appointed within fifteen (15) days after the applicable Outside Agreement Date.

2.2.4.2 The two arbitrators so appointed shall within fifteen (15) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators.

2.2.4.3 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Arbitration Option Rent and shall notify Landlord and Tenant thereof.

2.2.4.4 Subject to the following provisions, the decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

2.2.4.5 If either Landlord or Tenant fails to appoint an arbitrator within 15 days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and, subject to the provisions of this Section 2.2.4, such arbitrator's decision shall be binding upon Landlord and Tenant.

2.2.4.6 If the two arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this Section 2.2.4.

2.2.4.7 The cost of the arbitration shall be paid by the party whose submitted Arbitration Option Rent is not selected.

ARTICLE 3

BASE RENT

Commencing on the Lease Commencement Date, Tenant shall pay, without notice or demand, to Landlord or Landlord's agent at the address set forth in Section 3 of the Summary, or at such other place in the continental United States as Landlord may from time to time designate in writing, by check drawn upon a bank located in the United States of America (for currency which, at the time of payment, is legal tender for private or public debts in the United States of

America), base rent ("Base Rent") as set forth in Section 8 of the Summary, payable in equal monthly installments as set forth in Section 8 of the Summary in advance on or before the first day of each and every month during the Lease Term, without any setoff or deduction whatsoever, except as otherwise expressly provided in this Lease. If any rental payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any rental payment is for a period which is shorter than one month, then the rental for any such fractional month shall be a proportionate amount of a full calendar month's rental based on the proportion that the number of days in such fractional month bears to the number of days in the calendar month during which such fractional month occurs. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

ARTICLE 4

ADDITIONAL RENT

4.1 Additional Rent. In addition to paying the Base Rent specified in Article 3 of this Lease, and except to the extent which Tenant elects to manage the Real Property taxes and insurance, (which Tenant may elect so to do) and pay such expenses on a direct basis (subject to a review thereof by Landlord on a semi-annual basis, with Landlord reserving the right to reinstate itself in the

management role if Landlord determines, in good faith that Tenant is not performing its management responsibilities in a manner which appropriately preserves the value of the Real Property), Tenant shall pay as additional rent for each "Expense Year," as that term is defined in Section 4.2.4 of this Lease, all of the annual "Direct Expenses," as that term is defined in Section 4.2.2 of this Lease. Such additional rent, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, shall be hereinafter collectively referred to as the "Additional Rent." The Base Rent and Additional Rent are herein collectively referred to as the "Rent." All amounts payable under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner and place as the Base Rent. Without limitation on other obligations which shall survive the expiration of the Lease Term, the obligations of Tenant and Landlord provided for in this Article 4 shall survive the expiration of the Lease Term.

4.2 Definitions. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "Calendar Year" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.2 "Direct Expenses" shall mean "Operating Expenses" and "Tax Expenses."

4.2.3 "Expense Year" shall mean each Calendar Year.

4.2.4 "Operating Expenses" shall mean all direct and indirect costs, expenses, and assessments charged to the Real Property with respect to its efficient and economical operation (including insurance premiums for the insurance policies described in Sections 10.2, 10.3 and 10.5 below), management, use, maintenance and repair, other than those which are set forth in Section 6.1 below. Operating Expenses shall not include those items set forth on the Operating Expense Exclusion list attached hereto as Exhibit H.

4.2.5 "Tax Expenses" shall mean all federal, state, county, or local governmental or municipal taxes, fees or other impositions of every kind and

nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Building), which are allocable to a particular Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) in connection with the ownership, leasing and operation of the Real Property or Landlord's interest therein.

4.2.5.1 Tax Expenses shall include, without limitation:

(i) Any governmental tax on Landlord's rent, right to rent or other income from the Real Property or as against Landlord's business of leasing any of the Real Property;

(ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included as of the date hereof within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("Proposition 13") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental assessments or contribution towards a governmental cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for purposes of this Lease;

(iii) Any governmental assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax with respect to the receipt of such rent; and

(iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

4.2.5.2 With respect to any assessment otherwise includable within Tax Expenses that may be levied against or upon the Real Property and that under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, there shall be included within the definition of Tax Expenses with respect to any tax fiscal year only the amount currently payable on such bonds, including interest, for such tax fiscal year, or the current annual installment for such tax fiscal year, in each case utilizing the payment or installment method which will minimize the amount of Tax Expenses.

4.2.5.3 If the method of taxation of real estate prevailing at the time of execution hereof shall be, or has been, altered so as to cause the whole or any part of the taxes now, hereafter or heretofore levied, assessed or imposed on real estate to be levied, assessed, or imposed upon Landlord, wholly or partially, as a capital levy or otherwise, or on or measured by the rents received therefrom, then such new or altered taxes attributable to the Real Property shall be included within the term "Tax Expenses" except that the same shall not include any enhancement of said tax attributable to other income of Landlord.

4.2.5.4 Subject to the provisions of this Lease, any reasonable expenses reasonably incurred by Landlord in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid.

4.2.5.5 Tax refunds shall be deducted from Tax Expenses in the Expense Year to which the same are attributable.

4.2.5.6 Subject to the terms of this Section 4.2.5, if Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof by Landlord for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, such increase shall be included in Tax Expenses in the Expense Year to which such increase is attributable, and Tenant shall pay Landlord Tenant's Share of such increased Tax Expenses to the extent there exists an Excess for such Expense Year.

4.2.5.7 Notwithstanding anything to the contrary contained in this Lease, there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Building), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under Section 4.4 of this Lease.

4.2.5.8 Despite any other provision of this Lease, if during the initial Lease Term, any sale or change in ownership of the Premises is consummated and, as a result, all or part of the Premises is reassessed ("Reassessment") for real estate tax purposes by the appropriate government authority under the terms of Proposition 13 (as adopted by the voters of the State of California in the June 1978 election), the terms of this subsection 4.2.5.8 shall apply.

(a) For purposes of this subsection 4.2.5.8, the term "Tax increase" shall mean that portion of the Tax Expenses, as calculated immediately following the Reassessment, that is attributable solely to the Reassessment. Accordingly, a Tax increase shall not include any portion of the Tax Expenses, as calculated immediately following the Reassessment, that is:

(1) Attributable to the initial assessment of the value of the Premises, or the tenant improvements located in the Premises;

(2) Attributable to a one-time transfer of ownership within thirty (30) days of the Lease Commencement Date by Landlord to an affiliate (as that term is defined in Section 14.5) of Landlord, at a purchase price no greater than One Hundred Thousand Dollars ($100,000.00) in excess of the Total Project Costs; or

(3) Attributable to the annual inflationary increase in real estate taxes.

(b) During the Initial Lease Term, Tenant shall not be obligated to pay any portion of the Tax increase relating to a Reassessment occurring during the Initial Lease Term.

4.3 Calculation and Payment of Additional Rent.

4.3.1 Payment Direct Expenses. For any Expense Year ending or commencing within the Lease Term, Tenant shall pay directly, or, as applicable, to Landlord, in the manner set forth in

Section 4.3.2, below, and as Additional Rent, an amount equal to the Direct Expenses for such Expense Year.

4.3.2 Statement of Actual Direct Expenses and Payment by Tenant.

Landlord shall endeavor to give to Tenant on or before the first day of April (and must deliver by July 1) following the end of each Expense Year, a statement (the "Statement"), certified by an appropriate official of Landlord or independent certified public accountant, which shall state that portion of the Direct Expenses not directly paid by Tenant, and which portion is allocable to such preceding Expense Year. Tenant shall pay, within thirty (30) days after receipt of the Statement, the full amount of the Landlord-billed Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as an "Estimated Payment," as that term is defined in Section 4.3.3, below. In the event the amount paid by Tenant as an Estimated Payment exceeds the amount of the Landlord-billed Direct Expenses, Tenant shall receive a credit against the next payment of Additional Rent due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice either party from enforcing its rights under this Article 4; provided, however, that except with regard to the recalculation of those items of Direct Expenses which are not under Landlord's reasonable control, specifically including Tax Expenses and public utility charges, Landlord shall not be permitted to add to Direct Expenses or bill for the first time any portion of Direct Expenses more than two (2) years following the last day of the Expense Year to which such Direct Expenses relate.

Subject to the provisions of this Lease, even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of the Direct Expenses for the Expense Year in which this Lease terminates, (i) if Tenant has not paid all of the Direct Expenses for such Expense Year, Tenant shall pay to Landlord, within thirty (30) days after receipt of a reasonably detailed bill therefor, an amount as calculated pursuant to the provisions of Section 4.3.1 of this Lease, and (ii) if Tenant has made an overpayment of Additional Rent, Landlord shall pay the same to Tenant within thirty (30) days of such determination. The provisions of this Section 4.3.2 shall survive the expiration or earlier termination of the Lease Term.

4.3.3 Statement of Estimated Direct Expenses. In addition, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the "Estimate Statement") within one hundred twenty (120) days and no later than one hundred eighty (180) days of the commencement of each Expense Year, which Estimate Statement shall set forth Landlord's reasonable estimate (the "Estimate") of what the total amount of Landlord-billed Direct Expenses for the then-current Expense Year shall be (the "Estimated Payment"). The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Payment under this Article 4. Tenant shall pay, within thirty (30) days of Tenant's receipt of such Estimate Statement, a fraction of the Estimated Payment for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.3.3). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year to the month of such payment, both months inclusive, and shall have twelve (12) as its denominator. Until a new Estimate Statement is furnished, Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Payment set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.4 Taxes and Other Charges for Which Tenant Is Directly Responsible.

Tenant shall reimburse Landlord, within thirty (30) days of Tenant's receipt of

a reasonably detailed written demand accompanied by appropriate supporting evidence (but in any case prior to delinquency), for any and all taxes or assessments required to be paid by Landlord (except to the extent included in Tax Expenses by Landlord), excluding state, local and federal personal or corporate income taxes measured by the net income of Landlord from all sources and estate and inheritance taxes, whether or not now customary or within the contemplation of the parties hereto, when said taxes are required to be paid by Tenant and said taxes are measured by or reasonably attributable to the cost of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or by the cost of all leasehold improvements made in or to the Premises by or for Tenant.

4.5 Landlord's Books and Records; Tenant's Audit Rights. Tenant or Tenant's authorized representatives (the "Outside Agent") may, after reasonable notice to Landlord and at reasonable times, examine, inspect, audit, and copy the records of Landlord regarding each Statement at Landlord's office in the continental United States during normal business hours within one (1) year after the furnishing of the Statement. The Outside Agent shall be a nationally or regionally recognized firm of certified public accountants and shall be engaged on a non-contingency fee basis. Unless Tenant takes written exception to any item within two (2) years after the furnishing of that Statement, the Statement shall be considered as final and accepted by Tenant except that Landlord may, at any time during that two-year period, submit a corrected Statement to Tenant if Operating Expenses and Tax Expenses on the original Statement were overstated or understated.

The payment of the amounts shown on the Statement by Tenant shall not preclude Tenant from questioning the correctness of any item of the Statement subject to the rights in this Section 4.5. Tenant and/or its Outside Agent shall have the right, at Tenant's cost and on no less than ten (10) days' prior written notice to Landlord and during Landlord's normal business hours, to audit Landlord's records regarding Operating Expenses and Tax Expenses. Such an Audit shall be performed in Landlord's office in the continental United States.

To facilitate an audit by Tenant, Landlord shall keep its books and records applicable to Operating Expenses and Tax Expenses available to Tenant on a reasonable basis for the longer of (a) two (2) years after the Lease Expiration Date or (b) one (1) year after the resolution of any dispute concerning Operating Expenses and Tax Expenses. Any audit of Operating Expenses and Tax Expenses for any calendar year must be begun within two (2) years after Landlord's delivery of the Statement for that year, or the right to audit Operating Expenses and Tax Expenses for that year shall be deemed waived.

Tenant agrees diligently to pursue and complete (or to drop) any audit begun by Tenant, and Landlord agrees it shall not unreasonably interfere with the execution of Tenant's audit rights. Tenant shall bear all fees and costs of the audit, unless the parties determine that Operating Expenses and Tax Expenses taken as a whole for any calendar year were overstated by four percent (4%) or more. In that event, Landlord shall pay for the reasonable costs of that audit. Pending resolution of any disputes over Operating Expenses and Tax Expenses, Tenant shall pay to Landlord any Additional Rent alleged to be due from Tenant as reflected on Landlord's Statement or any invoice issued on the basis of Landlord's Statement.

ARTICLE 5

USE OF PREMISES

5.1 Permitted Use. Tenant shall use the Premises for general office and administrative purposes, and, to the extent permitted by law, for manufacturing, warehousing, testing, assembly and for other purposes ancillary thereto and consistent therewith and for any other legally permitted purpose. The Premises

must be used in compliance with the fuel modification requirements contained in the Pacific Commercentre Feature Plan (as defined in the Pacific Commercentre CC&R, as amended from time to time), and in compliance with the fuel modification requirements contained in the Planning and Design Guidelines (as defined in the MSGW/Pacific Commercentre CC&R, as amended from time to time).

