

SECURITIES AND EXCHANGE COMMISSION

FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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FILER

AEI REAL ESTATE FUND 85-A LTD PARTNERSHIP

CIK: **759641** | IRS No.: **411511293** | State of Incorporation: **MN** | Fiscal Year End: **1231**
Type: **10KSB** | Act: **34** | File No.: **000-14263** | Film No.: **99574966**
SIC: **6500** Real estate

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

Annual Report Under Section 13 or 15(d)
Of The Securities Exchange Act Of 1934

For the Fiscal Year Ended: December 31, 1998

Commission file number: 0-14263

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP
(Name of Small Business Issuer in its Charter)

State of Minnesota 41-1511293
(State or other Jurisdiction of (I.R.S. Employer)
Incorporation or Organization) Identification No.)

1300 Minnesota World Trade Center, St. Paul, Minnesota 55101
(Address of Principal Executive Offices)

(651) 227-7333
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Limited Partnership Units
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if disclosure of delinquent filers in response to Rule 405 of Regulation S-B is not contained in this Form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The Issuer's revenues for year ended December 31, 1998 were \$549,406.

As of February 28, 1999, there were 7,065.128 Units of limited partnership interest in the registrant outstanding and owned by nonaffiliates of the registrant, which Units had an aggregate market value (based solely on the price at which they were sold since there is no ready market for such Units) of \$7,065,128.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant has not incorporated any documents by reference into this report.

Transitional Small Business Disclosure Format:

Yes No [X]

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

AEI Real Estate Fund 85-A Limited Partnership (the "Partnership" or the "Registrant") is a limited partnership which was organized pursuant to the laws of the State of Minnesota on April 15, 1985. The registrant is comprised of Net Lease Management 85-A, Inc. (NLM) as Managing General Partner, Robert P. Johnson as the Individual General Partner, and purchasers of partnership units as Limited Partners. The Partnership offered for sale up to \$7,500,000 of limited partnership interests (the "Units") (7,500 Units at \$1,000 per Unit) pursuant to a registration statement effective February 8, 1985. The Partnership commenced operations on April 15, 1985 when minimum subscriptions of 1,300 Limited Partnership Units (\$1,300,000) were accepted. The Partnership's offering terminated June 20, 1985 when the maximum subscription limit of 7,500 Limited Partnership Units (\$7,500,000) was reached.

The Partnership was organized to acquire, initially on a debt-free basis, existing and newly constructed commercial properties located in the United States, to lease such properties to tenants under triple net leases, to hold such properties and to eventually sell such properties. From subscription proceeds, the Partnership purchased eight properties, including partial interests in two properties, totaling \$6,103,065. The balance of the subscription proceeds was applied to organization and syndication costs, working capital reserves and distributions, which represented a return of capital. The properties are all commercial, single tenant buildings leased under triple net leases.

The Partnership will hold its properties until the General Partners determine that the sale or other disposition of the properties is advantageous in view of the Partnership's investment objectives. In deciding whether to sell properties, the General Partners will consider factors such as potential appreciation, net cash flow and income tax considerations. In addition, certain lessees have been granted options to purchase properties after a specified portion of the lease term has elapsed. It is anticipated that the Partnership will sell its properties within twelve years after acquisition. Prior to commencing the liquidation of the Partnership, the General Partners may reinvest the proceeds from the sale of properties in additional properties, provided that sufficient proceeds are distributed to the Limited Partners to pay federal and state income taxes related to any taxable gain recognized as a result of the sale. At any time prior to selling the properties, the Partnership may mortgage one or more of its properties in amounts

not exceeding 50% of the fair market value of the property.

Leases

Although there are variations in the specific terms of the leases, the following is a summary of the general terms of the Partnership's leases. The properties are leased to various tenants under triple net leases, which are classified as operating leases. Under a triple net lease, the lessee is responsible for all real estate taxes, insurance, maintenance, repairs and operating expenses for the property. The initial lease terms are for 5 to 20 years. The leases provide for base annual rental payments, payable in monthly installments, and contain rent clauses which entitle the Partnership to receive additional rent in future years based on stated rent increases or if gross receipts for the property exceed certain specified amounts, among other conditions. The leases provide for one to four five-year renewal options subject to the same terms and conditions as the initial lease.

ITEM 1. DESCRIPTION OF BUSINESS. (Continued)

On February 14, 1996, the Partnership purchased an 80% interest in a Tractor Supply Company store in Maryville, Tennessee for \$837,058. The property is leased to Tractor Supply Company under a Lease Agreement with a primary term of 14 years and annual rental payments of \$90,300. The remaining interest in the property was purchased by AEI Real Estate Fund XV Limited Partnership, an affiliate of the Partnership.

On July 31, 1998, the Partnership sold 9.1266% of its interest in the Tractor Supply Company store to an unrelated third party. The Partnership received net sale proceeds of \$133,251 which resulted in a net gain of \$44,686. At the time of sale, the cost and related accumulated depreciation of the interest sold was \$95,494 and \$6,929, respectively.

During 1998, the Partnership sold 37.3518% of its interest in the Rio Bravo restaurant, in four separate transactions, to unrelated third parties. The Partnership received total net sale proceeds of \$585,789 which resulted in a total net gain of \$172,422. The total cost and related accumulated depreciation of the interests sold was \$660,597 and \$247,230, respectively.

On December 30, 1998, the Partnership sold the Applebee's restaurant in Harlingen, Texas to the lessee. The Partnership received net sales proceeds of \$1,858,837 which resulted in a net gain of \$580,055. At the time of sale, the cost and related accumulated depreciation of the property was \$1,393,470 and \$114,688, respectively.

On December 17, 1998, the Partnership purchased a 60% interest in a parcel of land in Hudsonville, Michigan for \$198,600. The land is leased to RTM Mid-America, Inc. (RTM) under a Lease Agreement with a primary term of 20 years and annual rental payments of \$16,881. Simultaneously with the purchase of the land, the Partnership entered into a Development Financing Agreement under which the Partnership will advance funds to RTM for the construction of an Arby's restaurant on the site. Through December 31, 1998, the Partnership had advanced \$16,981 for the construction of the property and was charging

interest on the advance at a rate of 8.5%. The Partnership's share of the total purchase price, including the cost of the land, will be approximately \$714,600. After the construction is complete, the Lease Agreement will be amended to require annual rental payments of approximately \$46,000. The Partnership has incurred net costs of \$1,885 related to the acquisition of the property. The costs have been capitalized and will be allocated to land, building and equipment. The remaining interest in the property is owned by Net Lease Income & Growth Fund 84-A Limited Partnership, an affiliate of the Partnership.

Major Tenants

During 1998, five of the Partnership's lessees each contributed more than ten percent of the Partnership's total rental revenue. The major tenants in aggregate contributed 100% of the Partnership's total rental revenue in 1998. It is anticipated that, based on the minimum rental payments required under the leases, each major tenant will continue to contribute more than ten percent of the Partnership's total rental revenue in 1999 and future years. The exceptions are the tenants in the Rio Bravo and Applebee's restaurants will not continue to be major tenants due to property sales in 1998. Any failure of these major tenants or business concepts could materially affect the Partnership's net income and cash distributions.

ITEM 1. DESCRIPTION OF BUSINESS. (Continued)

Competition

The Partnership is a minor factor in the commercial real estate business. There are numerous entities engaged in the commercial real estate business which have greater financial resources than the Partnership. At the time the Partnership elects to dispose of its properties, the Partnership will be in competition with other persons and entities to find buyers for its properties.

Employees

The Partnership has no direct employees. Management services are performed for the Partnership by AEI Fund Management, Inc., an affiliate of NLM.

Year 2000 Compliance

The Year 2000 issue is the result of computer systems that use two digits rather than four to define the applicable year, which may prevent such systems from accurately processing dates ending in the Year 2000 and beyond. This could result in computer system failures or disruption of operations, including, but not limited to, an inability to process transactions, to send or receive electronic data, or to engage in routine business activities.

AEI Fund Management, Inc. (AEI) performs all management services for the Partnership. In 1998, AEI completed an assessment of its computer hardware and software systems and has replaced or upgraded certain computer hardware and software using the assistance of outside vendors. AEI has received written assurance from the equipment and software manufacturers as to

Year 2000 compliance. The costs associated with Year 2000 compliance have not been, and are not expected to be, material.

The Partnership intends to monitor and communicate with tenants regarding Year 2000 compliance, although there can be no assurance that the systems of the various tenants will be Year 2000 compliant.

ITEM 2. DESCRIPTION OF PROPERTIES.

Investment Objectives

The Partnership's investment objectives were to acquire existing or newly-developed commercial properties throughout the United States that offer the potential for (i) preservation and protection of the Partnership's capital; (ii) partially tax-deferred cash distributions from operations which may increase through rent participation clauses or mandated rent increases; and (iii) long-term capital gains through appreciation in value of the Partnership's properties realized upon sale. The Partnership does not have a policy, and there is no limitation, as to the amount or percentage of assets that may be invested in any one property. However, to the extent possible, the General Partners attempt to diversify the type and location of the Partnership's properties.

Description of Properties

The Partnership's properties are all commercial, single tenant buildings. All the properties were acquired on a debt-free basis and are leased to various tenants under triple net leases, which are classified as operating leases. The Partnership holds an undivided fee simple interest in the properties. At any time prior to selling the properties, the Partnership may mortgage one or more of its properties in amounts not exceeding 50% of the fair market value of the property.

ITEM 2. DESCRIPTION OF PROPERTIES. (Continued)

The Partnership's properties are subject to the general competitive conditions incident to the ownership of single tenant investment real estate. Since each property is leased under a long-term lease, there is little competition until the Partnership decides to sell the property. At this time, the Partnership will be competing with other real estate owners, on both a national and local level, in attempting to find buyers for the properties. In the event of a tenant default, the Partnership would be competing with other real estate owners, who have property vacancies, to attract a new tenant to lease the property. The Partnership's tenants operate in industries that are very competitive and can be affected by factors such as changes in regional or local economies, seasonality and changes in consumer preference.

The following table is a summary of the properties that the Partnership acquired and owned as of December 31, 1998.

<TABLE>

<CAPTION>

	Total Property			
	Purchase	Acquisition	Annual Lease	Annual Rent

Property <S>	Date <C>	Costs <C>	Lessee <C>	Payment <C>	Per Sq. Ft. <C>
Rio Bravo Restaurant St. Paul, MN (7.6482%)	12/13/85	\$ 135,265	Innovative Restaurant Concepts, Inc.	\$ 11,168	\$ 12.81
Jack-In-The-Box Restaurant Fort Worth, TX	12/19/85	\$ 1,005,586	CKE Restaurants, Inc.	\$ 135,582	\$ 34.71
Hops Grill & Bar Restaurant Palm Harbor, FL	3/21/86	\$ 1,094,373	Hops Grill & Bar, Inc.	\$ 85,105	\$ 16.60
Tractor Supply Company Store Maryville, TN (70.8734%)	2/14/96	\$ 741,564	Tractor Supply Company, Inc.	\$ 81,538	\$ 6.04
Arby's Restaurant Hudsonville, MI (60%) (land only) (1)	12/17/98	\$ 198,600	RTM Mid-America, Inc.	\$ 16,881	\$ 8.51

(1) Restaurant is under construction as of December 31, 1998.

</TABLE>

The properties listed above with a partial ownership percentage are owned with affiliates of the Partnership and/or unrelated third parties. The remaining interests in the Rio Bravo restaurant are owned by unrelated third parties. The remaining interests in the Tractor Supply Company store are owned by AEI Real Estate Fund XV Limited Partnership and an unrelated third party. The remaining interest in the Arby's restaurant is owned by Net Lease Income & Growth Fund 84-A Limited Partnership.

The Partnership accounts for properties owned as tenants-in-common with affiliated Partnerships and/or unrelated third parties using the proportionate consolidation method. Each tenant-in-common owns a separate, undivided interest in the properties. Any tenant-in-common that holds more than a 50% interest does not control decisions over the other tenant-in-common interests. The financial statements reflect only this Partnership's percentage share of the properties' land, building and equipment, liabilities, revenues and expenses.

ITEM 2. DESCRIPTION OF PROPERTIES. (Continued)

The initial Lease terms are for 20 years, except for the Hops Grill & Bar restaurant which is 5 years and the Tractor Supply Company store which is 14 years. The Leases have renewal options which may extend the Lease term an additional 5 to 20 years. The Hops Grill & Bar Lease has been extended to April 30, 2002.

Pursuant to the Lease Agreements, the tenants are required to provide proof of adequate insurance coverage on the properties they occupy. The General Partners believe the properties are adequately covered by insurance and consider the properties to be well-maintained and sufficient for the Partnership's operations.

For tax purposes, the Partnership's properties are depreciated under either the Accelerated Cost Recovery System

(ACRS) or the Modified Accelerated Cost Recovery System (MACRS), depending on the date when it was placed in service. The largest depreciable component of a property is the building which is depreciated, using the straight-line method, over either 19 years (ACRS) or 31.5 years or 40 years (MACRS) depending on the date when it was placed in service. The remaining depreciable components of a property are personal property and land improvements which are depreciated, using an accelerated method, over 5 and 15 years, respectively. Since the Partnership has tax-exempt Partners, the Partnership is subject to the rules of Section 168(h)(6) of the Internal Revenue Code which requires a percentage of the properties' depreciable components to be depreciated over longer lives using the straight-line method. In general the federal tax basis of the properties for tax depreciation purposes is the same as the basis for book depreciation purposes.

During the last five years or since the date of purchase, if purchased after December 31, 1993, all properties were 100 percent occupied by the lessees.

ITEM 3. LEGAL PROCEEDINGS.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S PARTNERSHIP UNITS AND RELATED SECURITY HOLDER MATTERS.

As of December 31, 1998, there were 695 holders of record of the registrant's Limited Partnership Units. There is no other class of security outstanding or authorized. The registrant's Units are not a traded security in any market. However, the Partnership may purchase Units from Limited Partners who have tendered their Units to the Partnership. Such Units may be acquired at a discount. The Partnership is not obligated to purchase in any year more than 5% of the total number of Units originally sold. In no event shall the Partnership be obligated to purchase Units if, in the sole discretion of the Managing General Partner, such purchase would impair the capital or operation of the Partnership.

During 1998, the Partnership did not redeem any Units from the Limited Partners. In prior years, a total of fifty-three Limited Partners redeemed 420.37 Partnership Units for \$315,321. The redemptions increase the remaining Limited Partners' ownership interest in the Partnership.

ITEM 5. MARKET FOR THE REGISTRANT'S PARTNERSHIP UNITS AND RELATED SECURITY HOLDER MATTERS. (Continued)

Cash distributions of \$4,212 and \$4,025 were made to the General Partners and \$417,001 and \$396,299 were made to the Limited Partners in 1998 and 1997, respectively. The distributions were made on a quarterly basis and represent Net

Cash Flow, as defined. These distributions should not be compared with dividends paid on capital stock by corporations.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS.

Results of Operations

For the years ended December 31, 1998 and 1997, the Partnership recognized rental income of \$532,564 and \$532,076, respectively. During the same periods, the Partnership earned investment income of \$16,842 and \$7,253, respectively. The increase in investment income earned was due to interest earned on the cash generated from the sale of property.

During the years ended December 31, 1998 and 1997, the Partnership paid Partnership administration expenses to affiliated parties of \$92,895 and \$89,979, respectively. These administration expenses include costs associated with the management of the properties, processing distributions, reporting requirements and correspondence to the Limited Partners. During the same periods, the Partnership incurred Partnership administration and property management expenses from unrelated parties of \$10,768 and \$13,355, respectively. These expenses represent direct payments to third parties for legal and filing fees, direct administrative costs, outside audit and accounting costs, taxes, insurance and other property costs.

As of December 31, 1998, the Partnership's annualized cash distribution rate was 6.50%, based on the Adjusted Capital Contribution. Distributions of Net Cash Flow to the General Partners were subordinated to the Limited Partners as required in the Partnership Agreement. As a result, 99% of distributions and income were allocated to Limited Partners and 1% to the General Partners.

Inflation has had a minimal effect on income from operations. It is expected that increases in sales volumes of the tenants, due to inflation and real sales growth, will result in an increase in rental income over the term of the leases. Inflation also may cause the Partnership's real estate to appreciate in value. However, inflation and changing prices may also have an adverse impact on the operating margins of the properties' tenants which could impair their ability to pay rent and subsequently reduce the Partnership's Net Cash Flow available for distributions.

The Year 2000 issue is the result of computer systems that use two digits rather than four to define the applicable year, which may prevent such systems from accurately processing dates ending in the Year 2000 and beyond. This could result in computer system failures or disruption of operations, including, but not limited to, an inability to process transactions, to send or receive electronic data, or to engage in routine business activities.

AEI Fund Management, Inc. (AEI) performs all management services for the Partnership. In 1998, AEI completed an assessment of its computer hardware and software systems and has replaced or upgraded certain computer hardware and software using the assistance of outside vendors. AEI has received written assurance from the equipment and software manufacturers as to

Year 2000 compliance. The costs associated with Year 2000 compliance have not been, and are not expected to be, material.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)

The Partnership intends to monitor and communicate with tenants regarding Year 2000 compliance, although there can be no assurance that the systems of the various tenants will be Year 2000 compliant.

Liquidity and Capital Resources

During 1998, the Partnership's cash balances increased \$2,397,566 mainly as a result of cash generated from the sale of property. Net cash provided by operating activities increased from \$431,734 in 1997 to \$456,896 in 1998 as a result of an increase in income in 1998 and net timing differences in the collection of payments from the lessees and the payment of expenses.

The major components of the Partnership's cash flow from investing activities are investments in real estate and proceeds from the sale of real estate. In 1998, the Partnership generated cash flow from the sale of real estate of \$2,577,877. During the same period, the Partnership expended \$217,466 to invest in real properties (inclusive of acquisition expenses) as the Partnership reinvested the cash generated from the property sales.

On July 31, 1998, the Partnership sold 9.1266% of its interest in the Tractor Supply Company store to an unrelated third party. The Partnership received net sale proceeds of \$133,251 which resulted in a net gain of \$44,686. At the time of sale, the cost and related accumulated depreciation of the interest sold was \$95,494 and \$6,929, respectively.

During 1998, the Partnership sold 37.3518% of its interest in the Rio Bravo restaurant, in four separate transactions, to unrelated third parties. The Partnership received total net sale proceeds of \$585,789 which resulted in a total net gain of \$172,422. The total cost and related accumulated depreciation of the interests sold was \$660,597 and \$247,230, respectively.

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On December 17, 1998, the Partnership purchased a 60% interest in a parcel of land in Hudsonville, Michigan for \$198,600. The land is leased to RTM Mid-America, Inc. (RTM) under a Lease Agreement with a primary term of 20 years and annual rental payments of \$16,881. Simultaneously with the purchase of the land, the Partnership entered into a Development Financing Agreement under which the Partnership will advance funds to RTM for the construction of an Arby's restaurant on the site. Through December 31, 1998, the Partnership had advanced \$16,981 for the construction of the property and was charging interest on the advance at a rate of 8.5%. The Partnership's share of the total purchase price, including the cost of the

land, will be approximately \$714,600. After the construction is complete, the Lease Agreement will be amended to require annual rental payments of approximately \$46,000. The Partnership has incurred net costs of \$1,885 related to the acquisition of the property. The costs have been capitalized and will be allocated to land, building and equipment. The remaining interest in the property is owned by Net Lease Income & Growth Fund 84-A Limited Partnership, an affiliate of the Partnership.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)

The Partnership's primary use of cash flow is distribution and redemption payments to Partners. The Partnership declares its regular quarterly distributions before the end of each quarter and pays the distribution in the first week after the end of each quarter. The Partnership attempts to maintain a stable distribution rate from quarter to quarter. Redemption payments are paid to redeeming Partners in the fourth quarter of each year. Effective July 1, 1997, the Partnership's distribution rate was increased from 5.85% to 6.50%. As a result, distributions during 1998 were higher when compared to 1997.