5.2 Prohibited Uses. Tenant shall not use the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations, those certain covenants, conditions and restrictions listed on Exhibit J (the "CC&Rs"), and the use restrictions set forth in the Grant Deed (as set forth in Exhibit G attached hereto) pursuant to which the Premises were conveyed to Landlord. This Lease is subject in all respects to the CC&Rs and the Bylaws of the "Associations" established under the CC&Rs. Tenant shall comply with the recorded covenants, conditions and restrictions now or (so long as no negative impact affects the Premises or Tenant's occupancy of the Premises) hereafter affecting the Premises and with all reasonable rules adopted from time to time by the Associations established under the CC&Rs. Tenant shall not use or allow another person or entity to use any part of the Premises for the storage, treatment, manufacture or sale of "Hazardous Material" as that term is defined in Section 29.24 of this Lease, other than as may be permitted by, and used in accordance with, all applicable laws, regulations and ordinances pertaining to the Premises.

5.3 Transportation Management. Tenant agrees that Tenant shall, at Tenant's sole cost and expense, comply with the Night-Time Truck Management Plan attached hereto as Exhibit N and all other applicable transportation performance monitoring programs, transportation performance standards and transportation management plans for the Premises implemented by the Associations established under the CC&Rs, as the same may be amended from time to time. Tenant further agrees to cooperate with the annual audits required under the Night-Time Truck Management Plan. Tenant's failure to comply with the Night-Time Truck Management Plan shall constitute a material default under this Lease.

ARTICLE 6

SERVICES AND UTILITIES

6.1 In General. Subject to Landlord's completion of Landlord's Work as specified in Exhibit B, Tenant will be responsible, at its sole cost and expense, for the furnishing of all services and utilities to the Premises, including, but not limited to heating, ventilation and air-conditioning, electricity, water, telephone, janitorial and security services, window washing and landscaping services.

6.2 Interruption of Use. Except as provided in Sections 6.4 and 19.5, below, Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure of Tenant to receive any service (including telephone and telecommunication services) or utility for any reason whatsoever, or for any diminution in the quality or quantity thereof, and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease, except as provided in this Lease to the contrary. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without

limitation, loss of profits, however occurring, through or in connection with or incidental to any such failure of Tenant to receive any services or utilities.

6.3 No Obligation. Subject to Landlord's completion of Landlord's Work as specified in Exhibit B, Landlord shall have no obligation to provide any services or utilities to the Premises including, but not limited to heating, ventilation and air-conditioning, electricity, water, telephone, janitorial and security services, window washing and landscaping services.

6.4 Abatement Conditions.

6.4.1 Notwithstanding anything to the contrary contained in this Lease, if Tenant is prevented from using all or a portion of the Premises, including the parking areas thereon, for its normal business operations, and Tenant does not, in fact, use all or a portion of the Premises for a period of three (3) consecutive business days or more or for seven (7) business days in a Calendar Year, (i) due to any service or utility, including HVAC, electricity or water (collectively, the "Essential Services"), not being provided to the Premises, or portion thereof, (ii) because of the presence, in a form or concentration in violation of applicable law then in effect, of Hazardous Materials regarded as unhealthful under applicable regulations then in effect in or about the Premises (which Hazardous Materials were not brought onto the Premises by Tenant or Tenant's employees, agents, or licensees), (iii) due to a "Service Interruption" (meaning an interruption in services as described in Section 6.2 above which is not otherwise covered by Article 11), or (iv) because Tenant does not have access to the Building, the Premises, or portion thereof, and such prevention from use is not caused by Tenant and/or its employees, licensees, contractors or agents, or if caused by Tenant and/or its employees, licensees, contractors or agents, such prevention from use is covered by insurance required to be carried by Landlord under the provisions of Article 10 of this Lease, the following Sections 6.4.1.1 and 6.4.1.2 shall apply (the conditions set forth in items (i) through (iv), above, to be known as an "Abatement Condition"). Notwithstanding the foregoing, this Section 6.4 shall not apply to the damage or destruction of the Premises or the parking area pursuant to Article 11, or to the condemnation of the Premises pursuant to Article 13. To the extent an Abatement Condition affects only a portion of the Premises, and such portion is a material portion of the Premises, and Tenant is not reasonably able to conduct its business from the remaining portion of the Premises, the Abatement Condition shall be deemed to affect the entire Premises.

6.4.1.1 Tenant shall promptly deliver to Landlord notice (the "Cure Notice") of such condition and if Landlord fails to cure such condition within two (2) business days after delivery to it of the Cure Notice, then Rent applicable to the affected portion of the Premises shall be abated from the date which occurred three (3) full business days prior to delivery to Landlord of

the Cure Notice until the date when such failure is cured; provided, however, that if Tenant has previously paid Rent to Landlord for a period of time subsequent to the commencement of Tenant's right to abate Rent hereunder, then Landlord shall, within ten (10) business days following the date of such abatement, credit to Tenant an amount equivalent to such excess payments against the sums next due under this Lease, or, if after the expiration or termination of this Lease, reimburse to Tenant the amount of such excess payments. The right to abate Rent set forth in this Section 6.4 shall be Tenant's sole and exclusive Rent Abatement remedy for the occurrence of an Abatement Condition.

6.4.1.2 If any Abatement Condition (other than an Abatement Condition caused by a casualty) shall not be cured within ninety (90) days after Landlord's receipt of the Cure Notice, the Abatement Condition applies to the entire Premises and Tenant does not use a commercially tenantable portion of the Premises during a significant portion of the period of the Abatement Condition, then Tenant, upon notice to Landlord and "Lender" (as that term is defined in

Article 18 hereof) (the "Services Termination Notice") within thirty (30) days after the expiration of such ninety (90) day period (the "Termination Cure Period"), may terminate this Lease, which termination shall be deemed effective upon Tenant's vacation of the entire Premises, but in no event more than two (2) years after the receipt of the Services Termination Notice by Landlord and Lender. Tenant's right to terminate this Lease as a result of a casualty shall be governed by Article 11 hereof.

6.4.2 If any governmental entity promulgates or revises any statute, ordinance, building code, fire code or other code or imposes mandatory controls on Landlord or the Real Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions or the provision of any other utility or service provided with respect to this Lease or if Landlord is required to make alterations to the Building or any other part in order to comply with such mandatory controls or guidelines (which compliance shall be subject to the terms of Article 7 of this Lease), then Landlord shall comply with such mandatory controls or make such alterations to the Building or any other part of the Real Property related thereto without creating any liability of Landlord to Tenant under this Lease, provided that the Premises are not thereby rendered untenantable and provided further that Landlord shall use reasonable efforts to minimize the impact of such compliance and alterations on Tenant's use and occupancy of the Premises. Such compliance and the making of such permitted alterations shall, except as provided in Section 6.4.1, not entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Rent reserved hereunder or constitute or be construed as a constructive or other eviction of Tenant.

ARTICLE 7

REPAIRS

7.1 Tenant's Obligations.

7.1.1 Tenant Required Actions. Subject to the provisions of Section 7.2, Articles 11 and 13 and Section 29.29, Tenant shall, at Tenant's sole cost and expense, operate, keep, and maintain, and as necessary, repair, restore, replace, and make any capital improvements to (collectively, the "Tenant Required Actions") (i) the structural portions of the Building (excluding the structural skeleton of the Building described in Section 7.2 below), including the ceilings, floor surface, interior walls and wall covering, shafts, stairs, parking areas, stairwells, elevator cabs,

washrooms, and Building mechanical, electrical and telephone closets (collectively, "Building Structure"), and (ii) the Building mechanical, electrical, gas, life safety, plumbing, sprinkler systems, elevators, restrooms, and heating, ventilation and air-conditioning systems (the "Building Systems"), in good order and repair and in good and safe working order and condition at all times during the Lease Term, including any items of the Building Structure or Building Systems included in the "Tenant Improvements", as that term is defined in the Work Letter, or "Alterations", as that term is defined in Section 8.1, below (collectively, the "Tenant Maintenance Items"). All repairs and maintenance of the Premises by Tenant as required under this Lease shall be performed in a good and safe manner by contractors and other personnel reasonably approved by Landlord, and in compliance with the provisions of Article 8 below. Tenant shall also be obligated to pay, as an Operating Expense, the following costs: the cost of any capital improvements (A) made by Landlord which are intended as a labor saving device or to effect other economies in the operation or maintenance of the Real Property, or any portion thereof, but the amount Tenant shall pay is limited to the reasonably projected savings therefrom; or (B) made to all or any portion, or any portion thereof, after the Lease Commencement Date which are required under any governmental law or regulation which was not applicable as of the date of commencement of

construction of the Building by Landlord; provided, however, that each such permitted capital expenditure shall be amortized (including interest on the unamortized cost) over its useful life as Landlord shall reasonably determine, provided, however, that Tenant shall not be responsible for such amortization payments to the extent that the capital expenditure was for an item as to which Landlord is solely responsible under the provisions of Section 7.2 below.

7.1.2 Maintenance Contracts. As a part of Tenant's Required Actions, Tenant shall, at Tenant's sole cost and expense, maintain contracts for the inspection, maintenance and service of the (i) heating, air conditioning and ventilation equipment, (ii) boiler, fired or unfired pressure vessels, (iii) fire sprinkler and/or standpipe and hose or other automatic fire extinguishing systems, including fire alarm and/or smoke detection, and (iv) electrical systems.

7.2 Landlord's Obligations. It is intended by the parties hereto that Landlord have no obligation, in any manner whatsoever, to take any of the Tenant Required Actions with respect to the Building Systems or Building Structure, except as set forth in this Section 7.2, below. It is the intention of the parties that the terms of this Lease govern the respective obligations of the parties as to maintenance and repair of the Premises. Tenant waives the right to make repairs at the expense of Landlord or to terminate this Lease by reason of any needed repairs under Sections 1941 and 1942 of the California Civil Code, or any similar law, statute, or ordinance, now or hereafter in effect. Notwithstanding the foregoing, during the Lease Term, Landlord shall maintain and repair the structural skeleton of the Building consisting only of the floor slabs, foundation, roof structure, roof membrane, exterior walls and exterior glass and mullions ("Landlord Maintenance Items"). Landlord shall deliver the Building with all of the Building Structure and Building Systems described in Section 7.1.1. above in new and first-class working condition and in compliance with all Laws. In addition, Landlord shall provide to Tenant a ten (10) year warranty on the roof of the Building. Landlord hereby agrees that to the extent that the Building, the Building Structure or the Building Systems and their component parts are not constructed in accordance with applicable Laws, or if it is later discovered the Building, Building Structure or Building Systems have any defects, Landlord shall at its sole cost and expense, remedy any and all such portions of the Building or its component parts so long as such non-compliance is ascertained within one (1) year from Substantial Completion

of the Landlord's Work.. All warranties associated with the Building and any equipment or systems installed therein shall be assigned on the Lease Commencement Date to Tenant (such assignment to be on a non-exclusive basis, to be shared with Landlord, as to Landlord Maintenance Items).

7.3 Tenant's Right to Make Repairs. If Tenant provides written notice to Landlord of an event or circumstance which requires the action of Landlord with respect to the Landlord Maintenance Items and Landlord fails to provide or commence to provide (and thereafter diligently proceed with such efforts to completion) such action as required by the terms of this Lease within ten (10) days after receipt of such written notice (or such lesser period of time as may be applicable in the event of an emergency), Tenant may proceed to take the required action upon delivery of an additional five (5) business days notice to Landlord (or within the applicable and appropriate time period based on an emergency) specifying that Tenant is taking such required action, and if such action was required under the terms of this Lease to be taken by Landlord, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable and documented costs and expenses in taking such action within thirty (30) days after receipt by Landlord of an invoice from Tenant which sets forth a reasonably particularized breakdown of the costs and expenses incurred by Tenant in connection with taking such action. In the event Landlord does not reimburse Tenant for such costs and expenses within thirty (30) days of receipt by Landlord of such invoice, then interest shall thereafter accrue on such unpaid

amounts at the Interest Rate until such time as payment is made by Landlord. Tenant may utilize the services of any qualified contractor which normally and regularly performs similar work in Comparable Buildings. Further, if Landlord does not deliver a detailed written objection to Tenant, within thirty (30) days after receipt of an invoice by Tenant of its costs of taking action which Tenant claims should have been taken by Landlord, and if such invoice from Tenant sets forth a reasonably particularized breakdown of its costs and expenses in connection with taking such action on behalf of Landlord, then Tenant shall be entitled to deduct from Rent payable by Tenant under this Lease, the amount set forth in such invoice together with interest at the Interest Rate. If, however, Landlord in good faith delivers to Tenant, within thirty (30) days after receipt of Tenant's invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Landlord's reasons for its claim that such action did not have to be taken by Landlord pursuant to the terms of this Lease or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive), then Tenant shall not be entitled to such deduction from Rent, but Tenant may proceed to institute legal proceedings against Landlord to collect the amount set forth in the subject invoice. If Tenant receives a non-appealable final judgment against Landlord in connection with such legal proceedings, Tenant may deduct the amount of the judgment, not to exceed the amount of the unpaid portion of the relevant invoice, and reasonable attorneys' fees actually incurred by Tenant, together with interest thereon at the Interest Rate from the Base Rent next due and owing under this Lease.