The Partnership may acquire Units from Limited Partners who have tendered their Units to the Partnership. Such Units may be acquired at a discount. The Partnership is not obligated to purchase in any year more than 5% of the total number of Units originally sold. In no event shall the Partnership be obligated to purchase Units if, in the sole discretion of the Managing General Partner, such purchase would impair the capital or operation of the Partnership.

During 1998, the Partnership did not redeem any Units from the Limited Partners. In prior years, a total of fifty-three Limited Partners redeemed 420.37 Partnership Units for \$315,321. The redemptions increase the remaining Limited Partners' ownership interest in the Partnership.

The continuing rent payments from the properties, together with cash generated from the property sales, should be adequate to fund continuing distributions and meet other Partnership obligations on both a short-term and long-term basis.

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

The foregoing Management's Discussion and Analysis contains various "forward looking statements" within the meaning of federal securities laws which represent management's expectations or beliefs concerning future events, including statements regarding anticipated application of cash, expected returns from rental income, growth in revenue, taxation levels, the sufficiency of cash to meet operating expenses, rates of distribution, and other matters. These, and other forward looking statements made by the Partnership, must be evaluated in the context of a number of factors that may affect the Partnership's financial condition and results of operations, including the following:

- <BULLET> Market and economic conditions which affect the value of the properties the Partnership owns and the cash from rental income such properties generate;

- <BULLET> the federal income tax consequences of rental income, deductions, gain on sales and other items and the affects of these consequences for investors;
- <BULLET> resolution by the General Partners of conflicts with which they may be confronted;
- <BULLET> the success of the General Partners of locating properties with favorable risk return characteristics;
- <BULLET> the effect of tenant defaults; and
- <BULLET> the condition of the industries in which the tenants of properties owned by the Partnership operate.

ITEM 7. FINANCIAL STATEMENTS.

See accompanying index to financial statements.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

INDEX TO FINANCIAL STATEMENTS

Report of Independent Auditors

Balance Sheet as of December 31, 1998 and 1997

Statements for the Years Ended December 31, 1998 and 1997:

Income

Cash Flows

Changes in Partners' Capital

Notes to Financial Statements

REPORT OF INDEPENDENT AUDITORS

To the Partners:

AEI Real Estate Fund 85-A Limited Partnership
St. Paul, Minnesota

We have audited the accompanying balance sheet of AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP (a Minnesota limited partnership) as of December 31, 1998 and 1997 and the related statements of income, cash flows and changes in partners' capital for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AEI Real Estate Fund 85-A Limited Partnership as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Minneapolis, Minnesota
January 27, 1999

/s/ Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Certified Public Accountants

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

BALANCE SHEET

DECEMBER 31

ASSETS

	1998	1997
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 2,572,249	\$ 174,683
Receivables	12,721	0
	-----	-----
Total Current Assets	2,584,970	174,683
	-----	-----
INVESTMENTS IN REAL ESTATE:		
Land	1,367,380	1,877,226
Buildings and Equipment	1,808,008	3,249,122
Construction in Progress	16,981	0
Property Acquisition Costs	1,885	0
Accumulated Depreciation	(731,538)	(999,929)

Net Investments in Real Estate	2,462,716	4,126,419
Total Assets	\$ 5,047,686	\$ 4,301,102

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:

Payable to AEI Fund Management, Inc.	\$ 36,593	\$ 12,719
Distributions Payable	94,365	92,893
Total Current Liabilities	130,958	105,612

PARTNERS' CAPITAL (DEFICIT):

General Partners	(28,931)	(36,144)
Limited Partners, \$1,000 Unit value; 7,500 Units authorized and issued; 7,080 outstanding in 1998 and 1997	4,945,659	4,231,634
Total Partners' Capital	4,916,728	4,195,490
Total Liabilities and Partners' Capital	\$ 5,047,686	\$ 4,301,102

The accompanying notes to financial statements are an integral part of this statement.

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AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31

	1998	1997
INCOME:		
Rent	\$ 532,564	\$ 532,076
Investment Income	16,842	7,253
Total Income	549,406	539,329
EXPENSES:		
Partnership Administration - Affiliates	92,895	89,979
Partnership Administration and Property Management - Unrelated Parties	10,768	13,355
Depreciation	100,455	103,758
Total Expenses	204,118	207,092
OPERATING INCOME	345,288	332,237
GAIN ON SALE OF REAL ESTATE	797,163	0

NET INCOME	\$ 1,142,451	\$ 332,237
	=====	=====
NET INCOME ALLOCATED:		
General Partners	\$ 11,425	\$ 3,322
Limited Partners	1,131,026	328,915
	-----	-----
	\$ 1,142,451	\$ 332,237
	=====	=====
NET INCOME PER LIMITED PARTNERSHIP UNIT (7,080 and 7,083 weighted average Units outstanding in 1998 and 1997, respectively)	\$ 159.75	\$ 46.44
	=====	=====

The accompanying notes to financial statements are an integral part of this statement.

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AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 1,142,451	\$ 332,237
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Depreciation	100,455	103,758
Gain on Sale of Real Estate	(797,163)	0
Increase in Receivables	(12,721)	0
Increase (Decrease) in Payable to AEI Fund Management, Inc.	23,874	(4,261)
	-----	-----
Total Adjustments	(685,555)	99,497
	-----	-----
Net Cash Provided By Operating Activities	456,896	431,734
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in Real Estate	(217,466)	0
Proceeds from Sale of Real Estate	2,577,877	0
	-----	-----
Net Cash Provided By Investing Activities	2,360,411	0
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in Distributions Payable	1,472	8,331
Distributions to Partners	(421,213)	(400,302)
Redemption Payments	0	(2,221)
	-----	-----
Net Cash Used For		

Financing Activities	(419,741)	(394,192)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,397,566	37,542
CASH AND CASH EQUIVALENTS, beginning of period	174,683	137,141
	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 2,572,249	\$ 174,683
	=====	=====

The accompanying notes to financial statements are an integral part of this statement.

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AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

FOR THE YEARS ENDED DECEMBER 31

	General Partners	Limited Partners	Total	Limited Partnership Units Outstanding
BALANCE, December 31, 1996	\$ (35,441)	\$ 4,301,217	\$ 4,265,776	7,084.63
Distributions	(4,003)	(396,299)	(400,302)	
Redemption Payments	(22)	(2,199)	(2,221)	(5.00)
Net Income	3,322	328,915	332,237	
	-----	-----	-----	-----
BALANCE, December 31, 1997	(36,144)	4,231,634	4,195,490	7,079.63
Distributions	(4,212)	(417,001)	(421,213)	
Net Income	11,425	1,131,026	1,142,451	
	-----	-----	-----	-----
BALANCE, December 31, 1998	\$ (28,931)	\$ 4,945,659	\$ 4,916,728	7,079.63
	=====	=====	=====	=====

The accompanying notes to financial statements are an integral part of this statement.

</PAGE>

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(1) Organization -

AEI Real Estate Fund 85-A Limited Partnership (Partnership) was formed to acquire and lease commercial properties to operating tenants. The Partnership's operations are managed by Net Lease Management 85-A, Inc. (NLM), the Managing General Partner of the Partnership. Robert P. Johnson, the President and sole shareholder of NLM, serves as the Individual General Partner of the Partnership. An affiliate of NLM, AEI Fund Management, Inc. (AEI) performs the administrative and operating functions for the Partnership.

The terms of the Partnership offering call for a subscription price of \$1,000 per Limited Partnership Unit, payable on acceptance of the offer. The Partnership commenced operations on April 15, 1985 when minimum subscriptions of 1,300 Limited Partnership Units (\$1,300,000) were accepted. The Partnership's offering terminated on June 20, 1985 when the maximum subscription limit of 7,500 Limited Partnership Units (\$7,500,000) was reached.

Under the terms of the Limited Partnership Agreement, the Limited Partners and General Partners contributed funds of \$7,500,000 and \$1,000, respectively. During the operation of the Partnership, any Net Cash Flow, as defined, which the General Partners determine to distribute will be distributed 90% to the Limited Partners and 10% to the General Partners; provided, however, that such distributions to the General Partners will be subordinated to the Limited Partners first receiving an annual, noncumulative distribution of Net Cash Flow equal to 10% of their Adjusted Capital Contribution, as defined, and, provided further, that in no event will the General Partners receive less than 1% of such Net Cash Flow per annum. Distributions to Limited Partners will be made pro rata by Units.

Any Net Proceeds of Sale, as defined, from the sale or financing of the Partnership's properties which the General Partners determine to distribute will, after provisions for debts and reserves, be paid in the following manner: (i) first, 99% to the Limited Partners and 1% to the General Partners until the Limited Partners receive an amount equal to: (a) their Adjusted Capital Contribution plus (b) an amount equal to 6% of their Adjusted Capital Contribution per annum, cumulative but not compounded, to the extent not previously distributed from Net Cash Flow; (ii) next, 99% to the Limited Partners and 1% to the General Partners until the Limited Partners receive an amount equal to 14% of their Adjusted Capital Contribution per annum, cumulative but not compounded, to the extent not previously distributed; (iii) next, to the General Partners until cumulative distributions to the General Partners under Items (ii) and (iii) equal 15% of cumulative distributions to all Partners under Items (ii) and (iii). Any remaining balance will be distributed 85% to the Limited Partners and 15% to the General Partners. Distributions to the Limited Partners will be made pro rata by Units.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

(1) Organization - (Continued)

For tax purposes, profits from operations, other than profits attributable to the sale, exchange, financing, refinancing or other disposition of the Partnership's property, will be allocated first in the same ratio in which, and to the extent, Net Cash Flow is distributed to the Partners for such year. Any additional profits will be allocated 90% to the Limited Partners and 10% to the General Partners. In the event no Net Cash Flow is distributed to the Limited Partners, 90% of each item of Partnership income, gain or credit for each respective year shall be allocated to the Limited Partners, and 10% of each such item shall be allocated to the General Partners. Net losses from operations will be allocated 98% to the Limited Partners and 2% to the General Partners.

For tax purposes, profits arising from the sale, financing, or other disposition of the Partnership's property will be allocated in accordance with the Partnership Agreement as follows: (i) first, to those Partners with deficit balances in their capital accounts in an amount equal to the sum of such deficit balances; (ii) second, 99% to the Limited Partners and 1% to the General Partners until the aggregate balance in the Limited Partners' capital accounts equals the sum of the Limited Partners' Adjusted Capital Contributions plus an amount equal to 14% of their Adjusted Capital Contributions per annum, cumulative but not compounded, to the extent not previously allocated; (iii) third, to the General Partners until cumulative allocations to the General Partners equal 15% of cumulative allocations. Any remaining balance will be allocated 85% to the Limited Partners and 15% to the General Partners. Losses will be allocated 98% to the Limited Partners and 2% to the General Partners.

The General Partners are not required to currently fund a deficit capital balance. Upon liquidation of the Partnership or withdrawal by a General Partner, the General Partners will contribute to the Partnership an amount equal to the lesser of the deficit balances in their capital accounts or 1% of total Limited Partners' and General Partners' capital contributions.

(2) Summary of Significant Accounting Policies -

Financial Statement Presentation

The accounts of the Partnership are maintained on the accrual basis of accounting for both federal income tax purposes and financial reporting purposes.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and

liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(2) Summary of Significant Accounting Policies - (Continued)

The Partnership regularly assesses whether market events and conditions indicate that it is reasonably possible to recover the carrying amounts of its investments in real estate from future operations and sales. A change in those market events and conditions could have a material effect on the carrying amount of its real estate

Cash Concentrations of Credit Risk

At times throughout the year, the Partnership's cash deposited in financial institutions may exceed FDIC insurance limits.

Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents may include cash in checking, cash invested in money market accounts, certificates of deposit, federal agency notes and commercial paper with a term of three months or less.

Income Taxes

The income or loss of the Partnership for federal income tax reporting purposes is includable in the income tax returns of the partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements.

The tax return, the qualification of the Partnership as such for tax purposes, and the amount of distributable Partnership income or loss are subject to examination by federal and state taxing authorities. If such an examination results in changes with respect to the Partnership qualification or in changes to distributable Partnership income or loss, the taxable income of the partners would be adjusted accordingly.

Real Estate

The Partnership's real estate is leased under triple net leases classified as operating leases. The Partnership recognizes rental revenue on the accrual basis according to the terms of the individual leases. For leases which contain cost of living increases, the increases are recognized in the year in which they are effective.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(2) Summary of Significant Accounting Policies - (Continued)

Real estate is recorded at the lower of cost or estimated net realizable value. The Partnership compares the carrying amount of its properties to the estimated future cash flows expected to result from the property and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the property, the Partnership recognizes an impairment loss by the amount by which the carrying amount of the property exceeds the fair value of the property.

The Partnership has capitalized as Investments in Real Estate certain costs incurred in the review and acquisition of the properties. The costs were allocated to the land, buildings and equipment.

The buildings and equipment of the Partnership are depreciated using the straight-line method for financial reporting purposes based on estimated useful lives of 30 years and 10 years respectively.

The Partnership accounts for properties owned as tenants-in-common with affiliated Partnerships and/or unrelated third parties using the proportionate consolidation method. Each tenant-in-common owns a separate, undivided interest in the properties. Any tenant-in-common that holds more than a 50% interest does not control decisions over the other tenant-in-common interests. The financial statements reflect only this Partnership's percentage share of the properties' land, building and equipment, liabilities, revenues and expenses.

(3) Related Party Transactions -

As of December 31, 1998, the Partnership owns a 7.6482% interest in the Rio Bravo restaurant. The remaining interests in this property are owned by unrelated third parties. Net Lease Income & Growth Fund 84-A Limited Partnership, an affiliate of the Partnership, owned a 55% interest in this property until the interest was sold in a series of transactions in 1997 and 1998. As of December 31, 1998, the Partnership owns a 70.8734% interest in the Tractor Supply Company store. The remaining interests in this property are owned by AEI Real Estate Fund XV Limited Partnership, an affiliate of the Partnership and an unrelated third party. The Partnership owns a 60% interest in the Arby's restaurant. The remaining interest in this property is owned by Net Lease Income & Growth Fund 84-A Limited Partnership.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

(3) Related Party Transactions - (Continued)

AEI and NLM received the following compensation and reimbursements for costs and expenses from the Partnership:

	Total Incurred by the Partnership for the Years Ended December 31	
	1998	1997
a. AEI and NLM are reimbursed for all costs incurred in connection with managing the Partnership's operations, maintaining the Partnership's books and communicating the results of operations to the Limited Partners.	\$ 92,895 =====	\$ 89,979 =====
b. AEI and NLM are reimbursed for all direct expenses they have paid on the Partnership's behalf to third parties. These expenses included printing costs, interest, legal and filing fees, direct administrative costs, outside audit and accounting costs, taxes, insurance and other property costs.	\$ 10,768 =====	\$ 13,355 =====
c. AEI is reimbursed for all property acquisition costs incurred by it in acquiring properties on behalf of the Partnership. The amounts are net of financing and commitment fees and expense reimbursements received by the Partnership from the lessees in the amount of \$13,292 for 1998.	\$ 1,885 =====	\$ 0 =====

The payable to AEI Fund Management, Inc. represents the balance due for the services described in 3a, b and c. This balance is non-interest bearing and unsecured and is to be paid in the normal course of business.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(4) Investments in Real Estate -

The Partnership leases its properties to various tenants through triple net leases, which have been classified as operating leases. Under a triple net lease, the lessee is responsible for all real estate taxes, insurance, maintenance, repairs and operating expenses of the property. The initial Lease terms are for 20 years, except for the Hops Grill & Bar restaurant which is 5 years and the Tractor

Supply Company store which is 14 years. The Leases have renewal options which may extend the Lease term an additional 5 to 20 years. The Hops Grill & Bar Lease has been extended to April 30, 2002. The Leases contain clauses which entitle the Partnership to receive additional rent in future years, based on stated rent increases or if gross receipts for the property exceed certain specified amounts, among other conditions.

The Partnership's properties are all commercial, single-tenant buildings. The Rio Bravo was constructed in 1984 and acquired in 1985. The Jack-In-The-Box was constructed and acquired in 1985. The Hops Grill & Bar restaurant was constructed and acquired in 1986. The Tractor Supply Company store was constructed and acquired in 1996. The land for the Arby's restaurant was acquired in 1998 and construction of the restaurant will be completed in 1999. There have been no costs capitalized as improvements subsequent to the acquisitions.

The cost of the properties and the related accumulated depreciation at December 31, 1998 are as follows:

Property	Land	Buildings and Equipment	Total	Accumulated Depreciation
Rio Bravo, St. Paul, MN	\$ 49,251	\$ 86,014	\$ 135,265	\$ 51,059
Jack-In-The-Box, Fort Worth, TX	498,862	506,724	1,005,586	280,580
Hops Grill & Bar, Palm Harbor, FL	484,570	609,803	1,094,373	336,969
Tractor Supply Company, Maryville, TN	136,097	605,467	741,564	62,930
Arby's Restaurant, Hudsonville, MI	198,600	0	198,600	0
	-----	-----	-----	-----
	\$ 1,367,380	\$ 1,808,008	\$ 3,175,388	\$ 731,538
	=====	=====	=====	=====

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(4) Investments in Real Estate - (Continued)

On July 31, 1998, the Partnership sold 9.1266% of its interest in the Tractor Supply Company store to an unrelated third party. The Partnership received net sale proceeds of \$133,251 which resulted in a net gain of \$44,686. At the time of the sale, the cost and related accumulated depreciation of the interest sold was \$95,494 and \$6,929, respectively.

During 1998, the Partnership sold 37.3518% of its interest in the Rio Bravo restaurant, in four separate transactions, to unrelated third parties. The Partnership received total net sale proceeds of \$585,789 which resulted in a total net gain of \$172,422. The total cost and related accumulated

depreciation of the interests sold was \$660,597 and \$247,230, respectively.

On December 30, 1998, the Partnership sold the Applebee's restaurant in Harlingen, Texas to the lessee. The Partnership received net sales proceeds of \$1,858,837 which resulted in a net gain of \$580,055. At the time of sale, the cost and related accumulated depreciation of the property was \$1,393,470 and \$114,688, respectively.

On December 17, 1998, the Partnership purchased a 60% interest in a parcel of land in Hudsonville, Michigan for \$198,600. The land is leased to RTM Mid-America, Inc. (RTM) under a Lease Agreement with a primary term of 20 years and annual rental payments of \$16,881. Simultaneously with the purchase of the land, the Partnership entered into a Development Financing Agreement under which the Partnership will advance funds to RTM for the construction of an Arby's restaurant on the site. Through December 31, 1998, the Partnership had advanced \$16,981 for the construction of the property and was charging interest on the advance at a rate of 8.5%. The Partnership's share of the total purchase price, including the cost of the land, will be approximately \$714,600. After the construction is complete, the Lease Agreement will be amended to require annual rental payments of approximately \$46,000. The Partnership has incurred net costs of \$1,885 related to the acquisition of the property. The costs have been capitalized and will be allocated to land, building and equipment.

The minimum future rentals on the Leases for years subsequent to December 31, 1998 are as follows:

1999	\$ 331,976
2000	336,151
2001	340,433
2002	282,087
2003	252,749
Thereafter	1,284,631

	\$ 2,828,027
	=====

In 1998 and 1997, the Partnership recognized contingent rents of \$14,896 and \$2,259, respectively.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(5) Major Tenants -

The following schedule presents rent revenue from individual tenants, or affiliated groups of tenants, who each contributed more than ten percent of the Partnership's total rent revenue for the years ended December 31:

1998

1997

Tenants	Industry		
Renaissant Development Corp.	Restaurant	\$ 155,979	\$ 156,400
CKE Restaurants, Inc.	Restaurant	150,478	137,841
Tractor Supply Company, Inc.	Retail	87,345	90,300
Hops Grill & Bar, Inc.	Restaurant	84,279	81,824
Innovative Restaurant Concepts, Inc.	Restaurant	53,802	65,711
		-----	-----
Aggregate rent revenue of major tenants		\$ 531,883	\$ 532,076
		=====	=====
Aggregate rent revenue of major tenants as a percentage of total rent revenue		100%	100%
		=====	=====

(6) Partners' Capital-

Cash distributions of \$4,212 and \$4,025 were made to the General Partners and \$417,001 and \$396,299 were made to the Limited Partners for the years ended December 31, 1998 and 1997, respectively. The Limited Partners' distributions represent \$58.90 and \$55.95 per Limited Partnership Unit outstanding using 7,080 and 7,083 weighted average Units in 1998 and 1997, respectively. The distributions represent \$58.90 and \$46.13 per Unit of Net Income and \$-0- and \$9.82 per Unit of return of contributed capital in 1998 and 1997, respectively.

Distributions of Net Cash Flow to the General Partners during 1998 and 1997 were subordinated to the Limited Partners as required in the Partnership Agreement. As a result, 99% of distributions and income were allocated to the Limited Partners and 1% to the General Partners.

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(6) Partners' Capital- (Continued)

The Partnership may acquire Units from Limited Partners who have tendered their Units to the Partnership. Such Units may be acquired at a discount. The Partnership is not obligated to purchase in any year more than 5% of the total number of Units originally sold. In no event shall the Partnership be obligated to purchase Units if, in the sole discretion of the Managing General Partner, such purchase would impair the capital or operation of the Partnership.

During 1998, the Partnership did not redeem any Units from the Limited Partners. In 1997, one Limited Partner redeemed a total of 5 Partnership Units for \$2,199. The Partnership acquired these Units using Net Cash Flow from operations. The redemptions increase the remaining Limited Partners' ownership interest in the Partnership.

After the effect of redemptions and the return of capital

from the sale of property, the Adjusted Capital Contribution, as defined in the Partnership Agreement, is \$905.95 per original \$1,000 invested.

(7) Income Taxes -

The following is a reconciliation of net income for financial reporting purposes to income reported for federal income tax purposes for the years ended December 31:

	1998	1997
Net Income For Financial Reporting Purposes	\$1,142,451	\$ 332,237
Depreciation for Tax Purposes Over Depreciation For Financial Reporting Purposes	(10,467)	(25,844)
Gain on Sale of Real Estate For Tax Purposes Over Gain For Financial Reporting Purposes	52,969	0
	-----	-----
Taxable Income to Partners	\$1,184,953	\$ 306,393
	=====	=====

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

(7) Income Taxes - (Continued)

The following is a reconciliation of Partners' capital for financial reporting purposes to Partners' capital reported for federal income tax purposes for the years ended December 31:

	1998	1997
Partners' Capital For Financial Reporting Purposes	\$4,916,728	\$4,195,490
Adjusted Tax Basis of Investments In Real Estate Under Net Investments In Real Estate for Financial Reporting Purposes	(138,883)	(181,386)
Syndication Costs Treated as Reduction of Capital For Financial Reporting Purposes	978,377	978,377
	-----	-----
Partners' Capital For Tax Reporting Purposes	\$5,756,222	\$4,992,481
	=====	=====

(8) Fair Value of Financial Instruments -

The estimated fair values of the financial instruments, none

of which are held for trading purposes, are as follows at December 31:

	1998		1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$ 317	\$ 317	\$ 171	\$ 171
Money Market Funds	2,571,932	2,571,932	174,512	174,512
	-----	-----	-----	-----
Total Cash and Cash Equivalents	\$2,572,249	\$2,572,249	\$ 174,683	\$ 174,683
	=====	=====	=====	=====

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The registrant is a limited partnership and has no officers, directors, or direct employees. The General Partners of the registrant are Robert P. Johnson and NLM. The General Partners manage and control the Partnership's affairs and have general responsibility and the ultimate authority in all matters affecting the Partnership's business. The director and officers of NLM are as follows:

Robert P. Johnson, age 54, is Chief Executive Officer, President and Director and has held these positions since the formation of NLM in November, 1984, and has been elected to continue in these positions until December, 1999. From 1970 to the present, he has been employed exclusively in the investment industry, specializing in tax-advantaged limited partnership investments. In that capacity, he has been involved in the development, analysis, marketing and management of public and private investment programs investing in net lease properties as well as public and private investment programs investing in energy development. Since 1971, Mr. Johnson has been the president, a director and a registered principal of AEI Securities, Inc. (formerly AEI Incorporated), which is registered with the Securities and Exchange Commission as a securities broker-dealer, is a member of the National Association of Securities Dealers, Inc. (NASD) and is a member of the Security Investors Protection Corporation (SIPC). Mr. Johnson has been president, a director and the principal shareholder of AEI Fund Management, Inc., a real estate management company founded by him, since 1978. Mr. Johnson is currently a general partner or principal of the general partner in seventeen other limited partnerships.

Mark E. Larson, age 46, is Executive Vice President, Treasurer and Chief Financial Officer and has been elected to continue in these positions until December, 1999. Mr. Larson has

been Treasurer and Executive Vice President since December, 1987 and Chief Financial Officer since January, 1990. In January, 1993, Mr. Larson was elected to serve as Secretary of NLM and will continue to serve until December, 1999. Mr. Larson has been employed by AEI Fund Management, Inc. and affiliated entities since 1985. From 1979 to 1985, Mr. Larson was with Apache Corporation as manager of Program Accounting responsible for the accounting and reports for approximately 45 public partnerships. Mr. Larson is responsible for supervising the accounting functions of NLM and the registrant.

ITEM 10. EXECUTIVE COMPENSATION.

The General Partner and affiliates are reimbursed at cost for all services performed on behalf of the registrant and for all third party expenses paid on behalf of the registrant. The cost for services performed on behalf of the registrant is actual time spent performing such services plus an overhead burden. These services include organizing the registrant and arranging for the offer and sale of Units, reviewing properties for acquisition and rendering administrative and management services.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth information pertaining to the ownership of the Units by each person known by the Partnership to beneficially own 5% or more of the Units, by each General Partner, and by each officer or director of the Managing General Partner as of February 28, 1999:

Name and Address of Beneficial Owner	Number of Units Held	Percent of Class
Net Lease Management 85-A, Inc. 1300 Minnesota World Trade Center 30 East 7th Street, St. Paul, Minnesota 55101	14.5	*
Robert P. Johnson 1300 Minnesota World Trade Center 30 East 7th Street, St. Paul, Minnesota 55101	0	0%
Mark E. Larson 1300 Minnesota World Trade Center 30 East 7th Street, St. Paul, Minnesota 55101	0	0%

* Less than 1%

The persons set forth in the preceding table hold sole voting power and power of disposition with respect to all of the Units set forth opposite their names. The General Partners know of no holders of more than 5% of the outstanding Units.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The registrant, NLM and its affiliates have common management and utilize the same facilities. As a result, certain administrative expenses are allocated among these related entities. All of such activities and any other transactions involving the affiliates of the General Partner of the registrant

are governed by, and are conducted in conformity with, the limitations set forth in the Limited Partnership Agreement of the registrant. Reference is made to Note 3 on Page 19 and 20, and is incorporated herein by reference, for details of Related Party Transactions.

PART IV

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K AND 8-K/A.

A. Exhibits -

Description

- 10.1 Purchase Agreement dated September 9, 1998 between the Partnership and Tom S. Obata, Trustee of That Certain "Living Trust" relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.

PART II - OTHER INFORMATION (Continued)

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K (Continued)

A. Exhibits -

Description

- 10.2 Purchase Agreement dated September 10, 1998 between the Partnership and Jack S. Obata and Atsuko Obata, Trustee of the Jack S. and Atsuko Obata Revocable Trust dated 12/30/74 relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.

- 10.3 Property Co-Tenancy Ownership Agreement dated September 16, 1998 between the Partnership and Tom S. Obata, Trustee of That Certain "Living Trust" relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.

- 10.4 Property Co-Tenancy Ownership Agreement dated September 16, 1998 between the Partnership and Jack S. Obata and Atsuko Obata, Trustee of the Jack S. and Atsuko Obata Revocable Trust dated 12/30/74 relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.

- 10.5 Purchase Agreement dated October 27, 1998 between the Partnership and Jean Ann Morrison, Trustee of The Jean Morrison Trust, dated 4/26/85 relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.

- 10.6 Property Co-Tenancy Ownership Agreement dated October 29, 1998 between the Partnership and Jean Ann Morrison, Trustee of The Jean Morrison

Trust, dated 4/26/85 relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.

- 10.7 Purchase Agreement dated November 10, 1998 between the Partnership and Renaissance Development Corporation relating to the property at 1519 W. Harrison, Harlingen, Texas (incorporated by reference to Exhibit 10.1 of Form 8-K filed with the Commission on January 5, 1999).
- 10.8 Purchase Agreement dated November 19, 1998 between the Partnership and Joan G. Cairns relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.
- 10.9 Property Co-Tenancy Ownership Agreement dated November 25, 1998 between the Partnership and Joan G. Cairns relating to the property at 389 N. Hamline Avenue, St. Paul, Minnesota.
- 10.10 Development Financing Agreement dated December 17, 1998 between the Partnership, Net Lease Income & Growth Fund 84-A Limited Partnership and RTM Mid-America, Inc. relating to the property at 4633 32nd Avenue, Hudsonville, Michigan.

PART II - OTHER INFORMATION
(Continued)

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K (Continued)

A. Exhibits -

Description

- 10.11 Net Lease Agreement dated December 17, 1998 between the Partnership, Net Lease Income & Growth Fund 84-A Limited Partnership and RTM Mid-America, Inc. relating to the property at 4633 32nd Avenue, Hudsonville, Michigan.
- 27 Financial Data Schedule for year ended December 31, 1998.

B. Reports on Form 8-K and 8-K/A - None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AEI REAL ESTATE FUND 85-A
Limited Partnership

By: Net Lease Management 85-A, Inc.
Its Managing General Partner

March 12, 1999

By: /s/ Robert P. Johnson
Robert P. Johnson, President and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Robert P. Johnson Robert P. Johnson	President (Principal Executive Officer) and Sole Director of Managing General Partner	March 12, 1999
/s/ Mark E. Larson Mark E. Larson	Executive Vice President, Treasurer and Chief Financial Officer (Principal Accounting Officer)	March 12, 1999

PURCHASE AGREEMENT
Rio Bravo Cantina - St. Paul, MN

This AGREEMENT, entered into effective as of the 9th of Sept, 1998.

1. PARTIES. Seller is Net Lease Income & Growth Fund 84-A Limited Partnership which owns an undivided 13.8274% interest and AEI Real Estate Fund 85-A Limited Partnership which owns an undivided 45.00% interest in the fee title to that certain real property legally described in the attached Exhibit "A" (the "Entire Property") Buyer is Tom S. Obata, Trustee of That Certain "Living Trust", dated 12/30/74 ("Buyer"). Seller wishes to sell and Buyer wishes to buy a portion as Tenant in Common of Seller's interest in the Entire Property.

2. PROPERTY. The Property to be sold to Buyer in this transaction consists of an undivided 16.0589 percentage interest (Fund 84-A selling 13.8274% and Fund 85-A selling 2.2315%) (hereinafter, simply the "Property") as Tenant in Common in the Entire Property.

3. PURCHASE PRICE . The purchase price for this percentage interest in the Entire Property is \$280,000 all cash. (241,092.00 payable to Fund 84-A and 38,908.00 payable to Fund 85-A)

4. TERMS. The purchase price for the Property will be paid by Buyer as follows:

(a) When this agreement is executed, Buyer will pay \$5,000 to Seller (which shall be deposited into escrow according to the terms hereof) (the "First Payment"). The First Payment will be credited against the purchase price when and if escrow closes and the sale is completed.

(b) Buyer will deposit the balance of the purchase price, \$275,000 (the "Second Payment") into escrow in sufficient time to allow escrow to close on the closing date.

5. CLOSING DATE. Escrow shall close on or before September 30, 1998.

6. DUE DILIGENCE. Buyer will have until the expiration of the fifth business day (The "Review Period") after delivery of each of following items, to be supplied by Seller, to conduct all of its inspections and due diligence and satisfy itself regarding each item, the Property, and this transaction. Buyer agrees to indemnify and hold Seller harmless for any loss or damage to the Entire Property or persons caused by Buyer or its agents arising

out of such physical inspections of the Entire Property.

(a) The original and one copy of a title insurance commitment for an Owner's Title insurance policy (see paragraph 8 below).

(b) A copy of a Certificate of Occupancy or other such document certifying completion and granting permission to permanently occupy the improvements on the Entire Property as are in Seller's possession.

(c) A copy of an "as built" survey of the Entire Property done concurrent with Seller's acquisition of the Property.

(d) Lease (as further set forth in paragraph 11(a) below) of the Entire Property showing occupancy date, lease expiration date, rent, and Guarantys, if any, accompanied by such tenant financial statements as may have been provided most recently to Seller by the Tenant and/or Guarantors.

Buyer Initial: /s/ TSO

Purchase Agreement for Rio Bravo-St. Paul, MN

It is a contingency upon Seller's obligations hereunder that two (2) copies of Co-Tenancy Agreement in the form attached hereto duly executed by Buyer and AEI Real Estate Fund 85-A Limited Partnership and dated on escrow closing date be delivered to the Seller on the closing date.

Buyer may cancel this agreement for ANY REASON in its sole discretion by delivering a cancellation notice, return receipt requested, to Seller and escrow holder before the expiration of the Review Period. Such notice shall be deemed effective only upon receipt by Seller. If this Agreement is not cancelled as set forth above, the First Payment shall be non-refundable unless Seller shall default hereunder.

If Buyer cancels this Agreement as permitted under this Section, except for any escrow cancellation fees and any liabilities under sections 15(a) of this agreement (which will survive), Buyer (after execution of such documents reasonably requested by Seller to evidence the termination hereof) shall be returned its First Payment, and Buyer will have absolutely no rights, claims or interest of any type in connection with the Property or this transaction, regardless of any alleged conduct by Seller or anyone else.

Unless this Agreement is canceled by Buyer pursuant to the terms hereof, if Buyer fails to make the Second Payment, Seller shall be entitled to retain the First Payment and Buyer irrevocably will be deemed to be in default under this Agreement. Seller may, at its option, retain the First Payment and declare this Agreement null and void, in which event Buyer will be deemed to have canceled this Agreement and relinquish all rights in and to the Property or Seller may exercise its rights under Section 14 hereof. If this Agreement is not canceled and the Second Payment is made when required, all of Buyer's conditions and contingencies will be deemed satisfied.

7. ESCROW. Escrow shall be opened by Seller and funds deposited in escrow upon acceptance of this agreement by both parties. The escrow holder will be a nationally-recognized escrow company selected by Seller. A copy of this Agreement will be delivered to the escrow holder and will serve as escrow instructions together with the escrow holder's standard instructions and any additional instructions required by the escrow holder to clarify its rights and duties (and the parties agree to sign these additional instructions). If there is any conflict between these other instructions and this Agreement, this Agreement will control.

8. TITLE. Closing will be conditioned on the agreement of a title company selected by Seller to issue an Owner's policy of title insurance, dated as of the close of escrow, in an amount equal to the purchase price, insuring that Buyer will own insurable title to the Property subject only to: the title company's standard exceptions; current real property taxes and assessments; survey exceptions; the rights of parties in possession pursuant to the lease defined in paragraph 11 below; and other items of record disclosed to Buyer during the Review Period.

Buyer shall be allowed five (5) days after receipt of said commitment for examination and the making of any objections to marketability thereto, said objections to be made in writing or deemed waived. If any objections are so made, the Seller shall be allowed eighty (80) days to make such title marketable or in the alternative to obtain a commitment for insurable title insuring over Buyer's objections. If Seller shall decide to make no efforts to make title marketable, or is unable to make title marketable or obtain insurable title, (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof) Buyer's First Payment shall be returned and this Agreement shall be null and void and of no further force and effect. Seller has no obligation to spend any funds or make any effort to satisfy Buyer's objections, if any.

Pending satisfaction of Buyer's objections, the payments

hereunder required shall be postponed, but upon satisfaction of Buyer's objections, and within ten (10) days after written

Buyer Initial: /s/ TSO

Purchase Agreement for Rio Bravo-St. Paul, MN

notice of satisfaction of Buyer's objections to the Buyer, the parties shall perform this Agreement according to its terms.

9. CLOSING COSTS. Seller will pay one-half of escrow fees, the cost of the title commitment and any brokerage commissions payable. The Buyer will pay the cost of issuing a Standard Owners Title Insurance Policy in the full amount of the purchase price, if Buyer shall decide to purchase the same. Buyer will pay all recording fees, one-half of the escrow fees, and the cost of an update to the Survey in Sellers possession (if an update is required by Buyer.) Each party will pay its own attorney's fees and costs to document and close this transaction.

10. REAL ESTATE TAXES, SPECIAL ASSESSMENTS AND PRORATIONS.

(a) Because the Entire Property (of which the Property is a part) is subject to a triple net lease (as further set forth in paragraph 11(a)(i), the parties acknowledge that there shall be no need for a real estate tax proration. However, Seller represents that to the best of its knowledge, all real estate taxes and installments of special assessments due and payable in all years prior to the year of Closing have been paid in full. Unpaid real estate taxes and unpaid levied and pending special assessments existing on the date of Closing shall be the responsibility of Buyer and Seller in proportion to their respective Tenant in Common interests, pro-rated, however, to the date of closing for the period prior to closing, which shall be the responsibility of Seller if Tenant shall not pay the same. Seller and Buyer shall likewise pay all taxes due and payable in the year after Closing and any unpaid installments of special assessments payable therewith and thereafter, if such unpaid levied and pending special assessments and real estate taxes are not paid by any tenant of the Entire Property.

(b) All income and all operating expenses from the Entire Property shall be prorated between the parties and adjusted by them as of the date of Closing. Seller shall be entitled to all income earned and shall be responsible for all expenses incurred prior to the date of Closing, and Buyer

shall be entitled to its proportionate share of all income earned and shall be responsible for its proportionate share of all operating expenses of the Entire Property incurred on and after the date of closing.

11. SELLER'S REPRESENTATION AND AGREEMENTS.

(a) Seller represents and warrants as of this date that:

(i) Except for the Lease Modification and Extension Agreement in existence between Net Lease Income & Growth Fund 84-A Limited Partnership and AEI Real Estate Fund 85-A Limited Partnership (as "Landlord") and Innovative Restaurant Concepts, Inc. ("Tenant"), dated May 8, 1996, Seller is not aware of any leases of the Property. The above referenced lease agreement has an option to purchase in favor of the Tenant as set forth in paragraph 13 of said lease agreement.

(ii) It is not aware of any pending litigation or condemnation proceedings against the Property or Seller's interest in the Property.

(iii) Except as previously disclosed to Buyer and as permitted in paragraph (b) below, Seller is not aware of any contracts Seller has executed that would be binding on Buyer after the closing date.

(b) Provided that Buyer performs its obligations when required, Seller agrees that it will not enter into any new contracts that would materially affect the Property and be binding on Buyer after the Closing Date without Buyer's prior consent, which will not be unreasonably withheld. However, Buyer acknowledges that Seller retains the right both

Buyer Initial: /s/ TSO

Purchase Agreement for Rio Bravo-St. Paul, MN

prior to and after the Closing Date to freely transfer all or a portion of Seller's remaining undivided interest in the Entire Property, provided such sale shall not encumber the Property being purchased by Buyer in violation of the terms hereof or the contemplated Co-Tenancy Agreement.

12. DISCLOSURES.

(a) Seller has received no notice that there are now, and

at the Closing there will be, no material, physical or mechanical defects of the Property, including, without limitation, the plumbing, heating, air conditioning, ventilating, electrical systems, and all such items are in good operating condition and repair and in compliance with all applicable governmental, zoning and land use laws, ordinances, regulations and requirements.

(b) Seller has received no notice that the use and operation of the Property now is, and at the time of Closing will be, in full compliance with applicable building codes, safety, fire, zoning, and land use laws, and other applicable local, state and federal laws, ordinances, regulations and requirements.

(c) Seller knows of no facts nor has Seller failed to disclose to Buyer any fact known to Seller which would prevent the Tenant from using and operating the Property after the Closing in the manner in which the Property has been used and operated prior to the date of this Agreement.