ARTICLE 8

CONDITIONS AND ALTERATIONS

8.1 Landlord's Consent to Alterations. Tenant may, without the need to obtain the consent or approval of Landlord, make any improvements, alterations, additions or changes to the Premises (collectively, the "Alterations") desired by Tenant which do not create a Design Problem, by

providing Landlord with written notice not less than six (6) business days prior to the commencement thereof. For purposes of this Lease, "Design Problem" shall mean any alteration, repair, modification, or improvement by Tenant which (a) materially or adversely affects the Building Systems or Building Structure, (b) is not in compliance with applicable laws, or (c) affects the exterior appearance of the Building. Tenant may not make any Alteration which may create a Design Problem (collectively, "Consent Alterations"), without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than ten (10) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord and shall state whether the consent alterations must be removed on termination of the Lease; provided if the Design Problem materially or adversely affects the Building System or Building Structure, then Landlord may condition its consent upon Tenant assuring that the proposed Alteration complies with applicable Laws and complies with other conditions that Landlord may reasonably require of Tenant. In the event Tenant proposes to make a Consent Alteration, Tenant's notice regarding the proposed Alteration shall include the plans and specifications for the Alterations. Landlord shall grant or withhold its consent to any Consent Alterations within ten (10) business days of receipt of Tenant's notice; Landlord's failure to respond within three (3) business days after receipt by Landlord of a second notice given after such ten (10) business day period shall be deemed to evidence Landlord's approval with respect to the same. The construction of the initial improvements to the Premises shall be governed by the terms of the Work Letter and not the terms of this Article 8.

8.2 Manner of Construction. In connection with the making of Alterations, except for minor or purely cosmetic Alterations such as painting or replacement of wall covering ("Finish Work"), Tenant shall utilize only contractors and

subcontractors who normally and regularly perform similar work in Comparable Buildings, or which have been otherwise approved by Landlord, which approval shall not be unreasonably withheld or delayed. Subject to the terms of Article 24, below, Tenant shall construct all Alterations in conformance with any and all applicable rules and regulations of any federal, state, county or municipal code or ordinance and, when required pursuant to applicable Law, pursuant to a valid building permit issued by the City of Lake Forest. Landlord's approval of the plans, specifications and working drawings for Tenant's Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities. All work with respect to any Alterations must be done in a good and workmanlike manner and diligently prosecuted to completion. Upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of Orange County in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and, except as to Finish Work, Tenant shall deliver to Landlord a reproducible copy of the construction set of drawings of the Alterations (or, at Tenant's election, a copy of the final working drawings for such Alterations, with field changes shown thereon) within thirty (30) days following completion thereof.

8.3 Construction Insurance. Prior to the commencement of any Alteration, Tenant shall provide Landlord with reasonable evidence that Tenant carries "Builder's All Risk" insurance in a commercially reasonable amount given the scope of such Alterations, covering the construction of such Alterations, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its discretion, require any "Transferee," as that term is defined in Section 14.1, below, other than any Affiliate, to obtain a lien and completion bond or some alternate form of

security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.4 Landlord's Property. Subject to the terms of this Lease, all Alterations, improvements, fixtures and/or equipment which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and shall be and become the property of Landlord, except that Tenant shall have the right to remove any such Alterations, not attached or built into the Premises and trade fixtures which Tenant can reasonably substantiate to Landlord have not been paid for with any tenant improvement allowance funds provided to Tenant by Landlord, together with any non-affixed personal property in the Premises, provided Tenant repairs any damage to the Premises and Building caused by such removal. Upon the expiration or early termination of the Lease Term, Landlord may, by written notice to Tenant, require Tenant at Tenant's expense to remove any improvements in the Premises, excluding the initial Tenant Improvements but including any Alterations with respect to which Landlord designated, in its approval of the Alterations, that the same are to be removed at the end of the Term of the Lease, and repair any damage to the Premises and Building caused by such removal, and leave the Premises in a broom-clean condition. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any such improvement, after notice to Tenant from Landlord, and a reasonable opportunity (based on the then current circumstances) for Tenant to complete such removal and/or repair, Landlord may do so and may charge the cost thereof to Tenant.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or

otherwise, to attach to or be placed upon the Real Property, Building or Premises, and any and all liens and encumbrances created by Tenant shall attach to Tenant's interest only. Landlord shall have the right at all times to post and keep posted on the Premises customary notices of non-responsibility which it deems necessary for protection from such liens. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Real Property, the Building or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to Tenant or the Premises, and, in case of any such lien attaching or notice of any such lien, Tenant covenants and agrees to cause it to be immediately released and removed of record by bond or otherwise within ten (10) business days after notice by Landlord, and if Tenant shall fail to do so Landlord, at its sole option, may, after an additional five (5) business days notice to Tenant, take all action necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums, costs and expenses, including reasonable attorneys' fees and costs, incurred by Landlord in connection with such lien shall be deemed Additional Rent under this Lease and shall be due and payable by Tenant within thirty (30) days of receipt of an invoice therefor.

ARTICLE 10

INSURANCE

10.1 Indemnification and Waiver.

10.1.1 Waiver. Tenant hereby assumes all risk of damage to property or injury to persons in or upon the Premises from any cause whatsoever and agrees that Landlord, its partners and their respective officers, agents, servants, and employees (collectively, the "Landlord Parties") shall not be liable for any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant, except to the extent caused by the negligence or wilful misconduct of the Landlord Parties, subject to the provisions of Section 10.4 hereof.

10.1.2 Tenant's Indemnity. Tenant shall indemnify, defend, protect, and hold harmless Landlord and the Landlord Parties from any and all claims, loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) (collectively, "Claims") incurred in connection with or arising from (1) any cause in or on the Premises during the Lease Term or any holdover period and (2) subject to the terms of the last sentence of Section 10.1.3, below, any acts or omissions or wilful misconduct of Tenant or any person claiming by, through or under Tenant, its partners, and their respective officers agents, servants or employees of Tenant or any such person (collectively, "Tenant Parties"), in or on or about the Premises or the Real Property either prior to, during, or after the expiration of the Lease Term, provided that, except as set forth below, the terms of the foregoing indemnity shall not apply to the extent such Claims arise from the negligence or wilful misconduct of the Landlord Parties in connection with the Landlord Parties' activities in, on or about the Real Property, including the Premises, subject to the provisions of Section 10.4 hereof. Notwithstanding the foregoing, because Tenant must carry insurance pursuant to Section 10.3.2, below, to cover its personal property and all office furniture, trade fixtures, office equipment and merchandise within the Premises and the Tenant Improvements and Alterations, Tenant hereby agrees to protect, defend, indemnify and hold Landlord harmless from any Claim with respect to any such property within the Premises, to the extent such Claim is covered by Tenant's insurance, even if resulting from the negligence or wilful misconduct of the Landlord Parties.

10.1.3 Landlord's Indemnity. Landlord shall indemnify, defend,

protect, and hold harmless Tenant and the Tenant Parties from any Claims incurred in connection with or arising from (1) any cause in or about the Real Property during the Lease Term (to the extent covered by Landlord's commercial general liability insurance policies carried pursuant to the terms of Section 10.2 below), or (2) any negligent acts or omissions or wilful misconduct of any of the Landlord Parties in, on, or about the Premises or the Real Property (subject to the terms of the last sentence of Section 10.1.2, above), either prior to, during, or after the expiration of the Lease Term, provided that, except as set forth below, the terms of the foregoing indemnity shall not apply to the extent such Claims arise from the negligence or wilful misconduct of the Tenant Parties in connection with the Tenant Parties' activities in, on, or about the Real Property. Notwithstanding the foregoing, because Landlord is required to maintain pursuant to the terms of Section 10.2, below, insurance on the Building and Real Property and Tenant compensates Landlord for such insurance as part of Operating Expenses, Landlord hereby agrees to protect, defend, indemnify and hold Tenant harmless

from any Claims with respect to the Building and Landlord's equipment and property on the Real Property to the extent such Claim is covered by Landlord's insurance, even if resulting from the negligent acts or wilful misconduct of the Tenant Parties.

10.1.4 Waiver of Consequential Damages. Notwithstanding any contrary provision of this Lease, neither Landlord nor Tenant shall be liable to the other party for any consequential damages for a breach or default under this Lease, provided that this sentence shall not be applicable to any consequential damages which may be incurred by the Landlord Parties relating to or in connection with (i) action taken by or on behalf of Tenant pursuant to the provisions of Section 7.3, above, or (ii) any holdover by Tenant following the expiration of the Lease Term, subject to and in accordance with the provisions of Article 16 hereof.

10.1.5 General Terms. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

10.2 Landlord's Insurance. Subject to Tenant's right to carry and pay directly for insurance as permitted by Section 4.1, Landlord shall maintain during the Lease Term "all-risk" insurance insuring the Building against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage, and special extended coverage. Such coverage shall be written for one hundred percent (100%) of the replacement cost value of the Building, without deduction for depreciation, and shall be from such companies, and on such other terms and conditions as Landlord may from time to time reasonably determine. Such insurance coverage shall also include a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Real Property or the ground or underlying lessors of the Real Property, or any portion thereof. Such policy shall also contain a "stipulated value" endorsement deleting any co-insurance provisions. Notwithstanding the foregoing provisions of this Section 10.2, the coverage and amounts of insurance carried by Landlord in connection with the Building shall at a minimum be comparable to the coverage and amounts of insurance which are carried by institutional landlords of Comparable Buildings. Landlord shall also carry Worker's Compensation and Employee's Liability coverage as required by applicable law. Upon inquiry by Tenant, from time to time, Landlord shall inform Tenant of all such insurance carried by Landlord. Tenant shall, at Tenant's expense, comply as to the Premises with all customary insurance company requirements pertaining to the use of the Premises to the extent consistent with the insurance company requirements imposed at the Comparable Buildings. If Tenant's conduct or use of

the Premises other than for the uses permitted under Section 5.1 of this Lease causes any increase in the premium for such insurance policies, then Tenant shall, following notice from Landlord either (i) cease such conduct or use, or (ii) reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body to the extent consistent with the rules, orders, regulations or requirements imposed at the Comparable Buildings. Landlord may carry earthquake and flood insurance with a deductible of not less than five percent (5%) of the replacement value of the Building at the time of loss and not more than the amount of deductible then customarily maintained under similar insurance with respect to Comparable Projects, and Tenant will reimburse Landlord for the premium cost thereof up to Sixty Thousand and

00/100 Dollars ($60,000.00) per year, plus annual increases thereof in an amount no greater on a percentage basis than the annual percentage increase in the Consumer Price Index for All Urban Consumers (base year 1982-1984'100) for the Los Angeles, Anaheim, Riverside area published by the United States Department of Labor, Bureau of Labor Statistics.

10.3 Tenant's Insurance. Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage arising out of Tenant's operations or use of the Premises, including a Broad Form Commercial General Liability endorsement covering the insuring provisions of this Lease and covering the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and Property Damage Liability	$5,000,000 each occurrence $5,000,000 annual aggregate
Personal Injury Liability	$5,000,000 each occurrence $5,000,000 annual aggregate

10.3.2 "All-Risk" Insurance, with commercially reasonable deductibles, covering (i) all office furniture, trade fixtures, office equipment, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the Tenant Improvements, and (iii) all other improvements, alterations and additions to the Premises, including any improvements, alterations or additions installed at Tenant's request above the ceiling of the Premises or below the floor of the Premises. Such insurance shall be written for the full replacement cost value, new, without deduction for depreciation, of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and may include, at Tenant's sole option, a vandalism and malicious mischief endorsement, and sprinkler leakage coverage.

10.3.3 Form of Policies. The minimum limits of policies of liability insurance required of Tenant or Landlord under this Lease shall in no event limit the liability of Tenant or Landlord under this Lease. Each party's insurance shall (i) name the other party (including, as to Landlord, the "Lender," as described in Article 18 below), as an additional insured; (ii) specifically cover the Tenant's indemnity obligations of the insuring party set forth in Section 10.1 of this Lease to the extent customarily and commercially available; (iii) be issued by an insurance company having a rating of not less than B+/VII in Best's Insurance Guide or which is otherwise reasonably acceptable to the named party and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by the named party is not excess and is non-contributing with any insurance requirement of the insuring party; and (v)

contain a cross-liability endorsement or severability of interest clause acceptable to the named party. The insuring party shall cause its insurance carrier to provide that said insurance carrier shall give thirty (30) days' prior written notice to the named party and any mortgagee or ground or underlying lessor of the named party prior to the date said insurance is canceled. The parties agree that the insuring party may satisfy its insurance requirements herein with a "blanket" or "umbrella" insurance policy covering the

Premises and other premises of the insuring party. The insuring party shall deliver said policy or policies or certificates thereof to the named party on or before the date that Tenant first enters the Premises for purposes of performing any work or installing any of its fixtures, equipment or personal property and at least thirty (30) days before the expiration dates thereof. In the event the insuring party shall fail to procure such insurance, or to deliver such policies or certificate at least thirty (30) days before the expiration dates thereof, the named party may, at its option, if such failure continues for ten (10) business days following written notice to the insuring party, procure such policies for the account of the insuring party, and the cost thereof shall be paid to the named party as Additional Rent within thirty (30) days after delivery to the insuring party of bills therefor.