(d) Seller has received no notice that the Property is not, and as of the Closing will not be, in violation of any federal, state or local law, ordinance or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and groundwater conditions. To the best of Seller's knowledge: there is no proceeding or inquiry by any governmental authority with respect to the presence of Hazardous Materials on the Property or the migration of Hazardous Materials from or to other property. Buyer agrees that Seller will have no liability of any type to Buyer or Buyer's successors, assigns, or affiliates in connection with any Hazardous Materials on or in connection with the Property either before or after the Closing Date, except such Hazardous Materials on or in connection with the Property arising out of Seller's negligence or intentional misconduct in violation of applicable state or federal law or regulation.

(e) Buyer agrees that it shall be purchasing the Property in its then present condition, as is, where is, and Seller has no obligations to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

(f) Buyer acknowledges that, having been given the opportunity to inspect the Property and such financial information on the Lessee and Guarantors of the Lease as Buyer or its advisors shall request if in Seller's possession, Buyer is relying solely on its own investigation

of the Property and not on any information provided by Seller or to be provided except as set forth herein. Buyer further acknowledges that the information provided and to be provided by Seller with respect to the Property and to the Lessee and Guarantors of Lease was obtained from a variety of sources and Seller neither (a) has made independent investigation or verification of such information, or (b) makes any representations as to the accuracy or completeness of such information. The sale of the Property as provided for herein is made on an "AS IS" basis, and Buyer expressly acknowledges that, in consideration of the agreements of Seller herein, except as otherwise specified herein in paragraph 11(a) and (b) above, Seller makes no Warranty or representation, Express or Implied, or arising by operation of law, including, but not

Buyer Initial: /s/ TSO

Purchase Agreement for Rio Bravo-St. Paul, MN

limited to, any warranty or condition, habitability, tenantability, suitability for commercial purposes, merchantability, or fitness for a particular purpose, in respect of the Property.

The representations of Seller above shall survive Closing for a period of one year after Closing. Similarly, the representations and agreements of Buyer in provision (d) - (f) above shall survive Closing for a period of one year.

13. CLOSING.

(a) Before the closing date, Seller will deposit into escrow an executed special warranty deed warranting title against lawful claims by, through, or under a conveyance from Seller, but not further or otherwise, conveying insurable title of the Property to Buyer, subject to the exceptions contained in paragraph 8 above.

(b) On or before the closing date, Buyer will deposit into escrow: the balance of the purchase price when required under Section 4; any additional funds required of Buyer, (pursuant to this agreement or any other agreement executed by Buyer) to close escrow. Both parties will sign and deliver to the escrow holder any other documents reasonably required by the escrow holder to close escrow.

(c) On the closing date, if escrow is in a position to close, the escrow holder will: record the deed in the official records of the county where the Property is located; cause the title company to commit to issue the title policy; immediately deliver to Seller the portion of the purchase price deposited into escrow by cashier's check or wire transfer (less debits and prorations, if any); deliver to Seller and Buyer a signed counterpart of the escrow holder's certified closing statement and take all other actions necessary to close escrow.

14. DEFAULTS. If Buyer defaults, Buyer will forfeit all rights and claims and Seller will be relieved of all obligations and will be entitled to retain all monies heretofore paid by the Buyer. In addition, Seller shall retain all remedies available to Seller at law or in equity.

If Seller shall default, Buyer irrevocably waives any rights to file a lis pendens, a specific performance action or any other claim, action or proceeding of any type in connection with the Property or this or any other transaction involving the Property, and will not do anything to affect title to the Property or hinder, delay or prevent any other sale, lease or other transaction involving the Property (any and all of which will be null and void), unless: it has paid the First Payment, deposited the balance of the Second Payment for the purchase price into escrow, performed all of its other obligations and satisfied all conditions under this Agreement, and unconditionally notified Seller that it stands ready to tender full performance, purchase the Property and close escrow as per this Agreement, regardless of any alleged default or misconduct by Seller. Provided, however, that in no event shall Seller be liable for any actual, punitive, consequential or speculative damages arising out of any default by Seller hereunder.

15. BUYER'S REPRESENTATIONS AND WARRANTIES.

a. Buyer represents and warrants to Seller as follows:

(i) In addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Buyer, Buyer shall perform, execute and deliver or cause to be performed, executed, and delivered at the Closing or after the Closing, any and all further acts, deeds and assurances as Seller or the Title Company may require and be reasonable in order to consummate the transactions contemplated herein.

(ii) Buyer has all requisite power and authority to consummate the transaction contemplated by this Agreement and has by proper proceedings duly authorized the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby.

(iii) To Buyer's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will violate or be in conflict with (a) any applicable provisions of law, (b) any order of any court or other agency of government having jurisdiction hereof, or (c) any agreement or instrument to which Buyer is a party or by which Buyer is bound.

16. DAMAGES, DESTRUCTION AND EMINENT DOMAIN.

(a) If, prior to closing, the Property or any part thereof be destroyed or further damaged by fire, the elements, or any cause, due to events occurring subsequent to the date of this Agreement to the extent that the cost of repair exceeds \$10,000.00, this Agreement shall become null and void, at Buyer's option exercised, if at all, by written notice to Seller within ten (10) days after Buyer has received written notice from Seller of said destruction or damage. Seller, however, shall have the right to adjust or settle any insured loss until (i) all contingencies set forth in Paragraph 6 hereof have been satisfied, or waived; and (ii) any ten-day period provided for above in this Subparagraph 16a for Buyer to elect to terminate this Agreement has expired or Buyer has, by written notice to Seller, waived Buyer's right to terminate this Agreement. If Buyer elects to proceed and to consummate the purchase despite said damage or destruction, there shall be no reduction in or abatement of the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to all insurance proceeds (pro-rata in relation to the Entire Property) resulting from said damage or destruction to the extent that the same are payable with respect to damage to the Property, subject to rights of any Tenant of the Entire Property.

If the cost of repair is less than \$10,000.00, Buyer shall be obligated to otherwise perform hereinunder with no adjustment to the Purchase Price, reduction or abatement, and Seller shall assign Seller's right, title and interest in and to all insurance proceeds pro-rata in relation to the Entire Property, subject to rights of any Tenant of the

Entire Property.

(b) If, prior to closing, the Property, or any part thereof, is taken by eminent domain, this Agreement shall become null and void, at Buyer's option. If Buyer elects to proceed and to consummate the purchase despite said taking, there shall be no reduction in, or abatement of, the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to any award made, or to be made, in the condemnation proceeding pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

In the event that this Agreement is terminated by Buyer as provided above in Subparagraph 16a or 16b, the First Payment shall be immediately returned to Buyer (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof).

17. BUYER'S 1031 TAX FREE EXCHANGE.

While Seller acknowledges that Buyer is purchasing the Property as "replacement property" to accomplish a tax-deferred exchange, Buyer acknowledges that Seller has made no representations, warranties, or agreements to Buyer or Buyer's agents that the transaction contemplated by the Agreement will qualify for such tax treatment, nor has there been any reliance thereon by Buyer respecting the legal or tax implications of the transactions contemplated hereby. Buyer further represents that it has sought and obtained such third party advice and counsel as it deems necessary in regards to the tax implications of this transaction.

Buyer Initial: /s/ TSO

Purchase Agreement for Rio Bravo-St. Paul, MN

Buyer intends that this transaction qualify as an exchange under Section 1031 of the Internal Revenue Code of 1986 and regulations thereunder. Buyer intends to perfect the 1031 exchange by way of a simultaneous exchange of properties through concurrently conditional closing escrows conducted under escrow instruction that will qualify the transaction under Section 1031.

18. CANCELLATION

If any party elects to cancel this Contract because of any

breach by another party or because escrow fails to close by the agreed date, the party electing to cancel shall deliver to escrow agent a notice containing the address of the party in breach and stating that this Contract shall be cancelled unless the breach is cured within 13 days following the delivery of the notice to the escrow agent. Within three days after receipt of such notice, the escrow agent shall send it by United States Mail to the party in breach at the address contained in the Notice and no further notice shall be required. If the breach is not cured within the 13 days following the delivery of the notice to the escrow agent, this Contract shall be cancelled.

19. MISCELLANEOUS.

(a) This Agreement may be amended only by written agreement signed by both Seller and Buyer, and all waivers must be in writing and signed by the waiving party. Time is of the essence. This Agreement will not be construed for or against a party whether or not that party has drafted this Agreement. If there is any action or proceeding between the parties relating to this Agreement the prevailing party will be entitled to recover attorney's fees and costs. This is an integrated agreement containing all agreements of the parties about the Property and the other matters described, and it supersedes any other agreements or understandings. Exhibits attached to this Agreement are incorporated into this Agreement.

(b) If this escrow has not closed by September 30, 1998, through no fault of Seller, Seller may either, at its election, extend the closing date or exercise any remedy available to it by law, including terminating this Agreement.

(c) Funds to be deposited or paid by Buyer must be good and clear funds in the form of cash, cashier's checks or wire transfers.

(d) All notices from either of the parties hereto to the other shall be in writing and shall be considered to have been duly given or served if sent by first class certified mail, return receipt requested, postage prepaid, or by a nationally recognized courier service guaranteeing overnight delivery to the party at his or its address set forth below, or to such other address as such party may hereafter designate by written notice to the other party.

Buyer Initial: /s/ TSO
Purchase Agreement for Rio Bravo-St. Paul, MN

If to Seller:

Attention: Robert P. Johnson
Net Lease Income & Growth Fund 84-A Limited Partnership
1300 Minnesota World Trade Center
30 E. 7th Street
St. Paul, MN 55101

and

Attention: Robert P. Johnson
AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. 7th Street
St. Paul, MN 55101

If to Buyer:

Tom S. Obata, Trustee
2395 Ric Drive
Unit B
Gilroy, CA 95020

When accepted, this offer will be a binding agreement for valid and sufficient consideration which will bind and benefit Buyer, Seller and their respective successors and assigns. Buyer is submitting this offer by signing a copy of this offer and delivering it to Seller. Seller has five (5) business days from receipt within which to accept this offer.

IN WITNESS WHEREOF, the Seller and Buyer have executed this Agreement effective as of the day and year above first written.

BUYER: TOM S. OBATA, TRUSTEE OF THAT CERTAIN "LIVING TRUST"
DATED 12/30/74

By: /s/ Tom S. Obata, Trustee
Tom S. Obata, Trustee

Buyer Initial: /s/ TSO
Purchase Agreement for Rio Bravo-St. Paul, MN

SELLER: NET LEASE INCOME & GROWTH FUND 84-A LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Net Lease Management 84-A Inc.,
its corporate general partner

By:/s/ Robert P Johnson
Robert P. Johnson, President

and:

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Net Lease Management 85-A Inc.,
its corporate general partner

By:/s/ Robert P Johnson
Robert P. Johnson, President

Buyer Initial: /s/ TSO
Purchase Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5,6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most

Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PURCHASE AGREEMENT
Rio Bravo Cantina - St. Paul, MN

This AGREEMENT, entered into effective as of the 10 of Sept, 1998.

1. PARTIES. Seller is AEI Real Estate Fund 85-A Limited Partnership which owns an undivided 45.00% interest in the fee title to that certain real property legally described in the attached Exhibit "A" (the "Entire Property") Buyer is Jack S. Obata and Atsuko Obata, Trustees of The Jack S. and Atsuko Obata Revocable Trust, dated 12/30/74 ("Buyer"). Seller wishes to sell and Buyer wishes to buy a portion as Tenant in Common of Seller's interest in the Entire Property.

2. PROPERTY. The Property to be sold to Buyer in this transaction consists of an undivided 16.0589 percentage interest (hereinafter, simply the "Property") as Tenant in Common in the Entire Property.

3. PURCHASE PRICE . The purchase price for this percentage interest in the Entire Property is \$280,000 all cash.

4. TERMS. The purchase price for the Property will be paid by Buyer as follows:

(a) When this agreement is executed, Buyer will pay \$5,000 to Seller (which shall be deposited into escrow according to the terms hereof) (the "First Payment"). The First Payment will be credited against the purchase price when and if escrow closes and the sale is completed.

(b) Buyer will deposit the balance of the purchase price, \$275,000 (the "Second Payment") into escrow in sufficient time to allow escrow to close on the closing date.

5. CLOSING DATE. Escrow shall close on or before September 30, 1998.

6. DUE DILIGENCE. Buyer will have until the expiration of the fifth business day (The "Review Period") after delivery of each of following items, to be supplied by Seller, to conduct all of its inspections and due diligence and satisfy itself regarding each item, the Property, and this transaction. Buyer agrees to indemnify and hold Seller harmless for any loss or damage to the Entire Property or persons caused by Buyer or its agents arising out of such physical inspections of the Entire Property.

(a) The original and one copy of a title insurance

commitment for an Owner's Title insurance policy (see paragraph 8 below).

(b) A copy of a Certificate of Occupancy or other such document certifying completion and granting permission to permanently occupy the improvements on the Entire Property as are in Seller's possession.

(c) A copy of an "as built" survey of the Entire Property done concurrent with Seller's acquisition of the Property.

(d) Lease (as further set forth in paragraph 11(a) below) of the Entire Property showing occupancy date, lease expiration date, rent, and Guarantys, if any, accompanied by such tenant financial statements as may have been provided most recently to Seller by the Tenant and/or Guarantors.

Buyer Initial:

Purchase Agreement for Rio Bravo-St. Paul, MN

It is a contingency upon Seller's obligations hereunder that two (2) copies of Co-Tenancy Agreement in the form attached hereto duly executed by Buyer and AEI Real Estate Fund 85-A Limited Partnership and dated on escrow closing date be delivered to the Seller on the closing date.

Buyer may cancel this agreement for ANY REASON in its sole discretion by delivering a cancellation notice, return receipt requested, to Seller and escrow holder before the expiration of the Review Period. Such notice shall be deemed effective only upon receipt by Seller. If this Agreement is not cancelled as set forth above, the First Payment shall be non-refundable unless Seller shall default hereunder.

If Buyer cancels this Agreement as permitted under this Section, except for any escrow cancellation fees and any liabilities under sections 15(a) of this agreement (which will survive), Buyer (after execution of such documents reasonably requested by Seller to evidence the termination hereof) shall be returned its First Payment, and Buyer will have absolutely no rights, claims or interest of any type in connection with the Property or this transaction, regardless of any alleged conduct by Seller or anyone else.

Unless this Agreement is canceled by Buyer pursuant to the terms hereof, if Buyer fails to make the Second Payment, Seller shall be entitled to retain the First Payment and Buyer

irrevocably will be deemed to be in default under this Agreement. Seller may, at its option, retain the First Payment and declare this Agreement null and void, in which event Buyer will be deemed to have canceled this Agreement and relinquish all rights in and to the Property or Seller may exercise its rights under Section 14 hereof. If this Agreement is not canceled and the Second Payment is made when required, all of Buyer's conditions and contingencies will be deemed satisfied.

7. ESCROW. Escrow shall be opened by Seller and funds deposited in escrow upon acceptance of this agreement by both parties. The escrow holder will be a nationally-recognized escrow company selected by Seller. A copy of this Agreement will be delivered to the escrow holder and will serve as escrow instructions together with the escrow holder's standard instructions and any additional instructions required by the escrow holder to clarify its rights and duties (and the parties agree to sign these additional instructions). If there is any conflict between these other instructions and this Agreement, this Agreement will control.

8. TITLE. Closing will be conditioned on the agreement of a title company selected by Seller to issue an Owner's policy of title insurance, dated as of the close of escrow, in an amount equal to the purchase price, insuring that Buyer will own insurable title to the Property subject only to: the title company's standard exceptions; current real property taxes and assessments; survey exceptions; the rights of parties in possession pursuant to the lease defined in paragraph 11 below; and other items of record disclosed to Buyer during the Review Period.

Buyer shall be allowed five (5) days after receipt of said commitment for examination and the making of any objections to marketability thereto, said objections to be made in writing or deemed waived. If any objections are so made, the Seller shall be allowed eighty (80) days to make such title marketable or in the alternative to obtain a commitment for insurable title insuring over Buyer's objections. If Seller shall decide to make no efforts to make title marketable, or is unable to make title marketable or obtain insurable title, (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof) Buyer's First Payment shall be returned and this Agreement shall be null and void and of no further force and effect. Seller has no obligation to spend any funds or make any effort to satisfy Buyer's objections, if any.

Pending satisfaction of Buyer's objections, the payments hereunder required shall be postponed, but upon satisfaction of Buyer's objections, and within ten (10) days after written

notice of satisfaction of Buyer's objections to the Buyer, the parties shall perform this Agreement according to its terms.

9. CLOSING COSTS. Seller will pay one-half of escrow fees, the cost of the title commitment and any brokerage commissions payable. The Buyer will pay the cost of issuing a Standard Owners Title Insurance Policy in the full amount of the purchase price, if Buyer shall decide to purchase the same. Buyer will pay all recording fees, one-half of the escrow fees, and the cost of an update to the Survey in Sellers possession (if an update is required by Buyer.) Each party will pay its own attorney's fees and costs to document and close this transaction.

10. REAL ESTATE TAXES, SPECIAL ASSESSMENTS AND PRORATIONS

(a) Because the Entire Property (of which the Property is a part) is subject to a triple net lease (as further set forth in paragraph 11(a)(i), the parties acknowledge that there shall be no need for a real estate tax proration. However, Seller represents that to the best of its knowledge, all real estate taxes and installments of special assessments due and payable in all years prior to the year of Closing have been paid in full. Unpaid real estate taxes and unpaid levied and pending special assessments existing on the date of Closing shall be the responsibility of Buyer and Seller in proportion to their respective Tenant in Common interests, pro-rated, however, to the date of closing for the period prior to closing, which shall be the responsibility of Seller if Tenant shall not pay the same. Seller and Buyer shall likewise pay all taxes due and payable in the year after Closing and any unpaid installments of special assessments payable therewith and thereafter, if such unpaid levied and pending special assessments and real estate taxes are not paid by any tenant of the Entire Property.

(b) All income and all operating expenses from the Entire Property shall be prorated between the parties and adjusted by them as of the date of Closing. Seller shall be entitled to all income earned and shall be responsible for all expenses incurred prior to the date of Closing, and Buyer shall be entitled to its proportionate share of all income earned and shall be responsible for its proportionate share of all operating expenses of the Entire Property incurred on and after the date of closing.

11. SELLER'S REPRESENTATION AND AGREEMENTS.

(a) Seller represents and warrants as of this date that:

(i) Except for the Lease Modification and Extension Agreement in existence between Net Lease Income & Growth Fund 84-A Limited Partnership and AEI Real Estate Fund 85-A Limited Partnership (as "Landlord") and Innovative Restaurant Concepts, Inc. ("Tenant"), dated May 8, 1996, Seller is not aware of any leases of the Property. The above referenced lease agreement has an option to purchase in favor of the Tenant as set forth in paragraph 13 of said lease agreement.

(ii) It is not aware of any pending litigation or condemnation proceedings against the Property or Seller's interest in the Property.

(iii) Except as previously disclosed to Buyer and as permitted in paragraph (b) below, Seller is not aware of any contracts Seller has executed that would be binding on Buyer after the closing date.

(b) Provided that Buyer performs its obligations when required, Seller agrees that it will not enter into any new contracts that would materially affect the Property and be binding on Buyer after the Closing Date without Buyer's prior consent, which will not be unreasonably withheld. However, Buyer acknowledges that Seller retains the right both

Buyer Initial: /s/ JSO /s/ AO

Purchase Agreement for Rio Bravo-St. Paul, MN

prior to and after the Closing Date to freely transfer all or a portion of Seller's remaining undivided interest in the Entire Property, provided such sale shall not encumber the Property being purchased by Buyer in violation of the terms hereof or the contemplated Co-Tenancy Agreement.

12. DISCLOSURES.

(a) Seller has received no notice that there are now, and at the Closing there will be, no material, physical or mechanical defects of the Property, including, without

limitation, the plumbing, heating, air conditioning, ventilating, electrical systems, and all such items are in good operating condition and repair and in compliance with all applicable governmental, zoning and land use laws, ordinances, regulations and requirements.