10.4 Subrogation. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be. Landlord and Tenant hereby waive any right that either may have against the other on account of any loss or damage to their respective property to the extent such loss or damage is insurable under the types of policies of insurance set forth in Sections 10.2 and 10.3.2, above.

10.5 Additional Insurance Obligations. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, such increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10, and such other reasonable types of insurance coverage (exclusive, as to insurance required under the provisions of Section 10.3, of earthquake and flood insurance) and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord; provided that such requests shall be consistent with the treatment of comparable tenants in the Comparable Buildings.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 Repair of Damage to Premises by Landlord. Except in the case where Landlord or its agents are already aware of the same, Tenant shall notify Landlord of any material damage to the Premises resulting from fire or any other casualty promptly following the date Tenant becomes aware of such damage. If the Building or Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Building, the Building Structure and Building Systems, except for those items which were constructed by or for the benefit of Tenant above and beyond the Tenant Improvement Allowance (the "Base, Shell and Core") . Such restoration shall be to substantially the same condition of the Base, Shell and Core prior to the casualty, except for modifications required by zoning and building codes and other laws. Notwithstanding any other provision of this Lease, upon the occurrence of any damage to the Premises, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under items (ii) and (iii) of Section 10.3.2 of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements

installed in the Premises and shall return such Tenant Improvements to their original condition. Except as provided below with respect to the termination of the Lease, if the cost of restoration of the Base, Shell and Core shall exceed the amount of insurance proceeds scheduled to

be received by Landlord from Landlord's casualty, earthquake and/or flood insurance due to the deductible amounts under such insurance (which deductible amounts shall not be in excess of commercially reasonable amounts for Comparable Buildings), Tenant shall pay such shortfall (not to exceed the deductible amounts permitted under this Lease) to Landlord prior to Landlord's repair of the damage to the Base, Shell and Core. If the cost of such repair to the Tenant Improvements by Landlord is estimated, after review of the costs by Tenant, to exceed the amount of insurance proceeds scheduled to be received by Landlord from Tenant's insurance carrier, as assigned by Tenant, Tenant shall pay any such short fall to Landlord prior to Landlord's repair of the damage. In the event this Lease shall terminate as a result of such damage, (i) Tenant shall pay the amount of the deductible under Landlord's policy only if the termination is a result of Tenant's election to terminate under Section 11.2.2 below, (ii) Tenant shall assign to Landlord the right to receive any insurance proceeds received from Tenant's insurance carrier related to the Tenant Improvements constructed utilizing the proceeds of the Tenant Improvement Allowance, and (iii) Tenant shall retain the insurance proceeds related to those of the Tenant Improvements which were constructed utilizing funds provided by Tenant over and above the Tenant Improvement Allowance. Tenant shall retain all insurance proceeds related to Tenant's personal property, furniture, fixtures and equipment. In connection with such repairs and replacements, Tenant shall, prior to the commencement of construction of the Tenant Improvements, submit to Landlord, for Landlord's review and approval, which approval shall not be unreasonably withheld, conditioned, or delayed, all plans, specifications and working drawings relating thereto, and Tenant shall have the right to alter the design of the previously existing Tenant Improvements, provided that such redesign shall not delay the repairs and restoration, and Landlord shall select the contractors to perform such improvement work; provided, however, that Tenant shall have the right to approve the contractor and the primary subcontractors relating to the Tenant Improvements, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that as a result of such damage Tenant may be entitled to abatement of Rent pursuant to the terms of Section 6.4 of this Lease.

11.2 Landlord's Option to Repair.

11.2.1 Landlord Right To Terminate. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises and/or Building and/or Real Property and instead terminate this Lease by notifying Tenant in writing (the "Landlord Termination Notice") of such termination within sixty (60) days after the date of Landlord's discovery of damage (the "Damage Date"), such notice to include a termination date giving Tenant ninety (90) days to vacate the Premises, but Landlord may so elect only if the Premises, Building and/or Real Property shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) repairs cannot reasonably be completed within two hundred forty (240) days of the Damage Date (when such repairs are made without the payment of overtime or other premiums); (ii) over One Million Five Hundred Thousand Dollars ($1,500,000.00) of the cost of the damage is not covered, excluding deductible amounts, by Landlord's insurance policies (which One Million Five Hundred Thousand Dollar ($1,500,000.00) amount shall decline, on a straight line basis, over the seven (7) years of the term of this Lease, each year reducing such amount by Two Hundred Fourteen Thousand Dollars ($214,000.00)),or (iii) the holder of any mortgage on the Building or Real Property shall require (based on such holder's legal right to so

require) that the insurance proceeds or any portion thereof be used to retire the mortgage debt and the remaining proceeds are more than Three Hundred Seventy-Five Thousand and 00/100 Dollars ($375,000) less than the amount required to repair the damage.

11.2.2 Tenant's Right to Terminate. If Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs of such damage cannot, in the reasonable judgment of the contractor selected by Landlord to complete such repairs, be completed to the standard set forth in Section 11.1, above, within two hundred forty (240) days after the Damage Date (which two hundred forty (240) day period shall not be subject to extension as a result of any "Force Majeure" as that term is defined in Article 21, below), Landlord shall, within sixty (60) days after the Damage Date, deliver notice of such fact to Tenant. Within thirty (30) days after Tenant's receipt of such notice, Tenant may elect to terminate this Lease by written notice to Landlord effective as of the date specified in Tenant's notice, which date may be up to ninety (90) days following the date of the notice. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within such two hundred forty (240) day period, as such period is extended by Force Majeure delays and Tenant Delays, Tenant shall have the right to terminate this Lease within five (5) business days of the end of such period and thereafter during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are complete, by notice to Landlord (the "Damage Termination Notice"), effective as of a date set forth in the Damage Termination Notice (the "Damage Termination Date"), which Damage Termination Date shall not be less than five (5) business days following the end of such period or each such month, as the case may be. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right, which may only be exercised once with respect to any specific event of damage or destruction, to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If repairs shall be substantially completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty-day period, then this Lease shall terminate upon the expiration of such thirty-day period. At any time, from time to time, after the date occurring thirty (30) days after the Damage Date, Tenant may request that Landlord provide Tenant with a certificate from the or contractor described above setting forth such contractor's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within five (5) business days.

11.2.3 Damage Near End of Term. Despite any other provision of this Article 11, if the Premises or Building is destroyed or damaged by a casualty in the period of the Lease Term set forth below (and Tenant has not previously or within sixty (60) days after the Damage Date irrevocably exercised an available option to extend the Lease Term pursuant to Section 2.2 of this Lease), then the two hundred forty (240) day period specified in Section 11.2.1 and Section 11.2.2 and the amount of deductible under Landlord's policy which Tenant is otherwise required to pay under Section 11.1(i) shall be reduced to the number of days and the amounts indicated as the Time to Completion and the amount of Deductible payable by Tenant.

Damage in the last	Time to Completion	Amount of Deductible Payable by Tenant

. 24 to 19 months of Lease Term	. 180 days	75%
. 18 to 13 months of Lease Term	. 120 days	50%
. 12 to 7 months of Lease Term	. 90 days	25%
. 6 months to end of Lease Term	. 30 days	0%

11.3 Waiver of Statutory Provisions. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Real Property, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Real Property.

ARTICLE 12

NONWAIVER

No waiver of any provision of this Lease shall be implied by any failure of either party to enforce any remedy on account of the violation of such provision, even if such violation shall continue or be repeated subsequently, any waiver by either party of any provision of this Lease may only be in writing, and no express waiver shall affect any provision other than the one specified in such waiver and that one only for the time and in the manner specifically stated. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term.

ARTICLE 13

CONDEMNATION

13.1 Permanent Taking. If the whole or any part of the Premises or Building shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises or Building, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation (collectively, a "Taking"), and if such Taking involves a Taking of all or substantially all of the Premises, Landlord shall have the option to terminate this Lease upon delivery of ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking, condemnation, reconfiguration, vacation, deed or other instrument. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if less than twenty five percent (25%) of the rentable square feet of the Premises is taken and Tenant is unable to reasonably conduct its business within the Premises, or if parking is substantially interfered with, or if access to the Premises is substantially interfered with,

Tenant shall have the option to terminate this Lease upon delivery of ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking. Landlord shall be entitled to receive the entire award or payment in connection therewith, except that Tenant shall have the right to receive an award for fifty percent (50%) of the "bonus value" of its leasehold interest hereunder (which bonus value shall be equal to the sum paid by the condemning authority as the award for compensation for

taking the leasehold created by this Lease), its relocation expenses, damages to Tenant's personal property, trade fixtures, and loss of goodwill. All Rent shall be apportioned as of the date of such termination, or the date of such taking, whichever shall first occur. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated or reduced based on the number of rentable square feet of the Premises so taken. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure, or any successor statute.

13.2 Temporary Taking. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and twenty (120) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking (commencing on the date of such taking) in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises; provided that if the remaining portion of the Premises is not sufficient to allow Tenant to effectively conduct its business therein, and if Tenant does not conduct its business from such remaining portion, then Base Rent and the Additional Rent shall be abated for the entire Premises for such time as Tenant continues to be so prevented from using, and does not use, the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 Transfers. Subject to the provisions of this Article 14, Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or otherwise permit the occupancy or use of the Premises by any persons other than Tenant, its Affiliates and their employees (all of the foregoing are hereinafter sometimes referred to collectively as "Transfers" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "Transferee"). Any Transfer with respect to which Landlord's consent is required under this Article 14 and with respect to which such consent requirement is not exempted under this Article 14 is referred to herein as a "Consent Transfer." If Tenant desires Landlord's consent to any Consent Transfer, Tenant shall notify Landlord in writing, which notice (the "Transfer Notice") shall include (i) the proposed effective date of the Transfer, which shall not be less than (a) in the case of a sublease of less than 24,000 rentable square feet, ten (10) business days, (b) in the case of a sublease of 24,000 square feet or more, fifteen (15) business days, and (c) in the case of an assignment of this Lease or any other Transfer, twenty (20) business days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "Subject Space"), (iii) all of the principal terms of the proposed Transfer and the consideration

therefor, including a calculation of the "Transfer Premium," as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing and/or proposed documentation pertaining to the proposed Transfer, including all then existing material, executed operative documents to evidence such Transfer or the agreements incidental or related to such Transfer, (iv) current financial statements of the proposed Transferee and (v) to the extent reasonably available, any other reasonable information reasonably and customarily required by landlords of Comparable Buildings in connection with the review of similar

Transfers. Subject to the terms of this Article 14, any Consent Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect. Whether or not Landlord consents to any Consent Transfer, Tenant shall pay Landlord's review and processing fees, as well as any reasonable legal fees incurred by Landlord, within thirty (30) days after written request by Landlord, all of which costs shall not exceed, as to any specific request for Landlord approval, the sum of $2,500.

14.2 Landlord's Consent. Landlord shall not unreasonably withhold, delay or condition its consent to any proposed Consent Transfer. Subject to the provisions of this Section 14.2, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Consent Transfer where one or more of the following apply, without limitation as to other reasonable grounds for withholding consent:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is materially inconsistent with the quality of the Building; or

14.2.2 The Transferee intends to use the Subject Space for purposes which are inconsistent with those permitted under this Lease; or

14.2.3 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested; provided that the provisions of this Section 14.2. shall be applicable only if (i) the proposed Transfer is an assignment of Tenant's interest in the Lease, (ii) the proposed Transfer concerns twenty thousand (20,000) rentable square feet or more of the Premises, or (iii) upon the consummation of the proposal Transfer, the Original Tenant and/or its Affiliates will not continue to directly occupy (i.e., have not subleased or otherwise transferred its space) at least forty thousand (40,000) rentable square feet of the Premises.

If Landlord consents to any Consent Transfer pursuant to the terms of this Section 14.2, Tenant may within nine (9) months after Landlord's consent, but not later than the expiration of said nine-month period, enter into such Transfer of the Premises or portion thereof, provided that if there are any material changes in the terms and conditions from those specified in the Transfer Notice such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its consent under this Article 14.

14.3 Transfer Premium.

14.3.1 Definition of Transfer Premium. Subject to the terms of this Article 14, if Landlord consents to a Consent Transfer, as a condition thereto which the parties hereby agree is

reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "Transfer Premium" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred (unless all or a portion of the Subject Space is subject to different Rent and Additional Rent terms, in which case, to the extent applicable, such different terms shall be applicable), after deducting the actual, out-of-pocket expenses incurred or to be incurred by Tenant for the following (collectively, the "Subleasing Costs") (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any space planning, architectural or design fees or expenses incurred in marketing such

space or in connection with such Transfer, (iii) any improvement allowance or other monetary concessions provided to the Transferee, (iv) any brokerage commissions incurred by Tenant in connection with the Transfer, (v) legal fees incurred in connection with the Transfer, including those fees and costs reimbursed to Landlord pursuant to the last sentence of Section 14.1, (vi) any lease takeover costs incurred by Tenant in connection with the Transfer, (vii) out-of-pocket costs of advertising the space which is the subject of the Transfer, and (viii) the amount of any Base Rent and Additional Rent paid by Tenant to Landlord with respect to the Subject Space during the period, not to exceed four (4) months, commencing on the later of (a) the earlier of the date Tenant contracts with a reputable broker to market the Subject Space or commences negotiations with the Transferee as evidenced by an exchange of proposals, or (b) the date Tenant vacates the Subject Space, until the commencement of the term of the Transfer. "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, but shall exclude any payment which is not in excess of fair market value for (i) services rendered by Tenant to Transferee or (ii) for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer.