(b) Seller has received no notice that the use and operation of the Property now is, and at the time of Closing will be, in full compliance with applicable building codes, safety, fire, zoning, and land use laws, and other applicable local, state and federal laws, ordinances, regulations and requirements.

(c) Seller knows of no facts nor has Seller failed to disclose to Buyer any fact known to Seller which would prevent the Tenant from using and operating the Property after the Closing in the manner in which the Property has been used and operated prior to the date of this Agreement.

(d) Seller has received no notice that the Property is not, and as of the Closing will not be, in violation of any federal, state or local law, ordinance or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and groundwater conditions. To the best of Seller's knowledge: there is no proceeding or inquiry by any governmental authority with respect to the presence of Hazardous Materials on the Property or the migration of Hazardous Materials from or to other property. Buyer agrees that Seller will have no liability of any type to Buyer or Buyer's successors, assigns, or affiliates in connection with any Hazardous Materials on or in connection with the Property either before or after the Closing Date, except such Hazardous Materials on or in connection with the Property arising out of Seller's negligence or intentional misconduct in violation of applicable state or federal law or regulation.

(e) Buyer agrees that it shall be purchasing the Property in its then present condition, as is, where is, and Seller has no obligations to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

(f) Buyer acknowledges that, having been given the opportunity to inspect the Property and such financial information on the Lessee and Guarantors of the Lease as Buyer or its advisors shall request if in Seller's possession, Buyer is relying solely on its own investigation of the Property and not on any information provided by Seller or to be provided except as set forth herein. Buyer

further acknowledges that the information provided and to be provided by Seller with respect to the Property and to the Lessee and Guarantors of Lease was obtained from a variety of sources and Seller neither (a) has made independent investigation or verification of such information, or (b) makes any representations as to the accuracy or completeness of such information. The sale of the Property as provided for herein is made on an "AS IS" basis, and Buyer expressly acknowledges that, in consideration of the agreements of Seller herein, except as otherwise specified herein in paragraph 11(a) and (b) above, Seller makes no Warranty or representation, Express or Implied, or arising by operation of law, including, but not

Buyer Initial: /s/ JSO /s/ AO
Purchase Agreement for Rio Bravo-St. Paul, MN

limited to, any warranty or condition, habitability, tenantability, suitability for commercial purposes, merchantability, or fitness for a particular purpose, in respect of the Property.

The representations of Seller above shall survive Closing for a period of one year after Closing. Similarly, the representations and agreements of Buyer in provision (d) - (f) above shall survive Closing for a period of one year.

13. CLOSING.

(a) Before the closing date, Seller will deposit into escrow an executed special warranty deed warranting title against lawful claims by, through, or under a conveyance from Seller, but not further or otherwise, conveying insurable title of the Property to Buyer, subject to the exceptions contained in paragraph 8 above.

(b) On or before the closing date, Buyer will deposit into escrow: the balance of the purchase price when required under Section 4; any additional funds required of Buyer, (pursuant to this agreement or any other agreement executed by Buyer) to close escrow. Both parties will sign and deliver to the escrow holder any other documents reasonably required by the escrow holder to close escrow.

(c) On the closing date, if escrow is in a position to close, the escrow holder will: record the deed in the official records of the county where the Property is located; cause the title company to commit to issue the title policy; immediately deliver to Seller the portion of the purchase price deposited into escrow by cashier's check or wire transfer (less debits and prorations, if any); deliver to Seller and Buyer a signed counterpart of the escrow holder's certified closing statement and take all other actions necessary to close escrow.

14. DEFAULTS. If Buyer defaults, Buyer will forfeit all rights and claims and Seller will be relieved of all obligations and will be entitled to retain all monies heretofore paid by the Buyer. In addition, Seller shall retain all remedies available to Seller at law or in equity.

If Seller shall default, Buyer irrevocably waives any rights to file a lis pendens, a specific performance action or any other claim, action or proceeding of any type in connection with the Property or this or any other transaction involving the Property, and will not do anything to affect title to the Property or hinder, delay or prevent any other sale, lease or other transaction involving the Property (any and all of which will be null and void), unless: it has paid the First Payment, deposited the balance of the Second Payment for the purchase price into escrow, performed all of its other obligations and satisfied all conditions under this Agreement, and unconditionally notified Seller that it stands ready to tender full performance, purchase the Property and close escrow as per this Agreement, regardless of any alleged default or misconduct by Seller. Provided, however, that in no event shall Seller be liable for any actual, punitive, consequential or speculative damages arising out of any default by Seller hereunder.

15. BUYER'S REPRESENTATIONS AND WARRANTIES.

a. Buyer represents and warrants to Seller as follows:

(i) In addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Buyer, Buyer shall perform, execute and deliver or cause to be performed, executed, and delivered at the Closing or after the Closing, any and all further acts, deeds and assurances as Seller or the Title Company may require and be reasonable in order to consummate the transactions contemplated herein.

Buyer Initial: /s/ JSO /s/ AO

(ii) Buyer has all requisite power and authority to consummate the transaction contemplated by this Agreement and has by proper proceedings duly authorized the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby.

(iii) To Buyer's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will violate or be in conflict with (a) any applicable provisions of law, (b) any order of any court or other agency of government having jurisdiction hereof, or (c) any agreement or instrument to which Buyer is a party or by which Buyer is bound.

16. DAMAGES, DESTRUCTION AND EMINENT DOMAIN.

(a) If, prior to closing, the Property or any part thereof be destroyed or further damaged by fire, the elements, or any cause, due to events occurring subsequent to the date of this Agreement to the extent that the cost of repair exceeds \$10,000.00, this Agreement shall become null and void, at Buyer's option exercised, if at all, by written notice to Seller within ten (10) days after Buyer has received written notice from Seller of said destruction or damage. Seller, however, shall have the right to adjust or settle any insured loss until (i) all contingencies set forth in Paragraph 6 hereof have been satisfied, or waived; and (ii) any ten-day period provided for above in this Subparagraph 16a for Buyer to elect to terminate this Agreement has expired or Buyer has, by written notice to Seller, waived Buyer's right to terminate this Agreement. If Buyer elects to proceed and to consummate the purchase despite said damage or destruction, there shall be no reduction in or abatement of the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to all insurance proceeds (pro-rata in relation to the Entire Property) resulting from said damage or destruction to the extent that the same are payable with respect to damage to the Property, subject to rights of any Tenant of the Entire Property.

If the cost of repair is less than \$10,000.00, Buyer shall be obligated to otherwise perform hereinunder with no adjustment to the Purchase Price, reduction or abatement,

and Seller shall assign Seller's right, title and interest in and to all insurance proceeds pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

(b) If, prior to closing, the Property, or any part thereof, is taken by eminent domain, this Agreement shall become null and void, at Buyer's option. If Buyer elects to proceed and to consummate the purchase despite said taking, there shall be no reduction in, or abatement of, the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to any award made, or to be made, in the condemnation proceeding pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

In the event that this Agreement is terminated by Buyer as provided above in Subparagraph 16a or 16b, the First Payment shall be immediately returned to Buyer (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof).

17. BUYER'S 1031 TAX FREE EXCHANGE.

While Seller acknowledges that Buyer is purchasing the Property as "replacement property" to accomplish a tax-deferred exchange, Buyer acknowledges that Seller has made no representations, warranties, or agreements to Buyer or Buyer's agents that the transaction contemplated by the Agreement will qualify for such tax treatment, nor has there been any reliance thereon by Buyer respecting the legal or tax implications of the transactions contemplated hereby. Buyer further represents that it has sought and obtained such third party advice and counsel as it deems necessary in regards to the tax implications of this transaction.

Buyer Initial: /s/ JSO /s/ AO

Purchase Agreement for Rio Bravo-St. Paul, MN

Buyer intends that this transaction qualify as an exchange under Section 1031 of the Internal Revenue Code of 1986 and regulations thereunder. Buyer intends to perfect the 1031 exchange by way of a simultaneous exchange of properties through concurrently conditional closing escrows conducted under escrow instruction that will qualify the transaction under Section 1031.

18. CANCELLATION

If any party elects to cancel this Contract because of any breach by another party or because escrow fails to close by the agreed date, the party electing to cancel shall deliver to escrow agent a notice containing the address of the party in breach and stating that this Contract shall be cancelled unless the breach is cured within 13 days following the delivery of the notice to the escrow agent. Within three days after receipt of such notice, the escrow agent shall send it by United States Mail to the party in breach at the address contained in the Notice and no further notice shall be required. If the breach is not cured within the 13 days following the delivery of the notice to the escrow agent, this Contract shall be cancelled.

19. MISCELLANEOUS.

(a) This Agreement may be amended only by written agreement signed by both Seller and Buyer, and all waivers must be in writing and signed by the waiving party. Time is of the essence. This Agreement will not be construed for or against a party whether or not that party has drafted this Agreement. If there is any action or proceeding between the parties relating to this Agreement the prevailing party will be entitled to recover attorney's fees and costs. This is an integrated agreement containing all agreements of the parties about the Property and the other matters described, and it supersedes any other agreements or understandings. Exhibits attached to this Agreement are incorporated into this Agreement.

(b) If this escrow has not closed by September 30, 1998, through no fault of Seller, Seller may either, at its election, extend the closing date or exercise any remedy available to it by law, including terminating this Agreement.

(c) Funds to be deposited or paid by Buyer must be good and clear funds in the form of cash, cashier's checks or wire transfers.

(d) All notices from either of the parties hereto to the other shall be in writing and shall be considered to have been duly given or served if sent by first class certified mail, return receipt requested, postage prepaid, or by a nationally recognized courier service guaranteeing overnight delivery to the party at his or its address set forth below, or to such other address as such party may hereafter designate by written notice to the other party.

Buyer Initial: /s/ JSO /s/ AO
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If to Seller:

Attention: Robert P. Johnson
Net Lease Income & Growth Fund 84-A Limited Partnership
1300 Minnesota World Trade Center
30 E. 7th Street
St. Paul, MN 55101

and

Attention: Robert P. Johnson
AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. 7th Street
St. Paul, MN 55101

If to Buyer:

Jack S. Obata and Atsuko Obata, Trustees
740 Eschenburg Drive
Gilroy, CA 95020

When accepted, this offer will be a binding agreement for valid and sufficient consideration which will bind and benefit Buyer, Seller and their respective successors and assigns. Buyer is submitting this offer by signing a copy of this offer and delivering it to Seller. Seller has five (5) business days from receipt within which to accept this offer.

IN WITNESS WHEREOF, the Seller and Buyer have executed this Agreement effective as of the day and year above first written.

BUYER: JACK S. OBATA AND ATSUKO OBATA, TRUSTEES OF THE JACK S.
AND ATSUKO OBATA TRUST DATED 12/30/74

By: /s/ Jack S. Obata, Trustee
Jack S. Obata, Trustee

By: /s/ Atsuko Obata, Trustee

Buyer Initial: /s/ JSO /s/ AO
Purchase Agreement for Rio Bravo-St. Paul, MN

SELLER: AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Net Lease Management 85-A Inc.,
its corporate general partner

By: /s/ Robert P Johnson
Robert P. Johnson, President

Buyer Initial: /s/ JSO /s/ AO
Purchase Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5,6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53

minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PROPERTY CO-TENANCY
OWNERSHIP AGREEMENT
(Rio Bravo-St. Paul, MN)

THIS CO-TENANCY AGREEMENT,

Made and entered into as of the 16th day of Sept, 1998, by and between Tom S. Obata, Trustee of That Certain "Living Trust", dated 12/30/74 (hereinafter called "Obata"), and AEI Real Estate Fund 85-A Limited Partnership (hereinafter called "Fund 85-A") (Obata, Fund 85-A (and any other Owner in Fee where the context so indicates) being hereinafter sometimes collectively called "Co-Tenants" and referred to in the neuter gender).

WITNESSETH:

WHEREAS, Fund 85-A presently owns an undivided 42.7685% interest in and to, and Obata presently owns an undivided 16.0589% interest in and to, and W.E. Mason and Hazel Mason, Trustees of the Mason Living Trust presently owns an undivided 12.5821% interest in and to, and Marvin L. Webb Family Trust presently owns an undivided 17.1199% interest in and to, and Nick DeVito, Inc. presently owns an undivided 11.4706% interest in and to the land, situated in the City of St. Paul, County of Ramsey, and State of MN, (legally described upon Exhibit A attached hereto and hereby made a part hereof) and in and to the improvements located thereon (hereinafter called "Premises");

WHEREAS, The parties hereto wish to provide for the orderly operation and management of the Premises and Obata's interest by Fund 85-A; the continued leasing of space within the Premises; for the distribution of income from and the pro-rata sharing in expenses of the Premises.

NOW THEREFORE, in consideration of the purchase by Obata of an undivided interest in and to the Premises, for at least One Dollar (\$1.00) and other good and valuable consideration by the parties hereto to one another in hand paid, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto, as follows:

1. The operation and management of the Premises shall be delegated to Fund 85-A, or its designated agent, successors or assigns. Provided, however, if Fund 85-A shall sell all of its interest in the Premises, the duties and obligations of Fund 85-A respecting management of the Premises as set forth herein, including but not limited to paragraphs 2, 3, and 4 hereof, shall

be exercised by the holder or holders of a majority undivided cotenancy interest in the Premises. Except as hereinafter expressly provided to the contrary, each of the parties hereto agrees to be bound by the decisions of Fund 85-A with respect to all administrative, operational and management matters of the property comprising the Premises, including but not limited to the management of the net lease agreement for the Premises. The parties hereto hereby designate Fund 85-A as their sole and exclusive agent to deal with, and Fund 85-A retains the sole right to deal with, any property agent or tenant and to negotiate and enter into, on terms and provisions satisfactory to Fund 85-A, monitor, execute and enforce the terms of leases of space within the Premises, including but not limited to any amendments, consents to assignment, sublet, releases or modifications to leases or guarantees of lease or easements affecting the Premises, on behalf of Obata. As long as Fund 85-A owns an interest in the Premises, only Fund 85-A may obligate Obata with respect to any expense for the Premises.

As further set forth in paragraph 2 hereof, Fund 85-A agrees to require any lessee of the Premises to name Obata as an insured or additional insured in all insurance policies provided for, or

Co-Tenant Initial: /s/ TSO

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

contemplated by, any lease on the Premises. Fund 85-A shall use its best efforts to obtain endorsements adding Co-Tenants to said policies from lessee within 30 days of commencement of this agreement. In any event, Fund 85-A shall distribute any insurance proceeds it may receive, to the extent consistent with any lease on the Premises, to the Co-Tenants in proportion to their respective ownership of the Premises.

2. Income and expenses shall be allocated among the Co-Tenants in proportion to their respective share(s) of ownership. Shares of net income shall be pro-rated for any partial calendar years included within the term of this Agreement. Fund 85-A may offset against, pay to itself and deduct from any payment due to Obata under this Agreement, and may pay to itself the amount of Obata's share of any reasonable expenses of the Premises which are not paid by Obata to Fund 85-A or its assigns, within ten (10) days after demand by Fund 85-A. In the event there is insufficient operating income from which to deduct Obata's unpaid share of operating expenses, Fund 85-A may pursue any and all legal remedies for collection.

Operating Expenses shall include all normal operating expense,

including but not limited to: maintenance, utilities, supplies, labor, management, advertising and promotional expenses, salaries and wages of rental and management personnel, leasing commissions to third parties, a monthly accrual to pay insurance premiums, real estate taxes, installments of special assessments and for structural repairs and replacements, management fees, legal fees and accounting fees, but excluding all operating expenses paid by tenant under terms of any lease agreement of the Premises.

Obata has no requirement to, but has, nonetheless elected to retain, and agrees to annually reimburse, Fund 85-A in the amount of \$821 for the expenses, direct and indirect, incurred by Fund 85-A in providing Obata with quarterly accounting and distributions of Obata's share of net income and for tracking, reporting and assessing the calculation of Obata's share of operating expenses incurred from the Premises. This invoice amount shall be pro-rated for partial years and Obata authorizes Fund 85-A to deduct such amount from Obata's share of revenue from the Premises. Obata may terminate this agreement in this paragraph respecting accounting and distributions at any time and attempt to collect its share of rental income directly from the tenant; however, enforcement of all other provisions of the lease remains the sole right of Fund 85-A pursuant to Section 1 hereof. Fund 85-A may terminate its obligation under this paragraph upon 30 days notice to Obata prior to the end of each anniversary hereof, unless agreed in writing to the contrary.

3. Full, accurate and complete books of account shall be kept in accordance with generally accepted accounting principles at Fund 85-A's principal office, and each Co-Tenant shall have access to such books and may inspect and copy any part thereof during normal business hours. Within ninety (90) days after the end of each calendar year during the term hereof, Fund 85-A shall prepare an accurate income statement for the ownership of the Premises for said calendar year and shall furnish copies of the same to all Co-Tenants. Quarterly, as its share, Obata shall be entitled to receive 16.0589% of all items of income and expense generated by the Premises. Upon receipt of said accounting, if the payments received by each Co-Tenant pursuant to this Paragraph 3 do not equal, in the aggregate, the amounts which each are entitled to receive proportional to its share of ownership with respect to said calendar year pursuant to Paragraph 2 hereof, an appropriate adjustment shall be made so that each Co-Tenant receives the amount to which it is entitled.

4. If Net Income from the Premises is less than \$0.00 (i.e., the Premises operates at a loss), or if capital improvements, repairs, and/or replacements, for which adequate reserves do not exist, need to be made to the Premises, the Co-Tenants, upon receipt of a written request therefor from Fund 85-A, shall, within fifteen (15) business days after receipt of notice, make

payment to Fund 85-A sufficient to pay said net operating losses and to provide necessary operating capital

Co-Tenant Initial: /s/ TSO

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

for the premises and to pay for said capital improvements, repairs and/or replacements, all in proportion to their undivided interests in and to the Premises.

5. Co-Tenants may, at any time, sell, finance, or otherwise create a lien upon their interest in the Premises but only upon their interest and not upon any part of the interest held, or owned, by any other Co-Tenant. All Co-Tenants reserve the right to escrow proceeds from a sale of their interests in the Premises to obtain tax deferral by the purchase of replacement property.

6. If any Co-Tenant shall be in default with respect to any of its obligations hereunder, and if said default is not corrected within thirty (30) days after receipt by said defaulting Co-Tenant of written notice of said default, or within a reasonable period if said default does not consist solely of a failure to pay money, the remaining Co-Tenant(s) may resort to any available remedy to cure said default at law, in equity, or by statute.

7. This Co-Tenancy agreement shall continue in full force and effect and shall bind and inure to the benefit of the Co-Tenant and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns until December 31, 2026 or upon the sale of the entire Premises in accordance with the terms hereof and proper disbursement of the proceeds thereof, whichever shall first occur. Unless specifically identified as a personal contract right or obligation herein, this agreement shall run with any interest in the Property and with the title thereto. Once any person, party or entity has ceased to have an interest in fee in any portion of the Entire Property, it shall not be bound by, subject to or benefit from the terms hereof; but its heirs, executors, administrators, personal representatives, successors or assigns, as the case may be, shall be substituted for it hereunder.

8. Any notice or election required or permitted to be given or served by any party hereto to, or upon any other, shall be given to all known Co-Tenants and deemed given or served in accordance with the provisions of this Agreement, if said notice or elections addressed as follows;

If to Fund 85-A:

AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. Seventh Street
St. Paul, Minnesota 55101

If to Obata:

Tom S. Obata, Trustee
2395 Ric Drive
Unit B
Gilroy, CA 95020

If to Mason:

Mason Living Trust
136 Baltusrol Road
Franklin, TN 37069

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Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

If to Webb

Marvin L. Webb Family Trust
3306 Palmetto Trail
Amarillo, TX 79109-1738

If to DeVito:

Vito DeVito Francesco
P.O. Box 591
Ontario, CA 91762

Each mailed notice or election shall be deemed to have been given to, or served upon, the party to which addressed on the date the same is deposited in the United States certified mail, return receipt requested, postage prepaid, or given to a nationally recognized courier service guaranteeing overnight delivery as properly addressed in the manner above provided. Any party hereto may change its address for the service of notice hereunder by delivering written notice of said change to the other parties hereunder, in the manner above specified, at least ten (10) days

prior to the effective date of said change.