14.3.2 Payment of Transfer Premiums. The determination of the amount of the Transfer Premium shall be made on a monthly basis in accordance with the terms of this Section 14.3.2, as rent or other consideration is received by Tenant by under the Transfer. For purposes of calculating the Transfer Premium, Tenant's Subleasing Costs shall be credited against the first amounts received by Tenant as a result of the Transfer.

14.4 Effect of Transfer. Subject to the terms of this Article 14, if Landlord consents to a Consent Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Consent Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer, and (iv) Tenant shall furnish upon Landlord's request a reasonable statement, certified by an independent certified public accountant, or Tenant's chief financial officer or other appropriate officer of Tenant, setting forth in reasonable detail the computation of any Transfer Premium Tenant has derived and expects to derive from such Transfer. Except as set forth in Section 14.4 above, no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant from liability under this Lease, including, without limitation, in connection with the Subject Space; provided, however, Tenant and the Guarantor shall be relieved and released from all liability under this Lease if the Transferee and/or any guarantor of the Transferee's obligations under this Lease (pursuant to a written guaranty in the form attached hereto as Exhibit L) has a long term debt

credit rating from Standard & Poors of BBB- or better and a combined net worth of $250,000,000 or more; provided further, however, that such Transferee's obligations shall be guaranteed under a guaranty in the same form as the Guaranty attached to this Lease as Exhibit L if Transferee is a wholly-owned subsidiary or controlled by a third party entity, or, at Landlord's sole election, an agreement other than a guaranty may be reached between Landlord and the entity controlling the Transferee, whereby such entity agrees not to denigrate the financial condition of such Transferee during the term of the Lease. Landlord or its authorized representatives shall have the right at all reasonable times during normal business hours following ten (10) business days advance notice to audit the books, records and papers of Tenant directly relating to any Consent Transfer. If the Transfer Premium respecting any Consent Transfer shall be found understated, or overstated, the appropriate party shall within thirty (30) days after demand, pay to the other the deficiency or excess, and if understated by more than ten percent (10%), Tenant

shall pay Landlord's costs of such audit.

14.5 Non-Transfers. Notwithstanding anything to the contrary contained in this Article 14, an assignment of this Lease or subletting of all or a portion of the Premises to an entity (an "Affiliate") which is controlled by, controls, or is under common control with, Tenant or Tenant's parent or any subsidiary of Tenant or Tenant's parent, or to a resulting entity from a merger or consolidation of Tenant with another entity, shall not be deemed a Transfer under this Article 14, and Landlord's consent shall not be required in connection therewith, provided that Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such assignment or sublease or such Affiliate or resulting entity, and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease and shall in no way relieve Tenant from any liability under this Lease. "Control," as used in this Section 14.5, shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise. As used in this Section 14.5, "Affiliate" shall also include any entity which is subleasing from Tenant less than 12,000 square feet of rentable area of the Premises and on a consolidated basis no more than 36,000 square feet and with respect to which no demising wall is to be erected, and with the only identification of such subtenant appearing on the door or doors to the offices, if any, in that portion or portions of the Premises being occupied by such sublessee.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 Surrender of Premises. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger.

15.2 Removal of Tenant Property by Tenant. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15 and Section 8.4 above, quit and surrender possession of the Premises to Landlord in good order and condition, reasonable wear and tear, casualty events, damage resulting from the negligence or misconduct of the Landlord Parties, and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of free-standing furniture, equipment, cabinet work, and other personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and, subject to the terms of this Lease, Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16

HOLDING OVER

(a) If Tenant holds over after the expiration of the Lease Term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Base Rent shall be payable at a monthly rate equal to one hundred twenty-five percent (125%) of the Base Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. Except for the time limitation on Landlord's right to seek consequential damages set forth in the next sentence (which time limitation shall also apply to Landlord's rights to seek damages other than by reason of the following sentence), the provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises within sixty (60) days after the termination or expiration of this Lease, then, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

(b) Notwithstanding the foregoing, by written notice to Landlord given at least one hundred twenty (120) days prior to the expiration of the original Term, Tenant shall have one time right to elect to holdover in the Premises (which holdover will be deemed to be with Landlord's consent) for one (1), two (2), or three (3) full months (as specified in Tenant's notice) at the same Monthly Base Rent and Additional Rent in effect under this Lease immediately prior to such holdover, and such continued occupancy by Tenant shall be subject to all of the other terms, covenants and conditions of this Lease, so far as applicable. The Lease Term will be extended for the period specified in such notice by Tenant to Landlord and a vacation of the Premises by Tenant

prior to such date will not relieve Tenant of liability for Monthly Base Rent and Additional Rent accruing under this Lease through the expiration of the Term, as extended pursuant to Tenant's notice. The provisions of this Subsection 16(b) will survive the expiration or earlier termination of this Lease.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within fifteen (15) business days following a request in writing by Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit E, attached hereto, indicating therein any exceptions thereto that may exist at that time, and shall also contain any other customary factual information certified to Tenant's knowledge, without a duty of investigation or inquiry by Tenant, reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. Landlord hereby agrees to provide to Tenant an estoppel certificate signed by Landlord, containing the same types of information, and within the same periods of time, as set forth above, with such changes as are reasonably necessary to reflect that the estoppel certificate is

being granted to Tenant by Landlord, rather than being granted by Tenant to Landlord or to a lender.

ARTICLE 18

SUBORDINATION

Subject to the terms of this Article 18, this Lease shall be subject and subordinate to all future ground or underlying leases of the Real Property and to the lien of any "Lender," which in this Lease shall mean any mortgagee under a mortgage or beneficiaries under any trust deeds hereafter in force against the Real Property and the Building, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the Lenders or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. As of the date of execution and delivery of this Lease, Landlord has not acquired title to the Real Property; therefore, Landlord will not be in a position to provide a Non-Disturbance Agreement to Tenant from the entity presently holding a recorded interest in the Real Property. However, following Landlord's acquisition of title to the Real Property, Landlord's delivery to Tenant of commercially reasonable non-disturbance agreement(s) in favor of Tenant from any ground lessors or Lenders, or ground lessors or Lenders who come into existence at any time prior to the expiration of the Lease Term shall be in consideration of, and a condition precedent to, Tenant's agreement to be bound by the terms of this Article 18. Such commercially reasonable non-disturbance agreements shall include the obligation of any such successor ground lessor or Lender to recognize Tenant's rights specifically set forth in this Lease to offset against Rent next due hereunder (i) any improvement allowance granted under the Work Letter to the extent same has not been paid when due, and (ii) any unpaid arbitration or court award made prior to the ground lessor or Lender succeeding to the rights of Landlord under this Lease. Subject to the non-disturbance agreements described above, Tenant covenants and agrees in the event any proceedings are brought for the foreclosure (or deed lieu thereof) of any such

mortgage, or if any ground or underlying lease is terminated, to attorn, to the lien holder or purchaser or any successors thereto upon any such foreclosure sale (or deed in lieu thereof), or to the lessor of such ground or underlying lease, as the case may be, if so requested to do so by such purchaser or lessor, and to recognize such purchaser or lessor as the lessor under this Lease. Tenant shall, within fifteen (15) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases, subject to the terms of this Article 18.

Without limiting the foregoing, Landlord will obtain execution of the Subordination, Non-Disturbance and Attornment Agreement in the form of Exhibit I on or before the Lease Commencement Date as defined in Section 7.2 of the Summary of Basic Lease Information.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 Events of Default. The occurrence of any of the following shall constitute an event of default ("Event of Default") under this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, within ten (10)

business days after delivery of written notice to Tenant that such sum is past due; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30)-day period, Tenant shall not be deemed to be in default if it commences such cure within such period and thereafter proceeds to rectify and cure said default with reasonable diligence; or

19.1.3 The failure by Tenant to observe or perform according to the provisions of Article 17 or Article 18 of this Lease where such failure continues for more than ten (10) business days after notice from Landlord.

All notices to be given pursuant to this Section 19.1 shall be in addition to and not in lieu of the notice requirements of the California Code of Civil Procedure (S) 1161 et seq.
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19.2 Remedies Upon Default. Upon the occurrence of any Event of Default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, subject to due process of law and without prejudice to any other remedy which it may have for possession or arrearages in rent, enter

upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount reasonably necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant to Landlord pursuant to

the terms of this Lease. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.3 Sublessees of Tenant. In the event Landlord elects to terminate this Lease on account of any Event of Default by Tenant Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the

date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 Waiver of Default. No waiver by Landlord or Tenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord or Tenant in enforcement of 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. The acceptance of any Rent or other payment hereunder by Landlord or Tenant following the occurrence of any default, whether or not known to Landlord or Tenant, as the case may be, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent or other payment so accepted.

19.5 Efforts to Relet. For the purposes of this Article 19, neither this Lease nor Tenant's right to possession shall be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating this Lease or Tenant's right to possession.

19.6 Landlord Default. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease if (i) Landlord is obligated to make a payment of money to Tenant, and Landlord fails to pay such unpaid amounts within ten (10) days of written notice from Tenant that the same was not paid when due, or (ii) such failure is other than the obligation to pay money, and Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to

completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity; provided that, except as otherwise specifically provided in this Lease to the contrary, Tenant shall have no right to terminate this Lease. Any award from a court or arbitrator in favor of Tenant requiring payment by Landlord which is not paid by Landlord within the time period directed by such award, may be offset by Tenant from Base Rent and Additional Rent next due and payable under this Lease.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Subject to Landlord's rights following an Event of Default, Landlord covenants that during the Lease Term Tenant shall peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied, except as otherwise expressly provided in this Lease.

date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 Waiver of Default. No waiver by Landlord or Tenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord or Tenant in enforcement of 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. The acceptance of any Rent or other payment hereunder by Landlord or Tenant following the occurrence of any default, whether or not known to Landlord or Tenant, as the case may be, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent or other payment so accepted.

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favor of Tenant requiring payment by Landlord which is not paid by Landlord within the time period directed by such award, may be offset by Tenant from Base Rent and Additional Rent next due and payable under this Lease.

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a political orientation or faction, which is inconsistent with the quality of the Real Property, or which would otherwise reasonably offend a landlord of a Comparable Building.

23.1.3 Repair and Maintenance; Government Approval. Tenant shall be responsible for the cost of the design, permitting, construction and installation of the Monument Sign and Tenant Name (the "Sign Cost"), and shall also be responsible for the repair and maintenance during the Lease Term of the Monument Sign. Tenant shall also be responsible for the cost and expense of the removal of its name from and restoration of the Building, if affected by the Monument Sign (or from the sign itself, but without restoration obligations) as of the expiration or earlier termination of the Lease. Tenant acknowledges and agrees that the Monument Sign shall be subject to all necessary approvals and permits from governmental agencies and shall comply with the CC&Rs.

23.2 Building Signage. Tenant shall have the right, during the Lease Term, at Tenant's sole cost and expense, to install a sign, with the specifications as set forth on Exhibit F, attached hereto, on the roof (so long as any roof warranty is not voided or adversely affected thereby) and exterior of the Building containing the Tenant Name (the "Building Signage"), provided that such Building Signage shall be subject to all of the terms of the CC&Rs and any applicable governmental requirements. Except as provided in this Lease, Tenant shall be responsible, at Tenant's sole cost and expense, to repair and maintain the Building Signage in first class condition during the Lease Term. In addition Tenant shall be responsible for the cost and expense of the removal of the Building Signage as of the termination or earlier expiration of the Lease Term, and for the cost of repair of any damage to the Building resulting from such removal.

23.3 Prohibited Signage and Other Items. Except as approved elsewhere in this Lease, any signs, notices, logos, pictures, names or advertisements which are installed and visible from the exterior of the Premises and/or Building and that have not been individually approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Any signs, window coverings, or blinds (even if the same are located behind the Landlord approved window coverings for the Building), or other items visible from the exterior of the Premises or Building are subject to the prior approval of Landlord, in its sole but reasonable discretion.

ARTICLE 24

COMPLIANCE WITH LAW

Neither Landlord nor Tenant shall do anything in or about the Premises which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated (collectively, "Laws"). Should any Laws now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees or tenants, then (i) Tenant agrees, at its sole cost and expense, to comply promptly with such Laws if they relate to any of the Tenant Maintenance Items, the Tenant Improvements or the Alterations and to make all alterations to the Premises, Building, and/or Real Property as are required to comply with such Laws and (ii) Landlord shall comply with and all other Laws, including those which relate to the Landlord Maintenance Items, unless such compliance obligations are triggered by the construction of the Tenant Improvements or Alterations, in which

event such compliance obligations to the Landlord Maintenance Items shall be at Tenant's sole cost and expense.

ARTICLE 25

LATE CHARGES

Each party hereby acknowledges that late payment by the other of Rent or other sums due hereunder will cause such party to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by the terms of any mortgage, deed of trust, or ground or underlying lease covering the Premises. Accordingly, if any installment of Rent or any other sum due from either party shall not be received by the other within five (5) business days after notice that said amount is over due, then the defaulting party shall pay to the other a late charge equal to two percent (2.0%) of the amount due, provided that three (3) times in any twenty-four (24) month period, Landlord shall first deliver a second five (5) business day notice prior to such late charge becoming due. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs that will be incurred by reason of such late payment. Acceptance of such late charge shall in no event constitute a waiver of any default with respect to such overdue amount, nor prevent the non-defaulting party from exercising any of the other rights and remedies granted hereunder. Any late charge owed by Tenant shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law other than for damages for the late payment of Rent. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within five (5) business days after notice the same are over due shall thereafter bear interest until paid at a rate (the "Interest Rate") per annum equal to the Wells Fargo Bank (or other "money center" national bank reasonably selected by Landlord) "reference rate" or "base rate" publicly announced from time to time, plus two percent (2%), provided that in no case shall such rate be higher than the highest rate permitted by applicable law.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 Landlord's Cure. Except as otherwise specifically set forth in this Lease, all covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent. If Tenant shall fail to perform any of its obligations under this Lease within a reasonable time after such performance is required by the terms of this Lease, Landlord may, but shall not be obligated to, after thirty (30) days prior notice to Tenant (or in the case of an emergency, after such notice as is reasonable under the circumstances), make any such payment or

perform any such act on Tenant's part without waiving its right based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 Tenant's Reimbursement. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within fifteen (15) days after delivery by Landlord to Tenant of statements therefor, sums equal to expenditures reasonably made and obligations reasonably

incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Subject to the provisions of this Lease, and provided Landlord uses commercially reasonable efforts to minimize any interference with Tenant's business, Landlord reserves the right at all reasonable times and upon reasonable notice to the Tenant (or in the case of an emergency upon such notice as is reasonable under the circumstances) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, ground or underlying lessors or insurers (provided that such right shall not extend to prospective tenants until twelve (12) months prior to the Lease Expiration Date); (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building if necessary to comply with Laws, or for alterations, repairs or improvements to the Landlord Maintenance Items. Notwithstanding anything to the contrary contained in this Article 27, and subject to the notice requirements set forth in Section 19.1.2, above, and Landlord's compliance with the terms of Section 26.1, Landlord may enter the Premises at any time to perform any covenants of Tenant which Tenant fails to perform. Except as otherwise expressly provided in this Lease, any such entries shall be without the abatement of Rent and shall include the right to take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims (not including claims for physical property damages (subject to Section 10.4 hereof) or personal injury damages) for any injuries or inconvenience to or interference with Tenant's business or lost profits, occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may in good faith deem proper to open the doors in and to the Premises. Subject to the provisions of this Lease, any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. Notwithstanding the foregoing, as reasonably necessary in connection with Tenant's business use of the Premises, Tenant may designate certain secure areas, and on prior written notice to Landlord of these areas, Tenant may deny Landlord access to such areas except in an emergency or when Landlord is accompanied by Tenant. Subject to the provisions of this Lease, no provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

Prior to the Lease Commencement Date, Landlord will construct on the Real Property at least six hundred (600) full size parking spaces which Tenant shall

have the exclusive right to use during the Lease Term without charge. Tenant may mark all such parking spaces to be reserved

exclusively for Tenant and Tenant may enforce such exclusive parking rights by any lawful means Tenant deems necessary.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 Terms. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed.

29.2 Binding Effect. Each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 No Air Rights. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease.

29.4 Modification of Lease. Should any prospective mortgagee or ground lessor for the Building or Real Property require a modification or modifications of this Lease, which modification or modifications will not directly or indirectly cause an increased cost or expense to Tenant under this Lease or in connection with Tenant's business operations, or have any negative economic impact, or any other material negative impact, on the Premises or Tenant's occupancy of the Premises or in any other way adversely change the rights and obligations of Tenant hereunder including, without limitation, all rights and obligations of Tenant with respect to renewal, assignment and subletting, insurance proceeds and Tenant's rights to terminate this Lease, or receive abatement of Rent, then and in such event, Tenant agrees that this Lease may be so modified at Landlord's sole cost and expense (including Tenant's reasonable attorneys' fees for review of the same), and agrees to execute whatever reasonable documents are required therefor and deliver the same to Landlord within thirty (30) days following the request therefor. Should Landlord or any such prospective mortgagee or ground lessor require execution of a short form of Lease for recording, containing, among other customary provisions, the names of the parties, a description of the Premises and the Lease Term, Tenant agrees to execute such short form of Lease and to deliver the same to Landlord within fifteen (15) business days following Tenant's receipt of written request therefor.

29.5 Transfer of Landlord's Interest. Notwithstanding the provisions of this Section 29.5, Landlord shall not be released from its liabilities or obligations under this Lease until the Tenant Improvements and Landlord's Work have been completed pursuant to Exhibit B and Landlord has satisfied all of its financial obligations with respect thereto. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Real Property and Building and in this Lease. Tenant agrees that in the event of a transfer of fee title and provided that such transferee is a bona fide purchaser and agrees in writing to perform all of Landlord's obligations thereafter accruing, Landlord shall automatically be released from all liability under this Lease thereafter accruing and Tenant agrees to look solely to such transferee

for the performance of Landlord's obligations hereunder arising or accruing after the date of transfer upon agreement by such transferee

to fully assume and be liable for all obligations of this Lease to be performed by Landlord which first accrue or arise after the date of the conveyance, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that unless and until such mortgage lender succeeds to Landlord's interest and obligations hereunder, Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 Prohibition Against Recording. A memorandum of this Lease may be recorded by Tenant provided Landlord may first require Tenant's agreement to deliver to Landlord an executed, recordable, memorandum of termination of the same, within ten (10) business days after the expiration or earlier termination of this Lease and provided Tenant will pay all costs of such recordation.

29.7 Landlord's Title. Subject to and except for the rights of Tenant expressly set forth in this Lease, Landlord's title is and always shall be paramount to the title of Tenant, and nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 Captions. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.9 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.10 Time of Essence. Time is of the essence of this Lease and each of its provisions.

29.11 Partial Invalidity. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 No Warranty. Except as otherwise expressly set forth in this Lease, in executing and delivering this Lease, Tenant has not relied on any representation, including, but not limited to, any representation whatsoever as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 Landlord Exculpation. It is expressly understood and agreed that, notwithstanding anything in this Lease to the contrary, the liability of Landlord or the Landlord Parties to Tenant for performance of Landlord's obligation under the Lease shall be (i) limited solely and exclusively to an amount which is equal to the interest of Landlord in the Building and Real

Property and to the proceeds of any insurance (the cost of which is included in Operating Expenses) or condemnation

awards received by Landlord pursuant to the items of Article 13 of this Lease and (ii) subject to the waiver of consequential damages set forth in Section 10.1, above. Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant; provided, however, if Landlord incurs any liability to Tenant under this Lease which liability is reduced to a judgment against Landlord, then Tenant shall be entitled to deduct the amount of such judgment from Rent payable by Tenant under this Lease. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns.

The provisions of the preceding section are subject to the following restrictions:

(a) This Section shall not apply with respect to Landlord's obligations to fund the Tenant Improvement Allowance and to complete Landlord's Work under Exhibit B; and

(b) This Section shall have no effect on Tenant's rights to withhold or set off rents as provided elsewhere in this Lease.

29.14 Entire Agreement. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This Lease (including all exhibits attached hereto), and any side letter or separate agreement executed by Landlord and Tenant in connection with this Lease and dated of even date herewith contain all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Premises, shall be considered to be the only agreement between the parties hereto and their representatives and agents, and none of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Lease.

29.15 Guaranty of Lease.

29.15.1 Form of Guaranty. This Lease is to be guaranteed by Matsushita Electric Company of America. The form of the Guaranty to be executed shall be in the form attached hereto as Exhibit L. Guarantor shall have the same obligations as Tenant under this Lease, including but not limited to the obligations to provide the estoppel certificate and information required in Article 17.

29.15.2 Additional Obligations of Guarantor. It shall constitute an Event of Default of Tenant under this Lease if Guarantor fails or refuses, upon reasonable request by Landlord to give: (a) evidence of the due execution of the guaranty called for by this Lease, including the authority of the

Guarantor (and of the party signing on Guarantor's behalf) to obligate such Guarantor on said

guaranty, and resolution of its board of directors authorizing the making of such guaranty, together with a certificate of incumbency showing the signatures of the persons authorized to sign on its behalf, (b) an estoppel certificate, or (c) written confirmation that the guaranty is still in effect.

29.16 Notices. All notices, demands, statements, designations, approvals or other communications (collectively, "Notices") given or required to be given by either party to the other hereunder or by law shall be in writing, and shall be delivered personally or by nationally recognized overnight courier service or sent by United States certified or registered mail, postage prepaid, return receipt requested (i) to Tenant at the appropriate addresses set forth in Section 5 of the Summary, or to such other place in the continental United States as Tenant may from time to time designate in a Notice to Landlord; or (ii) to Landlord at the addresses set forth in Section 3 of the Summary, or to such other firm or to such other place in the continental United States as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given on the date it is received as provided in this Section 29.16 or upon the date personal delivery is made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to one only of such mortgagee or ground or underlying lessor at the address set forth in such notice a written notice of any default by Landlord under the terms of this Lease.

29.17 Authority. If either party is a corporation or partnership, each individual executing this Lease on behalf of such party hereby represents and warrants that such party is a duly formed and existing entity and that such party has full right and authority to execute and deliver this Lease and that each person signing on behalf of such party is authorized to do so.

29.18 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California.

29.19 Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.20 Brokers. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate broker specified in Section 9 of the Summary (the "Broker") (to whom Landlord shall be obligated to pay a commission pursuant to a separate brokerage agreement (the "Brokerage Agreement"), which amount shall be included in the Project Costs), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent other than the Broker. If Landlord fails to pay any amounts due Broker in connection with the Brokerage Agreement, such Broker may send written notice to Landlord and Tenant of such failure and if Landlord fails to pay such amounts within ninety (90) days after said notice, Tenant shall have the right to pay such amount due Broker and upon such payment, Tenant shall be entitled to offset such amounts paid to such Broker against Tenant's next rental obligations which may become due under this Lease. If Landlord objects in writing within such ninety

(90) day period to the claim by Broker, the offset rights in this Section 29.20 shall be limited to the amount ultimately determined to be owed by Landlord to such Broker.

If at the time of renewal or extension of the term of this Lease, the Brokerage Agreement between Landlord and Broker provides that Landlord is not obligated to pay a commission to Broker if Tenant presents to Landlord and/or Broker a written exclusive listing agreement with another broker, then in the event that (i) Landlord or its successor in interest is otherwise obligated to pay a commission to Broker pursuant to the terms of the Brokerage Agreement as the result of any renewal or extension of the term of this Lease, and (ii) Tenant uses a broker other than Broker in connection with such renewal or extension of the term of this Lease and such use is not pursuant to such written exclusive listing agreement with another broker, then Tenant shall be obligated to pay any fee, commission or other compensation to such broker and Tenant's indemnity obligation to Landlord, as set forth in this Section 29.20, shall apply with regard to such broker.

29.21 Independent Covenants. If Landlord fails to perform its obligations set forth herein, Tenant shall not, except as expressly provided in this Lease to the contrary, be entitled (i) to make any repairs or perform any acts hereunder at Landlord's expense or (ii) to any setoff of the Rent or other amounts owing hereunder against Landlord; provided, however, that the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as, to the extent required in this Lease, notice is first given to Landlord and an opportunity is granted to Landlord to correct such violations as provided in Section 19.5, above.

29.22 Year 2000 Compliance Obligations. Landlord shall ensure that all the Building "Computer Controlled Facility Components" (as that term is hereinafter defined) are "Year 2000 Compliant" (as that term is hereinafter defined) prior to January 1, 2000. "Computer Controlled Facility Components" refers to software driven technology and embedded microchip technology which are incorporated into the Base, Shell and Core of the Building. This includes, but is not limited to, programmable thermostats, HVAC controllers, auxiliary elevator controllers, utility monitoring and control systems utilizing microcomputer, minicomputer, or programmable logic controllers. "Year 2000 Compliant" means Computer Controlled Facility Components accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations.

29.23 Transportation Management. To the extent required by Laws, Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Building.

29.24 Hazardous Material.

29.24.1 Definition. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as

a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste"

under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iii) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (iv) petroleum, (v) asbestos or asbestos containing materials, (vi) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, division 4, Chapter 20, (vii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. (S) 1317), (viii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C.(S) 6902 et seq. (42 U.S.C. (S) 6903), or (ix) defined as a "hazardous substance" pursuant to Section 101 of the Compensation and Liability Act, 42 U.S.C. (S) 9601 et seq. (42 U.S.C. (S) 9601).