9. This Agreement shall not create any partnership or joint venture among or between the Co-Tenants or any of them, and the only relationship among and between the Co-Tenants hereunder shall be that of owners of the premises as tenants in common subject to the terms hereof.

10. The unenforceability or invalidity of any provision or provisions of this Agreement as to any person or circumstances shall not render that provision, nor any other provision hereof, unenforceable or invalid as to any other person or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

11. In the event any litigation arises between the parties hereto relating to this Agreement, or any of the provisions hereof, the party prevailing in such action shall be entitled to receive from the losing party, in addition to all other relief, remedies and damages to which it is otherwise entitled, all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with said litigation.

Co-Tenant Initial: /s/ TSO
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

IN WITNESS WHEREOF, The parties hereto have caused this Agreement to be executed and delivered, as of the day and year first above written.

OBATA TOM S. OBATA, TRUSTEE OF THAT CERTAIN "LIVING TRUST",
DATED 12/30/74

By:/s/ Tom S Obata, Trustee
Tom S. Obata, Trustee

STATE OF CALIFORNIA)

) ss

COUNTY OF SANTA CLARA)

I, a Notary Public in and for the state and county of aforesaid, hereby certify there appeared before me this 9th day of September, 1998, Tom S. Obata, Trustee, who executed the foregoing instrument in said capacity.

/s/ A Monk
Notary Public

[notary seal]

Co-Tenant Initial: /s/ TSO
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

Fund 85-A AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP, a Minnesota
limited partnership

By: Net Lease Management 85-A, Inc.,
its corporate general partner

By:/s/ Robert P Johnson
Robert P. Johnson, President

State of Minnesota)

) ss.

County of Ramsey)

I, a Notary Public in and for the state and county of aforesaid,
hereby certify there appeared before me this 16th day of Sept,
1998, Robert P. Johnson, President of Net Lease Management 85-A,
Inc., corporate general partner of AEI Real Estate Fund 85-A
Limited Partnership who executed the foregoing instrument in said
capacity and on behalf of the corporation in its capacity as
corporate general partner, on behalf of said limited partnership.

/s/ Laura M Steidl
Notary Public

[notary seal]

Co-Tenant Initial: /s/ TSO
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5, 6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PROPERTY CO-TENANCY
OWNERSHIP AGREEMENT
(Rio Bravo-St. Paul, MN)

THIS CO-TENANCY AGREEMENT,

Made and entered into as of the 16th day of Sept, 1998, by and between Jack S. Obata and Atsuko Obata, Trustees of The Jack S. and Atsuko Revocable Trust, dated 12/30/74 (hereinafter called "Obata"), and AEI Real Estate Fund 85-A Limited Partnership (hereinafter called "Fund 85-A") (Obata, Fund 85-A (and any other Owner in Fee where the context so indicates) being hereinafter sometimes collectively called "Co-Tenants" and referred to in the neuter gender).

WITNESSETH:

WHEREAS, Fund 85-A presently owns an undivided 26.7096% interest in and to, and Obata presently owns an undivided 16.0589% interest in and to, and Tom S. Obata, Trustee of That Certain "Living Trust" presently owns an undivided 16.0589% interest in and to, and W.E. Mason and Hazel Mason, Trustees of the Mason Living Trust presently owns an undivided 12.5821% interest in and to, and Marvin L. Webb Family Trust presently owns an undivided 17.1199% interest in and to, and Nick DeVito, Inc. presently owns an undivided 11.4706% interest in and to the land, situated in the City of St. Paul, County of Ramsey, and State of MN, (legally described upon Exhibit A attached hereto and hereby made a part hereof) and in and to the improvements located thereon (hereinafter called "Premises");

WHEREAS, The parties hereto wish to provide for the orderly operation and management of the Premises and Obata's interest by Fund 85-A; the continued leasing of space within the Premises; for the distribution of income from and the pro-rata sharing in expenses of the Premises.

NOW THEREFORE, in consideration of the purchase by Obata of an undivided interest in and to the Premises, for at least One Dollar (\$1.00) and other good and valuable consideration by the parties hereto to one another in hand paid, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto, as follows:

1. The operation and management of the Premises shall be delegated to Fund 85-A, or its designated agent, successors or assigns. Provided, however, if Fund 85-A shall sell all of its

interest in the Premises, the duties and obligations of Fund 85-A respecting management of the Premises as set forth herein, including but not limited to paragraphs 2, 3, and 4 hereof, shall be exercised by the holder or holders of a majority undivided co-tenancy interest in the Premises. Except as hereinafter expressly provided to the contrary, each of the parties hereto agrees to be bound by the decisions of Fund 85-A with respect to all administrative, operational and management matters of the property comprising the Premises, including but not limited to the management of the net lease agreement for the Premises. The parties hereto hereby designate Fund 85-A as their sole and exclusive agent to deal with, and Fund 85-A retains the sole right to deal with, any property agent or tenant and to negotiate and enter into, on terms and provisions satisfactory to Fund 85-A, monitor, execute and enforce the terms of leases of space within the Premises, including but not limited to any amendments, consents to assignment, sublet, releases or modifications to leases or guarantees of lease or easements affecting the Premises, on behalf of Obata. As long as Fund 85-A owns an interest in the Premises, only Fund 85-A may obligate Obata with respect to any expense for the Premises.

Co-Tenant Initial: /s/ JSO /s/ AO

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

As further set forth in paragraph 2 hereof, Fund 85-A agrees to require any lessee of the Premises to name Obata as an insured or additional insured in all insurance policies provided for, or contemplated by, any lease on the Premises. Fund 85-A shall use its best efforts to obtain endorsements adding Co-Tenants to said policies from lessee within 30 days of commencement of this agreement. In any event, Fund 85-A shall distribute any insurance proceeds it may receive, to the extent consistent with any lease on the Premises, to the Co-Tenants in proportion to their respective ownership of the Premises.

2. Income and expenses shall be allocated among the Co-Tenants in proportion to their respective share(s) of ownership. Shares of net income shall be pro-rated for any partial calendar years included within the term of this Agreement. Fund 85-A may offset against, pay to itself and deduct from any payment due to Obata under this Agreement, and may pay to itself the amount of Obata's share of any reasonable expenses of the Premises which are not paid by Obata to Fund 85-A or its assigns, within ten (10) days after demand by Fund 85-A. In the event there is insufficient operating income from which to deduct Obata's unpaid share of operating expenses, Fund 85-A may pursue any and all legal remedies for collection.

Operating Expenses shall include all normal operating expense, including but not limited to: maintenance, utilities, supplies, labor, management, advertising and promotional expenses, salaries and wages of rental and management personnel, leasing commissions to third parties, a monthly accrual to pay insurance premiums, real estate taxes, installments of special assessments and for structural repairs and replacements, management fees, legal fees and accounting fees, but excluding all operating expenses paid by tenant under terms of any lease agreement of the Premises.

Obata has no requirement to, but has, nonetheless elected to retain, and agrees to annually reimburse, Fund 85-A in the amount of \$821 for the expenses, direct and indirect, incurred by Fund 85-A in providing Obata with quarterly accounting and distributions of Obata's share of net income and for tracking, reporting and assessing the calculation of Obata's share of operating expenses incurred from the Premises. This invoice amount shall be pro-rated for partial years and Obata authorizes Fund 85-A to deduct such amount from Obata's share of revenue from the Premises. Obata may terminate this agreement in this paragraph respecting accounting and distributions at any time and attempt to collect its share of rental income directly from the tenant; however, enforcement of all other provisions of the lease remains the sole right of Fund 85-A pursuant to Section 1 hereof. Fund 85-A may terminate its obligation under this paragraph upon 30 days notice to Obata prior to the end of each anniversary hereof, unless agreed in writing to the contrary.

3. Full, accurate and complete books of account shall be kept in accordance with generally accepted accounting principles at Fund 85-A's principal office, and each Co-Tenant shall have access to such books and may inspect and copy any part thereof during normal business hours. Within ninety (90) days after the end of each calendar year during the term hereof, Fund 85-A shall prepare an accurate income statement for the ownership of the Premises for said calendar year and shall furnish copies of the same to all Co-Tenants. Quarterly, as its share, Obata shall be entitled to receive 16.0589% of all items of income and expense generated by the Premises. Upon receipt of said accounting, if the payments received by each Co-Tenant pursuant to this Paragraph 3 do not equal, in the aggregate, the amounts which each are entitled to receive proportional to its share of ownership with respect to said calendar year pursuant to Paragraph 2 hereof, an appropriate adjustment shall be made so that each Co-Tenant receives the amount to which it is entitled.

4. If Net Income from the Premises is less than \$0.00 (i.e., the Premises operates at a loss), or if capital improvements, repairs, and/or replacements, for which adequate reserves do not exist, need to be made to the Premises, the Co-Tenants, upon

receipt of a written request therefor

Co-Tenant Initial: /s/ JSO /s/ AO

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

from Fund 85-A, shall, within fifteen (15) business days after receipt of notice, make payment to Fund 85-A sufficient to pay said net operating losses and to provide necessary operating capital for the premises and to pay for said capital improvements, repairs and/or replacements, all in proportion to their undivided interests in and to the Premises.

5. Co-Tenants may, at any time, sell, finance, or otherwise create a lien upon their interest in the Premises but only upon their interest and not upon any part of the interest held, or owned, by any other Co-Tenant. All Co-Tenants reserve the right to escrow proceeds from a sale of their interests in the Premises to obtain tax deferral by the purchase of replacement property.

6. If any Co-Tenant shall be in default with respect to any of its obligations hereunder, and if said default is not corrected within thirty (30) days after receipt by said defaulting Co-Tenant of written notice of said default, or within a reasonable period if said default does not consist solely of a failure to pay money, the remaining Co-Tenant(s) may resort to any available remedy to cure said default at law, in equity, or by statute.

7. This Co-Tenancy agreement shall continue in full force and effect and shall bind and inure to the benefit of the Co-Tenant and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns until December 31, 2026 or upon the sale of the entire Premises in accordance with the terms hereof and proper disbursement of the proceeds thereof, whichever shall first occur. Unless specifically identified as a personal contract right or obligation herein, this agreement shall run with any interest in the Property and with the title thereto. Once any person, party or entity has ceased to have an interest in fee in any portion of the Entire Property, it shall not be bound by, subject to or benefit from the terms hereof; but its heirs, executors, administrators, personal representatives, successors or assigns, as the case may be, shall be substituted for it hereunder.

8. Any notice or election required or permitted to be given or served by any party hereto to, or upon any other, shall be given to all known Co-Tenants and deemed given or served in accordance

with the provisions of this Agreement, if said notice or elections addressed as follows;

If to Fund 85-A:

AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. Seventh Street
St. Paul, Minnesota 55101

If to Obata:

Jack S. and Atsuko Obata, Trustees
740 Eschenburg
Gilroy, CA 95020

If to Obata:

Tom S. Obata, Trustee
2395 Ric Drive
Unit B
Gilroy, CA 95020

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If to Mason:

Mason Living Trust
136 Baltusrol Road
Franklin, TN 37069

If to Webb

Marvin L. Webb Family Trust
3306 Palmetto Trail
Amarillo, TX 79109-1738

If to DeVito:

Vito DeVito Francesco
P.O. Box 591
Ontario, CA 91762

Each mailed notice or election shall be deemed to have been given to, or served upon, the party to which addressed on the date the same is deposited in the United States certified mail, return receipt requested, postage prepaid, or given to a nationally

recognized courier service guaranteeing overnight delivery as properly addressed in the manner above provided. Any party hereto may change its address for the service of notice hereunder by delivering written notice of said change to the other parties hereunder, in the manner above specified, at least ten (10) days prior to the effective date of said change.

9. This Agreement shall not create any partnership or joint venture among or between the Co-Tenants or any of them, and the only relationship among and between the Co-Tenants hereunder shall be that of owners of the premises as tenants in common subject to the terms hereof.

10. The unenforceability or invalidity of any provision or provisions of this Agreement as to any person or circumstances shall not render that provision, nor any other provision hereof, unenforceable or invalid as to any other person or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

11. In the event any litigation arises between the parties hereto relating to this Agreement, or any of the provisions hereof, the party prevailing in such action shall be entitled to receive from the losing party, in addition to all other relief, remedies and damages to which it is otherwise entitled, all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with said litigation.

Co-Tenant Initial: /s/ JSO /s/ AO
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

IN WITNESS WHEREOF, The parties hereto have caused this Agreement to be executed and delivered, as of the day and year first above written.

OBATA JACK S OBATA AND ATSUKO OBATA, TRUSTEES OF THE JACK S.
AND ATSUKO OBATA REVOCABLE TRUST, DATED 12/30/74

By:/s/ Jack S. Obata Trustee
Jack S. Obata, Trustee

By:/s/ Atsuko Obata Trustee
Atsuko Obata, Trustee

STATE OF CA)

) ss

COUNTY OF SANTA CLARA)

I, a Notary Public in and for the state and county of aforesaid, hereby certify there appeared before me this 10 day of September, 1998, Jack S.Obata and Atsuko Obata, Trustees, who executed the foregoing instrument in said capacity.

/s/ A Monk
Notary Public

[notary seal]

Co-Tenant Initial: /s/ JSO /s/ AO

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

Fund 85-A AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP, a Minnesota limited partnership

By: Net Lease Management 85-A, Inc.,
its corporate general partner

By:/s/ Robert P Johnson
Robert P. Johnson, President

State of Minnesota)

) ss.

County of Ramsey)

I, a Notary Public in and for the state and county of aforesaid, hereby certify there appeared before me this 16th day of Sept, 1998, Robert P. Johnson, President of Net Lease Management 85-A, Inc., corporate general partner of AEI Real Estate Fund 85-A Limited Partnership who executed the foregoing instrument in said capacity and on behalf of the corporation in its capacity as corporate general partner, on behalf of said limited partnership.

/s/ Laura M Steidl
Notary Public

[notary seal]

EXHIBIT "A"

Those parts of Lots 5, 6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PURCHASE AGREEMENT
Rio Bravo Cantina - St. Paul, MN

This AGREEMENT, entered into effective as of the 27th of Oct, 1998.

1. PARTIES. Seller is AEI Real Estate Fund 85-A Limited Partnership which owns an undivided 26.7096% interest in the fee title to that certain real property legally described in the attached Exhibit "A" (the "Entire Property") Buyer is Jean Ann Morrison, Trustee of The Jean Morrison Trust, dated 4/26/85 ("Buyer"). Seller wishes to sell and Buyer wishes to buy a portion as Tenant in Common of Seller's interest in the Entire Property.

2. PROPERTY. The Property to be sold to Buyer in this transaction consists of an undivided 11.5653 percentage interest (hereinafter, simply the "Property") as Tenant in Common in the Entire Property.

3. PURCHASE PRICE . The purchase price for this percentage interest in the Entire Property is \$201,650 all cash.

4. TERMS. The purchase price for the Property will be paid by Buyer as follows:

(a) When this agreement is executed, Buyer will pay \$5,000 to Seller (which shall be deposited into escrow according to the terms hereof) (the "First Payment"). The First Payment will be credited against the purchase price when and if escrow closes and the sale is completed.

(b) Buyer will deposit the balance of the purchase price, \$196,650 (the "Second Payment") into escrow in sufficient time to allow escrow to close on the closing date.

5. CLOSING DATE. Escrow shall close on or before October 30, 1998.

6. DUE DILIGENCE. Buyer will have until the expiration of the fifth business day (The "Review Period") after delivery of each of following items, to be supplied by Seller, to conduct all of its inspections and due diligence and satisfy itself regarding each item, the Property, and this transaction. Buyer agrees to indemnify and hold Seller harmless for any loss or damage to the Entire Property or persons caused by Buyer or its agents arising out of such physical inspections of the Entire Property.

(a) The original and one copy of a title insurance

commitment for an Owner's Title insurance policy (see paragraph 8 below).

(b) A copy of a Certificate of Occupancy or other such document certifying completion and granting permission to permanently occupy the improvements on the Entire Property as are in Seller's possession.

(c) A copy of an "as built" survey of the Entire Property done concurrent with Seller's acquisition of the Property.

(d) Lease (as further set forth in paragraph 11(a) below) of the Entire Property showing occupancy date, lease expiration date, rent, and Guarantys, if any, accompanied by such tenant financial statements as may have been provided most recently to Seller by the Tenant and/or Guarantors.

Buyer Initial: /s/ JAM

Purchase Agreement for Rio Bravo-St. Paul, MN

It is a contingency upon Seller's obligations hereunder that two (2) copies of Co-Tenancy Agreement in the form attached hereto duly executed by Buyer and AEI Real Estate Fund 85-A Limited Partnership and dated on escrow closing date be delivered to the Seller on the closing date.

Buyer may cancel this agreement for ANY REASON in its sole discretion by delivering a cancellation notice, return receipt requested, to Seller and escrow holder before the expiration of the Review Period. Such notice shall be deemed effective only upon receipt by Seller. If this Agreement is not cancelled as set forth above, the First Payment shall be non-refundable unless Seller shall default hereunder.

If Buyer cancels this Agreement as permitted under this Section, except for any escrow cancellation fees and any liabilities under sections 15(a) of this agreement (which will survive), Buyer (after execution of such documents reasonably requested by Seller to evidence the termination hereof) shall be returned its First Payment, and Buyer will have absolutely no rights, claims or interest of any type in connection with the Property or this transaction, regardless of any alleged conduct by Seller or anyone else.

Unless this Agreement is canceled by Buyer pursuant to the terms hereof, if Buyer fails to make the Second Payment, Seller shall be entitled to retain the First Payment and Buyer irrevocably will be deemed to be in default under this Agreement. Seller may, at its option, retain the First Payment and declare

this Agreement null and void, in which event Buyer will be deemed to have canceled this Agreement and relinquish all rights in and to the Property or Seller may exercise its rights under Section 14 hereof. If this Agreement is not canceled and the Second Payment is made when required, all of Buyer's conditions and contingencies will be deemed satisfied.

7. ESCROW. Escrow shall be opened by Seller and funds deposited in escrow upon acceptance of this agreement by both parties. The escrow holder will be a nationally-recognized escrow company selected by Seller. A copy of this Agreement will be delivered to the escrow holder and will serve as escrow instructions together with the escrow holder's standard instructions and any additional instructions required by the escrow holder to clarify its rights and duties (and the parties agree to sign these additional instructions). If there is any conflict between these other instructions and this Agreement, this Agreement will control.

8. TITLE. Closing will be conditioned on the agreement of a title company selected by Seller to issue an Owner's policy of title insurance, dated as of the close of escrow, in an amount equal to the purchase price, insuring that Buyer will own insurable title to the Property subject only to: the title company's standard exceptions; current real property taxes and assessments; survey exceptions; the rights of parties in possession pursuant to the lease defined in paragraph 11 below; and other items of record disclosed to Buyer during the Review Period.

Buyer shall be allowed five (5) days after receipt of said commitment for examination and the making of any objections to marketability thereto, said objections to be made in writing or deemed waived. If any objections are so made, the Seller shall be allowed eighty (80) days to make such title marketable or in the alternative to obtain a commitment for insurable title insuring over Buyer's objections. If Seller shall decide to make no efforts to make title marketable, or is unable to make title marketable or obtain insurable title, (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof) Buyer's First Payment shall be returned and this Agreement shall be null and void and of no further force and effect. Seller has no obligation to spend any funds or make any effort to satisfy Buyer's objections, if any.

Pending satisfaction of Buyer's objections, the payments hereunder required shall be postponed, but upon satisfaction of Buyer's objections, and within ten (10) days after written notice of satisfaction of Buyer's objections to the Buyer, the parties shall perform this Agreement according to its terms.

9. CLOSING COSTS. Seller will pay one-half of escrow fees, the cost of the title commitment and any brokerage commissions payable. The Buyer will pay the cost of issuing a Standard Owners Title Insurance Policy in the full amount of the purchase price, if Buyer shall decide to purchase the same. Buyer will pay all recording fees, one-half of the escrow fees, and the cost of an update to the Survey in Sellers possession (if an update is required by Buyer.) Each party will pay its own attorney's fees and costs to document and close this transaction.

10. REAL ESTATE TAXES, SPECIAL ASSESSMENTS AND PRORATIONS.

(a) Because the Entire Property (of which the Property is a part) is subject to a triple net lease (as further set forth in paragraph 11(a)(i), the parties acknowledge that there shall be no need for a real estate tax proration. However, Seller represents that to the best of its knowledge, all real estate taxes and installments of special assessments due and payable in all years prior to the year of Closing have been paid in full. Unpaid real estate taxes and unpaid levied and pending special assessments existing on the date of Closing shall be the responsibility of Buyer and Seller in proportion to their respective Tenant in Common interests, pro-rated, however, to the date of closing for the period prior to closing, which shall be the responsibility of Seller if Tenant shall not pay the same. Seller and Buyer shall likewise pay all taxes due and payable in the year after Closing and any unpaid installments of special assessments payable therewith and thereafter, if such unpaid levied and pending special assessments and real estate taxes are not paid by any tenant of the Entire Property.

(b) All income and all operating expenses from the Entire Property shall be prorated between the parties and adjusted by them as of the date of Closing. Seller shall be entitled to all income earned and shall be responsible for all expenses incurred prior to the date of Closing, and Buyer shall be entitled to its proportionate share of all income earned and shall be responsible for its proportionate share of all operating expenses of the Entire Property incurred on and after the date of closing.

11. SELLER'S REPRESENTATION AND AGREEMENTS.

(a) Seller represents and warrants as of this date that:

(i) Except for the Lease Modification and Extension Agreement in existence between Net Lease Income & Growth Fund 84-A Limited Partnership and AEI Real Estate Fund 85-A Limited Partnership (as "Landlord") and Innovative Restaurant Concepts, Inc. ("Tenant"), dated May 8, 1996, Seller is not aware of any leases of the Property. The above referenced lease agreement has an option to purchase in favor of the Tenant as set forth in paragraph 13 of said lease agreement.

(ii) It is not aware of any pending litigation or condemnation proceedings against the Property or Seller's interest in the Property.

(iii) Except as previously disclosed to Buyer and as permitted in paragraph (b) below, Seller is not aware of any contracts Seller has executed that would be binding on Buyer after the closing date.

(b) Provided that Buyer performs its obligations when required, Seller agrees that it will not enter into any new contracts that would materially affect the Property and be binding on Buyer after the Closing Date without Buyer's prior consent, which will not be unreasonably withheld. However, Buyer acknowledges that Seller retains the right both prior to and after the Closing Date to freely transfer all or a portion of Seller's remaining undivided interest in the Entire Property, provided such sale shall not encumber the

Buyer Initial: /s/ JAM

Purchase Agreement for Rio Bravo-St. Paul, MN

Property being purchased by Buyer in violation of the terms hereof or the contemplated Co-Tenancy Agreement.

12. DISCLOSURES.

(a) Seller has received no notice that there are now, and at the Closing there will be, no material, physical or mechanical defects of the Property, including, without limitation, the plumbing, heating, air conditioning, ventilating, electrical systems, and all such items are in good operating condition and repair and in compliance with all applicable governmental, zoning and land use laws, ordinances, regulations and requirements.

(b) Seller has received no notice that the use and operation of the Property now is, and at the time of Closing will be, in full compliance with applicable building codes, safety, fire, zoning, and land use laws, and other applicable local, state and federal laws, ordinances, regulations and requirements.

(c) Seller knows of no facts nor has Seller failed to disclose to Buyer any fact known to Seller which would prevent the Tenant from using and operating the Property after the Closing in the manner in which the Property has been used and operated prior to the date of this Agreement.

(d) Seller has received no notice that the Property is not, and as of the Closing will not be, in violation of any federal, state or local law, ordinance or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and groundwater conditions. To the best of Seller's knowledge: there is no proceeding or inquiry by any governmental authority with respect to the presence of Hazardous Materials on the Property or the migration of Hazardous Materials from or to other property. Buyer agrees that Seller will have no liability of any type to Buyer or Buyer's successors, assigns, or affiliates in connection with any Hazardous Materials on or in connection with the Property either before or after the Closing Date, except such Hazardous Materials on or in connection with the Property arising out of Seller's negligence or intentional misconduct in violation of applicable state or federal law or regulation.

(e) Buyer agrees that it shall be purchasing the Property in its then present condition, as is, where is, and Seller has no obligations to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

(f) Buyer acknowledges that, having been given the opportunity to inspect the Property and such financial information on the Lessee and Guarantors of the Lease as Buyer or its advisors shall request if in Seller's possession, Buyer is relying solely on its own investigation of the Property and not on any information provided by Seller or to be provided except as set forth herein. Buyer further acknowledges that the information provided and to be provided by Seller with respect to the Property and to the Lessee and Guarantors of Lease was obtained from a variety of sources and Seller neither (a) has made independent investigation or verification of such information, or (b)

makes any representations as to the accuracy or completeness of such information. The sale of the Property as provided for herein is made on an "AS IS" basis, and Buyer expressly acknowledges that, in consideration of the agreements of Seller herein, except as otherwise specified herein in paragraph 11(a) and (b) above, Seller makes no Warranty or representation, Express or Implied, or arising by operation of law, including, but not limited to, any warranty or condition, habitability, tenantability, suitability for commercial purposes, merchantability, or fitness for a particular purpose, in respect of the Property.

Buyer Initial: /s/ JAM

Purchase Agreement for Rio Bravo-St. Paul, MN

The provisions (d) - (f) above shall survive Closing.

13. CLOSING.

(a) Before the closing date, Seller will deposit into escrow an executed special warranty deed warranting title against lawful claims by, through, or under a conveyance from Seller, but not further or otherwise, conveying insurable title of the Property to Buyer, subject to the exceptions contained in paragraph 8 above.

(b) On or before the closing date, Buyer will deposit into escrow: the balance of the purchase price when required under Section 4; any additional funds required of Buyer, (pursuant to this agreement or any other agreement executed by Buyer) to close escrow. Both parties will sign and deliver to the escrow holder any other documents reasonably required by the escrow holder to close escrow.

(c) On the closing date, if escrow is in a position to close, the escrow holder will: record the deed in the official records of the county where the Property is located; cause the title company to commit to issue the title policy; immediately deliver to Seller the portion of the purchase price deposited into escrow by cashier's check or wire transfer (less debits and prorations, if any); deliver to Seller and Buyer a signed counterpart of the escrow holder's certified closing statement and take all other actions necessary to close escrow.

14. DEFAULTS. If Buyer defaults, Buyer will forfeit all rights and claims and Seller will be relieved of all obligations and will be entitled to retain all monies heretofore paid by the

Buyer. In addition, Seller shall retain all remedies available to Seller at law or in equity.

If Seller shall default, Buyer irrevocably waives any rights to file a lis pendens, a specific performance action or any other claim, action or proceeding of any type in connection with the Property or this or any other transaction involving the Property, and will not do anything to affect title to the Property or hinder, delay or prevent any other sale, lease or other transaction involving the Property (any and all of which will be null and void), unless: it has paid the First Payment, deposited the balance of the Second Payment for the purchase price into escrow, performed all of its other obligations and satisfied all conditions under this Agreement, and unconditionally notified Seller that it stands ready to tender full performance, purchase the Property and close escrow as per this Agreement, regardless of any alleged default or misconduct by Seller. Provided, however, that in no event shall Seller be liable for any actual, punitive, consequential or speculative damages arising out of any default by Seller hereunder.

15. BUYER'S REPRESENTATIONS AND WARRANTIES.

a. Buyer represents and warrants to Seller as follows:

(i) In addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Buyer, Buyer shall perform, execute and deliver or cause to be performed, executed, and delivered at the Closing or after the Closing, any and all further acts, deeds and assurances as Seller or the Title Company may require and be reasonable in order to consummate the transactions contemplated herein.

(ii) Buyer has all requisite power and authority to consummate the transaction contemplated by this Agreement and has by proper proceedings duly authorized the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby.

Buyer Initial: /s/ JAM
Purchase Agreement for Rio Bravo-St. Paul, MN

(iii) To Buyer's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will violate or be in conflict with (a) any applicable provisions of law, (b) any order of any court or other agency of government having

jurisdiction hereof, or (c) any agreement or instrument to which Buyer is a party or by which Buyer is bound.

16. DAMAGES, DESTRUCTION AND EMINENT DOMAIN.

(a) If, prior to closing, the Property or any part thereof be destroyed or further damaged by fire, the elements, or any cause, due to events occurring subsequent to the date of this Agreement to the extent that the cost of repair exceeds \$10,000.00, this Agreement shall become null and void, at Buyer's option exercised, if at all, by written notice to Seller within ten (10) days after Buyer has received written notice from Seller of said destruction or damage. Seller, however, shall have the right to adjust or settle any insured loss until (i) all contingencies set forth in Paragraph 6 hereof have been satisfied, or waived; and (ii) any ten-day period provided for above in this Subparagraph 16a for Buyer to elect to terminate this Agreement has expired or Buyer has, by written notice to Seller, waived Buyer's right to terminate this Agreement. If Buyer elects to proceed and to consummate the purchase despite said damage or destruction, there shall be no reduction in or abatement of the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to all insurance proceeds (pro-rata in relation to the Entire Property) resulting from said damage or destruction to the extent that the same are payable with respect to damage to the Property, subject to rights of any Tenant of the Entire Property.

If the cost of repair is less than \$10,000.00, Buyer shall be obligated to otherwise perform hereinunder with no adjustment to the Purchase Price, reduction or abatement, and Seller shall assign Seller's right, title and interest in and to all insurance proceeds pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

(b) If, prior to closing, the Property, or any part thereof, is taken by eminent domain, this Agreement shall become null and void, at Buyer's option. If Buyer elects to proceed and to consummate the purchase despite said taking, there shall be no reduction in, or abatement of, the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to any award made, or to be made, in the condemnation proceeding pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

In the event that this Agreement is terminated by Buyer as provided above in Subparagraph 16a or 16b, the First Payment

shall be immediately returned to Buyer (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof).

17. BUYER'S 1031 TAX FREE EXCHANGE.

While Seller acknowledges that Buyer is purchasing the Property as "replacement property" to accomplish a tax free exchange, Buyer acknowledges that Seller has made no representations, warranties, or agreements to Buyer or Buyer's agents that the transaction contemplated by the Agreement will qualify for such tax treatment, nor has there been any reliance thereon by Buyer respecting the legal or tax implications of the transactions contemplated hereby. Buyer further represents that it has sought and obtained such third party advice and counsel as it deems necessary in regards to the tax implications of this transaction.

Buyer intends that this transaction qualify as an exchange under Section 1031 of the Internal Revenue Code of 1986 and regulations thereunder. Buyer intends to perfect the 1031 exchange by way of a simultaneous exchange of properties through concurrently conditional

Buyer Initial: /s/ JAM
Purchase Agreement for Rio Bravo-St. Paul, MN

closing escrows conducted under escrow instruction that will qualify the transaction under Section 1031.

18. CANCELLATION

If any party elects to cancel this Contract because of any breach by another party or because escrow fails to close by the agreed date, the party electing to cancel shall deliver to escrow agent a notice containing the address of the party in breach and stating that this Contract shall be cancelled unless the breach is cured within 13 days following the delivery of the notice to the escrow agent. Within three days after receipt of such notice, the escrow agent shall send it by United States Mail to the party in breach at the address contained in the Notice and no further notice shall be required. If the breach is not cured within the 13 days following the delivery of the notice to the escrow agent, this Contract shall be cancelled.

19. MISCELLANEOUS.

(a) This Agreement may be amended only by written agreement signed by both Seller and Buyer, and all waivers must be in writing and signed by the waiving party. Time is of the essence. This Agreement will not be construed for or against a party whether or not that party has drafted this Agreement. If there is any action or proceeding between the parties relating to this Agreement the prevailing party will be entitled to recover attorney's fees and costs. This is an integrated agreement containing all agreements of the parties about the Property and the other matters described, and it supersedes any other agreements or understandings. Exhibits attached to this Agreement are incorporated into this Agreement.

(b) If this escrow has not closed by October 15, 1998, through no fault of Seller, Seller may either, at its election, extend the closing date or exercise any remedy available to it by law, including terminating this Agreement.

(c) Funds to be deposited or paid by Buyer must be good and clear funds in the form of cash, cashier's checks or wire transfers.

(d) All notices from either of the parties hereto to the other shall be in writing and shall be considered to have been duly given or served if sent by first class certified mail, return receipt requested, postage prepaid, or by a nationally recognized courier service guaranteeing overnight delivery to the party at his or its address set forth below, or to such other address as such party may hereafter designate by written notice to the other party.

Buyer Initial: /s/ JAM
Purchase Agreement for Rio Bravo-St. Paul, MN

If to Seller:

Attention: Robert P. Johnson
AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. 7th Street
St. Paul, MN 55101

If to Buyer:

Jean Ann Morrison
11368 Thurston Place
Los Angeles, CA 90049

When accepted, this offer will be a binding agreement for valid and sufficient consideration which will bind and benefit Buyer, Seller and their respective successors and assigns. Buyer is submitting this offer by signing a copy of this offer and delivering it to Seller. Seller has five (5) business days from receipt within which to accept this offer.

IN WITNESS WHEREOF, the Seller and Buyer have executed this Agreement effective as of the day and year above first written.

BUYER: JEAN ANN MORRISON, TRUSTEE OF THE JEAN MORRISON TRUST
DATED 4/26/85

By:/s/ Jean Ann Morrison, Trustee
Jean Ann Morrison, Trustee

Buyer Initial: /s/ JAM
Purchase Agreement for Rio Bravo-St. Paul, MN

SELLER: AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Net Lease Management 85-A Inc.,
its corporate general partner

By:/s/ Robert P Johnson
Robert P. Johnson, President

Buyer Initial: /s/ JAM
Purchase Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5,6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PROPERTY CO-TENANCY
OWNERSHIP AGREEMENT
(Rio Bravo-St. Paul, MN)

THIS CO-TENANCY AGREEMENT,

Made and entered into as of the 29th day of Oct, 1998, by and between Jean Ann Morrison, Trustee of The Jean Morrison Trust, dated 4/26/85 (hereinafter called "Morrison"), and AEI Real Estate Fund 85-A Limited Partnership (hereinafter called "Fund 85-A") (Morrison, Fund 85-A (and any other Owner in Fee where the context so indicates) being hereinafter sometimes collectively called "Co-Tenants" and referred to in the neuter gender).

WITNESSETH:

WHEREAS, Fund 85-A presently owns an undivided 15.1443% interest in and to, and Morrison presently owns an undivided 11.5653% interest in and to, and Jack S. Obata and Atsuka Obata, Trustees of the Jack S. and Atsuka Obata Revocable Trust presently owns an undivided 16.0589% interest in and to, and Tom S. Obata, Trustee of That Certain "Living Trust" presently owns an undivided 16.0589% interest in and to, and W.E. Mason and Hazel Mason, Trustees of the Mason Living Trust presently owns an undivided 12.5821% interest in and to, and Marvin L. Webb Family Trust presently owns an undivided 17.1199% interest in and to, and Nick DeVito, Inc. presently owns an undivided 11.4706% interest in and to the land, situated in the City of St. Paul, County of Ramsey, and State of MN, (legally described upon Exhibit A attached hereto and hereby made a part hereof) and in and to the improvements located thereon (hereinafter called "Premises");

WHEREAS, The parties hereto wish to provide for the orderly operation and management of the Premises and Morrison's interest by Fund 85-A; the continued leasing of space within the Premises; for the distribution of income from and the pro-rata sharing in expenses of the Premises.

NOW THEREFORE, in consideration of the purchase by Morrison of an undivided interest in and to the Premises, for at least One Dollar (\$1.00) and other good and valuable consideration by the parties hereto to one another in hand paid, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto, as follows:

1. The operation and management of the Premises shall be delegated to Fund 85-A, or its designated agent, successors or

assigns. Provided, however, if Fund 85-A shall sell all of its interest in the Premises, the duties and obligations of Fund 85-A respecting management of the Premises as set forth herein, including but not limited to paragraphs 2, 3, and 4 hereof, shall be exercised by the holder or holders of a majority undivided co-tenancy interest in the Premises. Except as hereinafter expressly provided to the contrary, each of the parties hereto agrees to be bound by the decisions of Fund 85-A with respect to all administrative, operational and management matters of the property comprising the Premises, including but not limited to the management of the net lease agreement for the Premises. The parties hereto hereby designate Fund 85-A as their sole and exclusive agent to deal with, and Fund 85-A retains the sole right to deal with, any property agent or tenant and to negotiate and enter into, on terms and provisions satisfactory to Fund 85-A, monitor, execute and enforce the terms of leases of space within the Premises, including but not limited to any amendments, consents to assignment, sublet, releases or modifications to leases or guarantees of lease or easements affecting the Premises, on behalf of Morrison. As long as Fund 85-A owns an interest in the Premises, only Fund 85-A may obligate Morrison with respect to any expense for the Premises.

Co-Tenanc Initial: /s/ JAM

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

As further set forth in paragraph 2 hereof, Fund 85-A agrees to require any lessee of the Premises to name Morrison as an insured or additional insured in all insurance policies provided for, or contemplated by, any lease on the Premises. Fund 85-A shall use its best efforts to obtain endorsements adding Co-Tenants to said policies from lessee within 30 days of commencement of this agreement. In any event, Fund 85-A shall distribute any insurance proceeds it may receive, to the extent consistent with any lease on the Premises, to the Co-Tenants in proportion to their respective ownership of the Premises.

2. Income and expenses shall be allocated among the Co-Tenants in proportion to their respective share(s) of ownership. Shares of net income shall be pro-rated for any partial calendar years included within the term of this Agreement. Fund 85-A may offset against, pay to itself and deduct from any payment due to Morrison under this Agreement, and may pay to itself the amount of Morrison's share of any reasonable expenses of the Premises which are not paid by Morrison to Fund 85-A or its assigns, within ten (10) days after demand by Fund 85-A. In the event there is insufficient operating income from which to deduct Morrison's unpaid share of operating expenses, Fund 85-A may pursue any and all legal remedies for collection.

Operating Expenses shall include all normal operating expense, including but not limited to: maintenance, utilities, supplies, labor, management, advertising and promotional expenses, salaries and wages of rental and management personnel, leasing commissions to third parties, a monthly accrual to pay insurance premiums, real estate taxes, installments of special assessments and for structural repairs and replacements, management fees, legal fees and accounting fees, but excluding all operating expenses paid by tenant under terms of any lease agreement of the Premises.

Morrison has no requirement to, but has, nonetheless elected to retain, and agrees to annually reimburse, Fund 85-A in the amount of \$591 for the expenses, direct and indirect, incurred by Fund 85-A in providing Morrison with quarterly accounting and distributions of Morrison's share of net income and for tracking, reporting and assessing the calculation of Morrison's share of operating expenses incurred from the Premises. This invoice amount shall be pro-rated for partial years and Morrison authorizes Fund 85-A to deduct such amount from Morrison's share of revenue from the Premises. Morrison may terminate this agreement in this paragraph respecting accounting and distributions at any time and attempt to collect its share of rental income directly from the tenant; however, enforcement of all other provisions of the lease remains the sole right of Fund 85-A pursuant to Section 1 hereof. Fund 85-A may terminate its obligation under this paragraph upon 30 days notice to Morrison prior to the end of each anniversary hereof, unless agreed in writing to the contrary.

3. Full, accurate and complete books of account shall be kept in accordance with generally accepted accounting principles at Fund 85-A's principal office, and each Co-Tenant shall have access to such books and may inspect and copy any part thereof during normal business hours. Within ninety (90) days after the end of each calendar year during the term hereof, Fund 85-A shall prepare an accurate income statement for the ownership of the Premises for said calendar year and shall furnish copies of the same to all Co-Tenants. Quarterly, as its share, Morrison shall be entitled to receive 11.5653% of all items of income and expense generated by the Premises. Upon receipt of said accounting, if the payments received by each Co-Tenant pursuant to this Paragraph 3 do not equal, in the aggregate, the amounts which each are entitled to receive proportional to its share of ownership with respect to said calendar year pursuant to Paragraph 2 hereof, an appropriate adjustment shall be made so that each Co-Tenant receives the amount to which it is entitled.