29.24.2 Operating Expenses. Tenant acknowledges that Landlord may incur costs for complying with laws, codes, regulations or ordinances relating to Hazardous Material, including, without limitation, the following: (i) Hazardous Material present in soil or ground water; (ii) Hazardous Material that migrates, flows, percolates, diffuses or in any way moves onto or under the Real Property, (iii) Hazardous Material present on or under the Real Property as a result of any discharge, dumping or spilling (whether accidental or otherwise) on the Real Property by persons or entities other than Landlord and Tenant; and (iv) material which becomes Hazardous Material due to a change in laws, codes, regulations or ordinances which relate to hazardous or toxic material, substances or waste. Landlord shall promptly provide to Tenant a copy of any Phase I hazardous materials report and any other report or study relative to the environmental condition of the Premises which Landlord has in its possession. Tenant agrees that the costs incurred by Landlord with respect to, or in connection with, the Project for complying with laws, codes, regulations or ordinances relating to Hazardous Material shall be paid by Tenant if such costs are a result of a violation by Tenant of its covenant and agreement in Section 5.2 of this Lease, and shall be an Operating Expense only if such costs qualify (x) under this Section 29.24 to the extent that such compliance does not relate to Hazardous Materials which exist on or under the Project prior to the commencement of the Lease Term, and (y) under clause (iv) so long as such cost and compliance with said clause (iv) is amortized over a seven-year period with Tenant only being responsible for such costs to the extent that the term of this Lease is included within such seven-year amortization period, unless the cost of such compliance, as between Landlord and Tenant, is made the responsibility of Tenant under this Lease. To the extent such Operating Expense relating to Hazardous Material is subsequently recovered or reimbursed through insurance, or recovery from responsible third parties, or other action, Tenant shall be entitled to a proportionate recovery of such Operating Expense to which such recovery or reimbursement relates.

29.24.3 Landlord's Representation. Landlord hereby represents to Tenant that to the best of Landlord's knowledge, on execution of this Lease and on completion of Landlord's Work, there will be no Hazardous Materials located in, on or under the Building, the Real Property or the Premises, and there has been no violation thereon of any law governing Hazardous Materials. To the extent that there has, in fact, been any such violation, Landlord hereby agrees to remove, at Landlord's sole cost and expense, any such Hazardous Materials unless Tenant has caused such

violation. Landlord shall cause the Premises, the Building and the Real Property to be in full compliance with any governmental laws, ordinances, regulations or orders relating to environmental conditions on, under or about the Premises, the Building or the Real Property, including but not limited to asbestos, soil and ground water conditions and Hazardous Materials. Landlord further represents that to the best of Landlord's knowledge, on completion of Landlord's Work, the

Building will comply with all applicable earthquake codes. To the extent that the Building is not in such compliance, Landlord shall promptly cause such compliance, at Landlord's sole cost and expense.

29.24.4 Third Parties. Tenant and Landlord agree to share equally
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any costs directly attributable to Hazardous Substances in, on, under, at or about the Premises which arise following the Lease Commencement Date and are caused by a party other than Landlord and Tenant and their respective agents, contractors, licensees, invitees or employees (it being agreed that each of Landlord and Tenant shall be solely responsible for costs directly attributable to Hazardous substances in, on, under, at or about the Premises caused by its agents, contractors, licensees, invitees or employees.

29.25 INTENTIONALLY DELETED

29.26 Reasonable Consent. Except for matters for which there is a
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standard of consent or approval specifically set forth in this Lease, in which case the express standard shall control, and except for matters which could (i) adversely affect the Systems and Equipment, (ii) adversely affect the Building structure, or (iii) affect the exterior appearance of the Building, in which case Landlord shall have the right to act in its sole and absolute discretion (but at all times in good faith) as to the matters described in items (i), and (ii) and (iii) above, any time the consent or approval of Landlord or Tenant is required under this Lease, such consent or approval shall not be unreasonably withheld, conditioned or delayed. Subject to the foregoing, and except for matters pertaining to the exercise by either party of any remedies in the event of a default by the other party, in the event this Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make an allocation or other determination, Landlord and Tenant shall act reasonably and in good faith.

29.27 Counterparts. This Lease may be executed in counterparts, each of
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which shall be deemed an original, but such counterparts, when taken together shall constitute one agreement.

29.28 Termination of Existing Lease. Concurrently with and upon the full
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execution and delivery of this Lease and the acquisition of the Real Property by Landlord, Landlord shall cause Fund VIII and Fund IX Associates, a Georgia joint venture ("Fund") to execute a Lease and Guaranty Termination Agreement in the form of Exhibit D attached hereto. On the Effective Date (as defined in Exhibit
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D), Landlord, Tenant and its Guarantor shall be released from all of their
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obligations with respect to Tenant's existing lease with Fund at 15253 Bake Parkway, Irvine, California in accordance with and to the extent provided in the Lease and Guaranty Termination Agreement; provided, however, the existing leases shall not be terminated and Tenant shall not be obligated to move from the existing premises until a reasonable time after Landlord's Work and Tenant Improvements are substantially completed and the certificate of occupancy or its equivalent has been issued so that the Tenant can take occupancy of the Premises and commence doing business therein. The condition to such release is the compliance by Tenant with all of the surrender obligations set forth in such lease. Fund VIII and Fund IX Associates joins in this Lease solely for the purpose of evidencing its

agreement to execute the Lease and Guaranty Termination Agreement in accordance with this Section 29.28

29.29 General Compliance. Landlord hereby represents to Tenant, that
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Landlord shall, throughout the initial term of the Lease and any extension of

the term of the Lease, cause the Premises (including all parking lots and entrances serving the Premises) to comply with all applicable laws, ordinances, rules and regulations of governmental authorities, including but not limited to, the Americans with Disabilities Act, and all regulations and orders promulgated pursuant to such act ("Applicable Laws") with the cost of such compliance to be at Landlord's sole cost and expense; provided that such compliance by Landlord shall be applicable to any of the Tenant Improvement work contemplated by the Work Letter.

29.30 Building Security. Tenant, at its sole expense, shall be permitted to install its own security system (which may be a card-key security system) in the Building and any portion thereof. Tenant, at Tenant's sole expense or as part of Project Costs, shall also be permitted to install a perimeter security fence around the Premises and parking area and to control access thereto, subject to the approval of such fence and fencing materials by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

29.31 Telecommunications Equipment and Other Appurtenances.

29.31.1 Installation. At any time during the Lease Term, Tenant shall have the exclusive right, so long as Tenant is the sole lessee of all non-common areas of the Building and thereafter a non-exclusive right, to install at Tenant's sole cost and expense, up to eight (8) antennas, satellites, microwave dishes and any other type of telecommunications or communications device ("Communications Equipment") upon the roof of the Building at a location designated by Tenant, which location as well as Tenant's plans and specifications relating to the installation of Tenant's Communications Equipment shall be subject to Landlord's reasonable approval, without the payment of operating expenses; provided, however, Tenant shall pay all cost of such Communications Equipment, including, without limitation, the utilities and maintenance necessary to Tenant's operation of the Communications Equipment and liability insurance for such Communications Equipment, and Landlord may require Tenant to install screening around such Communications Equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. The Communications Equipment shall comply with all governmental laws and ordinances and with the CC&R's. Tenant shall also have the right to use the Building shafts, risers and/or conduits within the Building (including the roof) for the installation and maintenance of conduits, cables, ducts, flues, pipes and other devices for communications, data processing devices, supplementary HVAC (if necessary) and other facilities consistent with Tenant's use of the Building and the Premises. Tenant shall also have the right to install and maintain a back-up generator and enclosure for support of its communications and data systems.

29.31.2 Maintenance and Repair. Tenant shall maintain, repair or replace Communications Equipment, at Tenant's sole cost and expense. During the Lease Term, Tenant shall have the obligation to repair all damage to the Building rooftop caused by the installation, repair, maintenance and use of the Communications Equipment. Further, Tenant shall have the obligation to repair any damage to the Building rooftop caused by Tenant's Communications Equipment,

reasonable wear and tear, casualty and repairs which are specifically made the responsibility of Landlord hereunder excepted.

29.31.3 Termination. Tenant shall be entitled at any time to terminate such use of space on the roof, in which case Tenant shall be relieved of all of its obligations to pay any utilities and/or maintenance charges attributable to the operation of Tenant's Communications Equipment upon removal of all such equipment from the roof of the Building by Tenant. Upon Tenant's termination of the use of space on the roof and removal of its Communications Equipment therefrom, Tenant shall have the obligation to repair all damage to

the Building rooftop caused by such removal of the Communications Equipment, reasonable wear and tear, casualty and repairs which are specifically made the responsibility of Landlord under this Lease excepted.

29.32 Acquisition of the Real Property and Penalty for Delay in Delivery of Building. If prior to March 15, 1999, Landlord fails to purchase the Real Property and provide to Tenant reasonable evidence of Landlord's financial ability (such as a binding loan commitment or fully funded escrow or fund control account) to complete Landlord's Work and pay the Tenant Improvement Allowance, Tenant may cancel this Lease at any time thereafter until Landlord purchases the Real Property and provides such evidence.

If Landlord has not completed the items set forth in the Basic Lease Provisions, Section 7.2 (a) to and including (e) on or before December 21, 1999, subject to Tenant Caused Delay and Force Majeure Delay, Landlord will incur a penalty equal to a day-for-day forgiveness of Base Rent for each day delivery is delayed beyond December 21, 1999. For instance, if Landlord completes such items fifteen (15) days after such date, then Base Rent will be payable beginning on the sixteenth (16th) day after the Lease Commencement Date.

29.33 Aircraft Environmental Impact Declaration. Tenant acknowledges that Landlord has disclosed to Tenant that the Pacific Commercentre Property (which includes the premises) is subject to overflight, sight and sound of aircraft operating from El Toro Marine Corp Air Station and that Landlord has provided disclosures to Tenant regarding the conditions and limitations set forth in (i) Easement recorded July 2, 1979 in Book 13213, page 1111, Official Records, (ii) Declaration

recorded October 29, 1979 in Book 13372, page 1831, Official Records, and (iii) Notice recorded December 1, 1983 as Instrument Number 83-549335, Official Records.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

Landlord:

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

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation,
General Partner

BY: /s/ Leo F. Wells
Name: LEO F.WELLS , III
Title: PRESIDENT

Tenant:

MATSUSHITA AVIONICS SYSTEMS CORPORATION,
a Delaware corporation

By: /s/ Brinder S. Bhatia
Name: Brinder S. Bhatia
Title: Senior Vice President

By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUED]

The undersigned joins in the execution of this Lease solely for the purpose set forth in Section 29.28 hereof and shall not otherwise be deemed a party to this Lease.

Fund VIII and Fund IX Associates,
a Georgia joint venture

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

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

By: /s/ Leo F. Wells

Name: LEO F. WELLS, III

Title: PRESIDENT

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

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

By: Wells Capital, Inc.,
a Georgia corporation, General Partner

By: /s/ Leo F. Wells

Name: LEO F. WELLS, III

Title: PRESIDENT

EXHIBIT 10.52

GURANTY OF LEASE

BY

MATSUSHITA ELECTRIC CORPORATION OF AMERICA

GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is executed as of February 18, 1999 by MATSUSHITA ELECTRIC CORPORATION OF AMERICA, a Delaware corporation ("Guarantor"), whose address is 1 Panasonic Way, Secaucus, New Jersey 07094 for the benefit of Wells Operating Partnership, L.P., a Delaware limited partnership ("Landlord"), whose address is 3885 Holcomb Bridge Road, Norcross, Georgia 30092, with reference to the following facts:

A. Landlord and Matsushita Avionics Systems Corporation, a Delaware corporation ("Tenant") intend to enter into that certain Office Lease dated as of February 18, 1999 (the "Lease') pursuant to which Tenant shall lease from Landlord the real property described in the Lease;

B. As a condition to Landlord's execution of the Lease, Landlord requires that the undersigned guaranty the full and timely performance of the obligations of Tenant under said Lease; and

C. The undersigned desires that Landlord enter into the Lease with Tenant. Capitalized terms not expressly defined herein shall have the definitions set forth in the Lease.

NOW, THEREFORE, in consideration of the execution of the Lease by Landlord, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Guarantor unconditionally guaranties, without deduction by reason of setoff, defense or counterclaim, to Landlord and its successors and assigns the full and punctual payment, and the performance and observance by Tenant, of all sums, terms, covenants and conditions in the Lease to be paid, kept, performed or observed by Tenant.

2. If Tenant shall at any time default in the performance or observance of any of the terms, covenants or conditions of the Lease to be kept, performed or observed by Tenant, Guarantor will keep, perform and observe same, as the case may be, in the place and stead of Tenant. Guarantor has the right to cure any default of Tenant, provided such cure is performed in accordance with the terms and within the time periods set forth in the Lease. Notice of default shall be given to Guarantor, it being specifically agreed and understood that the guarantee of the undersigned is a continuing guarantee under which Landlord may proceed immediately against Tenant or Guarantor following any breach or default by Tenant or for the enforcement of any rights which Landlord may have as against Tenant pursuant to or under the terms of the Lease or at law or in equity.

3. Any act or omission of Landlord, or of its successors or assigns, constituting a waiver of any of the terms or conditions of the Lease (including, without limitation, concerning any consent required under the Lease); or the granting of any indulgences or extensions of time to Tenant, may be done without notice to Guarantor and without releasing Guarantor from any of its obligations hereunder.

4. The obligations of Guarantor hereunder shall not be released by Landlord's receipt, application or release of any security given for the performance and observance of any covenant or condition of the Lease to be

performed or observed by Tenant, nor by any modification of the Lease, regardless of whether Guarantor consents thereto or receives notice thereof.

5. The liability of Guarantor hereunder shall in no way be affected by (a) the release or discharge of Tenant in any creditor's receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Tenant; (e) any disability or other defense of tenant; (f) the cessation from any cause whatsoever of the liability of Tenant; (g) the exercise by Landlord of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease.

6. Guarantor further agrees that it may be joined in any action against Tenant in connection with the obligations of Tenant and recovery may be had against Guarantor in any such action. Landlord may enforce the obligations of Guarantor hereunder without first taking any action whatsoever against Tenant or its successors and assigns, or pursue any other remedy or apply any security it may hold, and Guarantor hereby waives (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) all right to assert or plead any statute of limitations relating to this Guaranty and/or the Lease, (d) any right to require Landlord to proceed against Tenant or any other guarantor or any other person or entity liable to Landlord, (e) any right to require Landlord to apply to any default any security deposit or other security it may hold under the Lease, (f) any right to require Landlord to proceed under any other remedy Landlord may have before proceeding against Guarantor, (g) any right of subrogation, and (h) and any and all surety or other defenses in the nature thereof including, without limitation, the provisions of California Civil Code Section 2918 and 2845 or any similar, related or successor provisions of law.

7. This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, and to any assignment, subletting or other tenancy thereunder or to any holdover term following the term granted under the Lease or any extension or renewal thereof; provided, however, that with respect to any assignment to other than an Affiliate, this guaranty shall not apply to any modification or amendment to the Lease made after such an assignment solely to the extent of any additional obligations or modifications to existing obligations. It is specifically agreed and understood that the terms of the Lease may be altered, affected, modified or changed by agreement between Landlord and Tenant, or by a course of conduct, and said Lease may be assigned by Landlord or any assignee of Landlord without consent or notice to Guarantor and that this Guaranty shall thereupon and thereafter guaranty the performance of said Lease as so changed, modified, altered or assigned.

8. In the event this Guaranty shall be held ineffective or unenforceable by any court of competent jurisdiction or in the event of any limitation of Guarantor's liability hereunder other than as expressly provided herein, then Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a joint and several tenant therein.

9. In the event of any litigation between Guarantor and Landlord with respect to the subject matter hereof, the unsuccessful party to such litigation agrees to pay to the successful party all fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

10. No delay on the part of Landlord in exercising any right hereunder or under the Lease shall operate as a waiver of such right or of any other right of Landlord under the Lease or hereunder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or a waiver of the same or any other

right on any future occasion. This Guaranty shall not be released, modified or affected by failure or delayed on the part of Landlord to enforce any of the rights or remedies of Tenant under the Lease, whether pursuant to the terms thereof or at law or in equity.

11. If there is more than one undersigned Guarantor, the term Guarantor, as used herein, shall include all of the undersigned; each and every provision of this Guaranty shall be binding on each and every one of the undersigned; they shall be jointly and severally liable hereunder; and Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

12. This instrument constitutes the entire agreement between Landlord and Guarantor with respect to the subject matter hereof, superseding all prior oral or written agreements or understandings with respect thereto and may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

13. This Guaranty shall be governed by and construed in accordance with the laws of the State of California. The parties further agree that venue shall be proper in the Superior Court or federal district court for Orange County, California, in the event of any litigation between the parties with respect to this Guaranty.

14. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent either to Guarantor at the address set forth on Page 1 hereof to the attention of V.P. - Facilities with a copy to the same address to the attention of General Counsel, or to Landlord, at the address set forth on Page 1 hereof, by registered or certified mail, postage prepaid, return receipt requested, by personal delivery or by nationally recognized overnight courier service and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice; (ii) if mailed, four (4) business days after the date of posting by the United States Post Office; or (iii) if delivered by overnight courier, the date of receipt as confirmed by the courier.

15. If Landlord desires to sell, finance or refinance the "Building" or the "Premises" (as such terms are defined in the Lease), or any part thereof, Guarantor hereby agrees to deliver to any lender or buyer designated by Landlord such estoppel statements of Guarantor as may be reasonably required by such lender or buyer. All such statements shall be received by any such lender or buyer in confidence and shall be used only for the foregoing purposes, and such lender or buyer shall

acknowledge the same to Guarantor in writing (should Guarantor require such an acknowledgment) as a precondition to Guarantor's obligations under this Paragraph 15. In addition, Guarantor shall not be obligated to deliver estoppel statements hereunder more frequently than two (2) times in any calendar year.

16. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord of any assignee in such Lease or any part thereof, whether by assignment or otherwise. So long as the Landlord's interest in or to the leased premises or the rents, issues and profits therefrom, or in, to or under said Lease, are subject to any mortgage or deed of trust or assignment for security, no acquisition by Guarantor of Landlord's interest in the leased premises or under said Lease shall affect the continuing obligation of Guarantor under this Guarantee which shall nevertheless continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment, or any purchase at sale by judicial foreclosure or under private power of sale, and of the successors and assigns of any such mortgagee, beneficiary, trustee, assignee or

purchaser.

The term "Tenant" wherever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any assignee or sublessee of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

MATSUSHITA ELECTRIC CORPORATION OF AMERICA, a Delaware corporation

By: /s/ [SIGNATURE ILLEGIBLE]

Its: Vice President and Treasurer

By: _____

Its:_____

EXHIBIT 10.53

RENTAL INCOME GUARANTY AGREEMENT

BETWEEN WELLS OPERATING PARTNERSHIP, L.P.

AND

FUND VIII AND FUND IX ASSOCIATES

RENTAL INCOME GUARANTY AGREEMENT

THIS RENTAL INCOME GUARANTY AGREEMENT is made and entered into as of the 18th day of February, 1999, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Wells OP"), and FUND VIII AND FUND IX ASSOCIATES, a Georgia joint venture between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. (the "Fund VIII-IX Joint Venture").

W I T N E S S E T H :

WHEREAS, the Fund VIII-IX Joint Venture is currently the landlord pursuant to the terms of that certain Office Lease dated April 29, 1996 (the "Existing Matsushita Lease"), with Matsushita Avionics Systems Corporation ("Matsushita") pursuant to which Matsushita is the tenant currently occupying that certain building owned by the Fund VIII-IX Joint Venture located at 15253 Bake Parkway, Irvine, California (the "Bake Parkway Building"); and

WHEREAS, Wells OP desires to enter into a new lease with Matsushita for an approximately 150,000 square foot building to be located on certain property in Lots 8 and 9 of the Pacific CommerceCentre Park in Lake Forest, Orange County, California (the "New Matsushita Lease"); and

WHEREAS, as a condition to entering into a New Matsushita Lease, Matsushita is requiring that the Fund VIII-IX Joint Venture release it from its obligations as tenant under the Existing Matsushita Lease and, in connection therewith, the Fund VIII-IX Joint Venture has been requested to enter into and execute a Lease and Guaranty Termination Agreement with Matsushita; and

WHEREAS, as a condition for the Fund VIII-IX Joint Venture releasing Matsushita from its obligations as tenant under the Existing Matsushita Lease, the Fund VIII-IX Joint Venture is requiring Wells OP to guaranty that it will receive rental income at least equal to the rent and building expenses it would have received over the remaining term of the Existing Matsushita Lease, pursuant to the terms and provisions of this Rental Income Guaranty Agreement.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the Fund VIII-IX Joint Venture executing and entering into that certain Lease and Guaranty Termination Agreement with Matsushita of even date herewith releasing Matsushita from its obligations as tenant under the Existing Matsushita Lease, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Rental Income Guaranty. In consideration for the release by the Fund VIII-IX Joint Venture of Matsushita from its obligations as tenant under the Existing Matsushita Lease and the execution by the Fund VIII-IX-X Joint Venture of that certain Lease and Guaranty Termination Agreement of even date herewith, Wells OP hereby guaranties and agrees to pay to the Fund VIII-IX Joint Venture such amounts as may be necessary or required so that the Fund VIII-IX Joint

Venture shall continue to receive "Monthly Cash Flow," as defined below, at least equal to the rent and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the Existing Matsushita Lease, calculated on a cumulative basis over the remaining term of the Existing Matsushita Lease. As used herein, the term "Monthly Cash Flow" shall mean either (i) the aggregate of all rents received on leases for leasing some or all of the Bake Parkway Building, or (ii) in the case a joint venture with Wells OP is formed in the future, as contemplated by paragraph 3 below, the amount of cash flow distributions received by the Fund VIII-IX Joint Venture from said new joint venture. It is the intent of the foregoing rental income guaranty that the release by the Fund VIII-IX Joint Venture of Matsushita's current lease obligations under the Existing Matsushita Lease will not result in a direct economic detriment to the Fund VIII-IX Joint Venture.

2. Agreement to Fund Deficit. In the event that the amount of "Monthly Cash Flow," as defined in paragraph 1 above, is not at least equal to the rent and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the Existing Matsushita Lease, calculated on a cumulative basis over the remaining term of the Existing Matsushita Lease, Wells OP shall pay the Fund VIII-IX Joint Venture such amounts as may be required to make up such deficit.

3. Potential Joint Venture. In the event that the Fund VIII-IX Joint Venture obtains one or more new tenants for the Bake Parkway Building and, in connection therewith, additional capital is required for tenant improvements, brokerage fees or other purposes, the Fund VIII-IX Joint Venture and Wells OP may agree, in the sole discretion of both parties and, in the case of Wells OP, only after approval of a majority of the Independent Directors of Wells Real Estate Investment Trust, Inc., the general partner of Wells OP, to form a joint venture to accomplish the funding of such amounts. In such event, it is anticipated that distributions payable out of said joint venture would be made in accordance with the relative capital contributions of the parties, provided that the guaranty of Wells OP that the Funds VIII-IX Joint Venture would continue to receive "Monthly Cash Flow" at least equal to the rent and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the Existing Matsushita Lease, calculated on a cumulative basis, would continue and, as set forth above, would instead be applicable to the amount of cash flow distributions received by the Fund VIII-IX Joint Venture from said newly formed joint venture.

4. Term. The term of this Agreement and Wells OP's obligations hereunder shall terminate upon the earlier of: (i) the expiration of the remaining term of the Existing Matsushita Lease, which expires in September 2003; or (ii) the written consent of both parties hereto to terminate this Agreement.

5. Amendment. This Agreement may not be amended or terminated orally, and no amendment, termination or attempted waiver shall be valid unless in writing and signed by the party sought to be bound.

6. Notice. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("notices") shall be in writing, signed by the party giving such notice and delivered personally or sent by registered or certified mail (with proper postage affixed) to the other party at the principal place of business of the party to whom a notice is being given or at such office address as the other party may hereafter designate in writing. The earlier of the date of personal delivery or the date three days after the mailing as set forth herein, as the case may be, shall be the date of such notice.

7. Captions. Titles or captions of sections contained in this Agreement are

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inserted only as a matter of convenience and for reference and in no way define, limit, extend or proscribe the scope of this Agreement or the intent of any provision.

8. Counterparts. This Agreement may be executed in one or more counterparts, ------------
each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

9. Further Acts. Each party agrees to perform any further acts and to ------------
execute and deliver any instruments or documents that may be necessary or reasonably deemed advisable to carry out the purposes of this Agreement.

10. No Third Party Beneficiary. The terms of this Agreement are intended to --------------------------
benefit only the parties hereto, and no third party shall have any right to enforce any of the terms or provisions hereof.

11. Severability. If any part of this Agreement shall be held void, voidable ------------
or otherwise unenforceable by any court of law or equity, nothing contained in this Agreement shall limit the enforceability of any other part.

12. Successors and Assigns. This Agreement shall be binding upon and shall ----------------------
inure to the benefit of the parties hereto and their respective successors and assigns. No party shall have the right to assign this Agreement, or any interest under this Agreement, without the prior written consent of the other party.

IN WITNESS WHEREOF, the parties hereto have entered into and executed this Rental Income Guaranty Agreement as of the date first above written.

WELLS OPERATING PARTNERSHIP, L.P.
A Delaware Limited Partnership

By: Wells Real Estate Investment Trust, Inc.
A Maryland Corporation
(As General Partner)

By: /s/ Leo F. Wells, III

Leo F. Wells, III
President

FUND VIII AND FUND IX ASSOCIATES

By: Wells Real Estate Fund VIII, L.P.
A Georgia Limited Partnership

By: Wells Partners, L.P.
A Georgia Limited Partnership
(As General Partner)

By: Wells Capital, Inc.
A Georgia Corporation
(As General Partner)

By: /s/ Brian M. Conlon

Title: Executive Vice President

By: /s/ Leo F. Wells, III
Leo F. Wells, III
(As General Partner)

By: Wells Real Estate Fund IX, L.P.
A Georgia Limited Partnership

By: Wells Partners, L.P.
A Georgia Limited Partnership
(As General Partner)

By: Wells Capital, Inc.
A Georgia Corporation
(As General Partner)

By: /s/ Brian M. Conlon
Title: Executive Vice President

By: /s/ Leo F. Wells, III
Leo F. Wells, III
(As General Partner)

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