4. If Net Income from the Premises is less than \$0.00 (i.e., the Premises operates at a loss), or if capital improvements, repairs, and/or replacements, for which adequate reserves do not

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Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

exist, need to be made to the Premises, the Co-Tenants, upon receipt of a written request therefor from Fund 85-A, shall, within fifteen (15) business days after receipt of notice, make payment to Fund 85-A sufficient to pay said net operating losses and to provide necessary operating capital for the premises and to pay for said capital improvements, repairs and/or replacements, all in proportion to their undivided interests in and to the Premises.

5. Co-Tenants may, at any time, sell, finance, or otherwise create a lien upon their interest in the Premises but only upon their interest and not upon any part of the interest held, or owned, by any other Co-Tenant. All Co-Tenants reserve the right to escrow proceeds from a sale of their interests in the Premises to obtain tax deferral by the purchase of replacement property.

6. If any Co-Tenant shall be in default with respect to any of its obligations hereunder, and if said default is not corrected within thirty (30) days after receipt by said defaulting Co-Tenant of written notice of said default, or within a reasonable period if said default does not consist solely of a failure to pay money, the remaining Co-Tenant(s) may resort to any available remedy to cure said default at law, in equity, or by statute.

7. This Co-Tenancy agreement shall continue in full force and effect and shall bind and inure to the benefit of the Co-Tenant and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns until December 31, 2026 or upon the sale of the entire Premises in accordance with the terms hereof and proper disbursement of the proceeds thereof, whichever shall first occur. Unless specifically identified as a personal contract right or obligation herein, this agreement shall run with any interest in the Property and with the title thereto. Once any person, party or entity has ceased to have an interest in fee in any portion of the Entire Property, it shall not be bound by, subject to or benefit from the terms hereof; but its heirs, executors, administrators, personal representatives, successors or assigns, as the case may be, shall be substituted for it hereunder. Morrison agrees to notify Fund 85-A upon the appointment of any successor trustee, or any amendment of the Morrison Trust affecting the powers of

the Trustees to manage or dispose of the Morrison Trust's interest in the Premises.

8. Any notice or election required or permitted to be given or served by any party hereto to, or upon any other, shall be given to all known Co-Tenants and deemed given or served in accordance with the provisions of this Agreement, if said notice or elections addressed as follows;

If to Fund 85-A:

AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. Seventh Street
St. Paul, Minnesota 55101

If to Morrison:

Jean Ann Morrison
11368 Thurston Place
Los Angeles, CA 90049

If to Obata:

Jack S. and Atsuko Obata, Trustees
740 Eschenburg
Gilroy, CA 95020

Co-Tenanct Initial: /s/ JAM
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

If to Obata:

Tom S. Obata, Trustee
2395 Ric Drive
Unit B
Gilroy, CA 95020

If to Mason:

Mason Living Trust
136 Baltusrol Road
Franklin, TN 37069

If to Webb

Marvin L. Webb Family Trust
3306 Palmetto Trail

If to DeVito:

Vito DeVito Francesco
P.O. Box 591
Ontario, CA 91762

Each mailed notice or election shall be deemed to have been given to, or served upon, the party to which addressed on the date the same is deposited in the United States certified mail, return receipt requested, postage prepaid, or given to a nationally recognized courier service guaranteeing overnight delivery as properly addressed in the manner above provided. Any party hereto may change its address for the service of notice hereunder by delivering written notice of said change to the other parties hereunder, in the manner above specified, at least ten (10) days prior to the effective date of said change.

9. This Agreement shall not create any partnership or joint venture among or between the Co-Tenants or any of them, and the only relationship among and between the Co-Tenants hereunder shall be that of owners of the premises as tenants in common subject to the terms hereof.

10. The unenforceability or invalidity of any provision or provisions of this Agreement as to any person or circumstances shall not render that provision, nor any other provision hereof, unenforceable or invalid as to any other person or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

11. In the event any litigation arises between the parties hereto relating to this Agreement, or any of the provisions hereof, the party prevailing in such action shall be entitled to receive from the losing party, in addition to all other relief, remedies and damages to which it is otherwise entitled, all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with said litigation.

Co-Tenanct Initial: /s/ JAM
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

IN WITNESS WHEREOF, The parties hereto have caused this Agreement to be executed and delivered, as of the day and year first above

written.

MORRISON JEAN ANN MORRISON, TRUSTEE OF THE JEAN MORRISON TRUST,
DATED 4/26/85

By: /s/ Jean Ann Morrison
Jean Ann Morrison, Trustee

STATE OF CALIFORNIA)

) ss

COUNTY OF LOS ANGELES)

I, a Notary Public in and for the state and county of aforesaid,
hereby certify there appeared before me this 27th day of October,
1998, Jean Ann Morrison, Trustee of The Jean Morrison Trust, who
executed the foregoing instrument in said capacity.

/s/ Donna Schiller
Notary Public

[notary seal]

Co-Tenanct Initial: /s/ JAM
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

Fund 85-A AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP, a Minnesota
limited partnership

By: Net Lease Management 85-A, Inc.,
its corporate general partner

By: /s/ Robert P Johnson
Robert P. Johnson, President

State of Minnesota)

) ss.

County of Ramsey)

I, a Notary Public in and for the state and county of aforesaid,
hereby certify there appeared before me this 29th day of October,
1998, Robert P. Johnson, President of Net Lease Management 85-A,
Inc., corporate general partner of AEI Real Estate Fund 85-A
Limited Partnership who executed the foregoing instrument in said
capacity and on behalf of the corporation in its capacity as
corporate general partner, on behalf of said limited partnership.

[notary seal]

Co-Tenanct Initial: /s/ JAM
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5,6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of

said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PURCHASE AGREEMENT
Rio Bravo Cantina - St. Paul, MN

This AGREEMENT, entered into effective as of the 19th of Nov, 1998.

1. PARTIES. Seller is AEI Real Estate Fund 85-A Limited Partnership which owns an undivided 15.239% interest in the fee title to that certain real property legally described in the attached Exhibit "A" (the "Entire Property") Buyer is Joan G. Cairns, Individually ("Buyer"). Seller wishes to sell and Buyer wishes to buy a portion as Tenant in Common of Seller's interest in the Entire Property.

2. PROPERTY. The Property to be sold to Buyer in this transaction consists of an undivided 7.4961 percentage interest (hereinafter, simply the "Property") as Tenant in Common in the Entire Property.

3. PURCHASE PRICE . The purchase price for this percentage interest in the Entire Property is \$124,165 all cash.

4. TERMS. The purchase price for the Property will be paid by Buyer as follows:

(a) When this agreement is executed, Buyer will pay \$5,000 to Seller (which shall be deposited into escrow according to the terms hereof) (the "First Payment"). The First Payment will be credited against the purchase price when and if escrow closes and the sale is completed.

(b) Buyer will deposit the balance of the purchase price, \$119,165 (the "Second Payment") into escrow in sufficient time to allow escrow to close on the closing date.

5. CLOSING DATE. Escrow shall close on or before November 30, 1998.

6. DUE DILIGENCE. Buyer will have until the expiration of the tenth business day (The "Review Period") after delivery of each of following items, to be supplied by Seller, to conduct all of its inspections and due diligence and satisfy itself regarding each item, the Property, and this transaction. Buyer agrees to indemnify and hold Seller harmless for any loss or damage to the Entire Property or persons caused by Buyer or its agents arising out of such physical inspections of the Entire Property.

(a) The original and one copy of a title insurance commitment for an Owner's Title insurance policy (see

paragraph 8 below).

(b) A copy of a Certificate of Occupancy or other such document certifying completion and granting permission to permanently occupy the improvements on the Entire Property as are in Seller's possession.

(c) A copy of an "as built" survey of the Entire Property done concurrent with Seller's acquisition of the Property.

(d) Lease (as further set forth in paragraph 11(a) below) of the Entire Property showing occupancy date, lease expiration date, rent, and Guarantys, if any, accompanied by such tenant financial statements as may have been provided most recently to Seller by the Tenant and/or Guarantors.

It is a contingency upon Seller's obligations hereunder that two (2) copies of Co-Tenancy Agreement in the form attached hereto duly executed by Buyer and AEI Real Estate Fund 85-A Limited Partnership and dated on escrow closing date be delivered to the Seller on the closing date.

Buyer Initial: /s/ JC

Purchase Agreement for Rio Bravo-St. Paul, MN

Buyer may cancel this agreement for ANY REASON in its sole discretion by delivering a cancellation notice, return receipt requested, to Seller and escrow holder before the expiration of the Review Period. Such notice shall be deemed effective only upon receipt by Seller. If this Agreement is not cancelled as set forth above, the First Payment shall be non-refundable unless Seller shall default hereunder.

If Buyer cancels this Agreement as permitted under this Section, Buyer (after execution of such documents reasonably requested by Seller to evidence the termination hereof) shall be returned its First Payment, and Buyer will have absolutely no rights, claims or interest of any type in connection with the Property or this transaction, regardless of any alleged conduct by Seller or anyone else.

Unless this Agreement is canceled by Buyer pursuant to the terms hereof, if Buyer fails to make the Second Payment, Seller shall be entitled to retain the First Payment and Buyer irrevocably will be deemed to be in default under this Agreement. Seller may, at its option, retain the First Payment and declare this Agreement null and void, in which event Buyer will be deemed to have canceled this Agreement and relinquish all rights in and

to the Property or Seller may exercise its rights under Section 14 hereof. If this Agreement is not canceled and the Second Payment is made when required, all of Buyer's conditions and contingencies will be deemed satisfied.

7. ESCROW. Escrow shall be opened by Seller and funds deposited in escrow upon acceptance of this agreement by both parties. The escrow holder will be a nationally-recognized escrow company selected by Seller. A copy of this Agreement will be delivered to the escrow holder and will serve as escrow instructions together with the escrow holder's standard instructions and any additional instructions required by the escrow holder to clarify its rights and duties (and the parties agree to sign these additional instructions). If there is any conflict between these other instructions and this Agreement, this Agreement will control.

8. TITLE. Closing will be conditioned on the agreement of a title company selected by Seller to issue an Owner's policy of title insurance, dated as of the close of escrow, in an amount equal to the purchase price, insuring that Buyer will own insurable title to the Property subject only to: the title company's standard exceptions; current real property taxes and assessments; the rights of parties in possession pursuant to the lease defined in paragraph 11 below; and other items of record disclosed to Buyer during the Review Period.

Buyer shall be allowed five (5) days after receipt of said commitment for examination and the making of any objections to marketability thereto, said objections to be made in writing or deemed waived. If any objections are so made, the Seller shall be allowed eighty (80) days to make such title marketable or in the alternative to obtain a commitment for insurable title insuring over Buyer's objections. If Seller shall decide to make no efforts to make title marketable, or is unable to make title marketable or obtain insurable title, (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof) Buyer's First Payment shall be returned and this Agreement shall be null and void and of no further force and effect. Seller has no obligation to spend any funds or make any effort to satisfy Buyer's objections, if any.

Pending satisfaction of Buyer's objections, the payments hereunder required shall be postponed, but upon satisfaction of Buyer's objections, and within ten (10) days after written notice of satisfaction of Buyer's objections to the Buyer, the parties shall perform this Agreement according to its terms.

Buyer Initial: /s/ JC

Purchase Agreement for Rio Bravo-St. Paul, MN

9. CLOSING COSTS. Seller will pay one-half of escrow fees, the cost of the title commitment and any brokerage commissions payable. The Buyer will pay the cost of issuing a Standard Owners Title Insurance Policy in the full amount of the purchase price, if Buyer shall decide to purchase the same. Buyer will pay all recording fees, one-half of the escrow fees, and the cost of an update to the Survey in Sellers possession (if an update is required by Buyer.) Each party will pay its own attorney's fees and costs to document and close this transaction.

10. REAL ESTATE TAXES, SPECIAL ASSESSMENTS AND PRORATIONS.

(a) Because the Entire Property (of which the Property is a part) is subject to a triple net lease (as further set forth in paragraph 11(a)(i), the parties acknowledge that there shall be no need for a real estate tax proration. However, Seller represents that to the best of its knowledge, all real estate taxes and installments of special assessments due and payable in all years prior to the year of Closing have been paid in full. Unpaid real estate taxes and unpaid levied and pending special assessments existing on the date of Closing shall be the responsibility of Buyer and Seller in proportion to their respective Tenant in Common interests, pro-rated, however, to the date of closing for the period prior to closing, which shall be the responsibility of Seller if Tenant shall not pay the same. Seller and Buyer shall likewise pay all taxes due and payable in the year after Closing and any unpaid installments of special assessments payable therewith and thereafter, if such unpaid levied and pending special assessments and real estate taxes are not paid by any tenant of the Entire Property.

(b) All income and all operating expenses from the Entire Property shall be prorated between the parties and adjusted by them as of the date of Closing. Seller shall be entitled to all income earned and shall be responsible for all expenses incurred prior to the date of Closing, and Buyer shall be entitled to its proportionate share of all income earned and shall be responsible for its proportionate share of all operating expenses of the Entire Property incurred on and after the date of closing.

11. SELLER'S REPRESENTATION AND AGREEMENTS.

(a) Seller represents and warrants as of this date that:

(i) Except for the Lease Modification and Extension Agreement in existence between Net Lease Income & Growth

Fund 84-A Limited Partnership and AEI Real Estate Fund 85-A Limited Partnership (as "Landlord") and Innovative Restaurant Concepts, Inc. ("Tenant"), dated May 8, 1996, Seller is not aware of any leases of the Property. The above referenced lease agreement has an option to purchase in favor of the Tenant as set forth in paragraph 13 of said lease agreement.

(ii) It is not aware of any pending litigation or condemnation proceedings against the Property or Seller's interest in the Property.

(iii) Except as previously disclosed to Buyer and as permitted in paragraph (b) below, Seller is not aware of any contracts Seller has executed that would be binding on Buyer after the closing date.

(iv) Seller is not aware of any circumstances or claims which would have an adverse impact upon the Survey in Seller's possession.

(v) Seller is not aware of any unpaid, levied and pending special assessments against the Property except, none.

(b) Provided that Buyer performs its obligations when required, Seller agrees that it will not enter into any new contracts that would materially affect the Property and be binding on Buyer after the Closing Date without Buyer's prior consent, which will not be unreasonably withheld. However, Buyer acknowledges that Seller retains the right both prior to and after the Closing Date to freely transfer all or a portion of Seller's remaining undivided interest in the Entire Property, provided such sale shall not encumber the Property being purchased by Buyer in violation of the terms hereof or the contemplated Co-Tenancy Agreement.

Buyer Initial: /s/ JC

Purchase Agreement for Rio Bravo-St. Paul, MN

12. DISCLOSURES.

(a) Seller has received no notice that there are now, and at the Closing there will be, no material, physical or mechanical defects of the Property, including, without limitation, the plumbing, heating, air conditioning, ventilating, electrical systems, and all such items are in good operating condition and repair and in compliance with

all applicable governmental , zoning and land use laws, ordinances, regulations and requirements.

(b) Seller has received no notice that the use and operation of the Property now is, and at the time of Closing will not be, in full compliance with applicable building codes, safety, fire, zoning, and land use laws, and other applicable local, state and federal laws, ordinances, regulations and requirements.

(c) Seller knows of no facts nor has Seller failed to disclose to Buyer any fact known to Seller which would prevent the Tenant from using and operating the Property after the Closing in the manner in which the Property has been used and operated prior to the date of this Agreement.

(d) Seller has received no notice that the Property is not, and as of the Closing will not be, in violation of any federal, state or local law, ordinance or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and groundwater conditions. To the best of Seller's knowledge: there is no proceeding or inquiry by any governmental authority with respect to the presence of Hazardous Materials on the Property or the migration of Hazardous Materials from or to other property. Buyer agrees that Seller will have no liability of any type to Buyer or Buyer's successors, assigns, or affiliates in connection with any Hazardous Materials on or in connection with the Property either before or after the Closing Date, except such Hazardous Materials on or in connection with the Property arising out of Seller's negligence or intentional misconduct in violation of applicable state or federal law or regulation.

(e) Buyer agrees that it shall be purchasing the Property in its then present condition, as is, where is, and Seller has no obligations to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

(f) Buyer acknowledges that, having been given the opportunity to inspect the Property and such financial information on the Lessee and Guarantors of the Lease as Buyer or its advisors shall request if in Seller's possession, Buyer is relying solely on its own investigation of the Property and not on any information provided by Seller or to be provided except as set forth herein. Buyer further acknowledges that the information provided and to be provided by Seller with respect to the Property and to the Lessee and Guarantors of Lease was obtained from a variety

of sources and Seller neither (a) has made independent investigation or verification of such information, or (b) makes any representations as to the accuracy or completeness of such information. The sale of the Property as provided for herein is made on an "AS IS"

Buyer Initial: /s/ JC

Purchase Agreement for Rio Bravo-St. Paul, MN

basis, and Buyer expressly acknowledges that, in consideration of the agreements of Seller herein, except as otherwise specified herein in paragraph 11(a) and (b) above, Seller makes no Warranty or representation, Express or Implied, or arising by operation of law, including, but not limited to, any warranty or condition, habitability, tenantability, suitability for commercial purposes, merchantability, or fitness for a particular purpose, in respect of the Property.

The provisions (d) - (f) above shall survive Closing.

13. CLOSING.

(a) Before the closing date, Seller will deposit into escrow an executed special warranty deed warranting title against lawful claims by, through, or under a conveyance from Seller, but not further or otherwise, conveying insurable title of the Property to Buyer, subject to the exceptions contained in paragraph 8 above.

(b) On or before the closing date, Buyer will deposit into escrow: the balance of the purchase price when required under Section 4; any additional funds required of Buyer, (pursuant to this agreement or any other agreement executed by Buyer) to close escrow. Both parties will sign and deliver to the escrow holder any other documents reasonably required by the escrow holder to close escrow.

(c) On the closing date, if escrow is in a position to close, the escrow holder will: record the deed in the official records of the county where the Property is located; cause the title company to commit to issue the title policy; immediately deliver to Seller the portion of the purchase price deposited into escrow by cashier's check or wire transfer (less debits and prorations, if any); deliver to Seller and Buyer a signed counterpart of the escrow holder's certified closing statement and take all

other actions necessary to close escrow.

14. DEFAULTS. If Buyer defaults, Buyer will forfeit all rights and claims and Seller will be relieved of all obligations and will be entitled to retain all monies heretofore paid by the Buyer as liquidated damages in full satisfaction of all Seller's claims.

If Seller shall default, Buyer irrevocably waives any rights to file a lis pendens, a specific performance action or any other claim, action or proceeding of any type in connection with the Property or this or any other transaction involving the Property, and will not do anything to affect title to the Property or hinder, delay or prevent any other sale, lease or other transaction involving the Property (any and all of which will be null and void), unless: it has paid the First Payment, deposited the balance of the Second Payment for the purchase price into escrow, performed all of its other obligations and satisfied all conditions under this Agreement, and unconditionally notified Seller that it stands ready to tender full performance, purchase the Property and close escrow as per this Agreement. Provided, however, that in no event shall Seller be liable for any punitive, consequential or speculative damages arising out of any default by Seller hereunder.

15. BUYER'S REPRESENTATIONS AND WARRANTIES.

a. Buyer represents and warrants to Seller as follows:

(i) In addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Buyer, Buyer shall perform, execute and deliver or cause to be performed, executed, and delivered at the Closing or after the Closing, any and all further acts, deeds and assurances as Seller or the Title Company may require and be reasonable in order to consummate the transactions contemplated herein.

Buyer Initial:

Purchase Agreement for Rio Bravo-St. Paul, MN

(ii) Buyer has all requisite power and authority to consummate the transaction contemplated by this Agreement and has by proper proceedings duly authorized the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby.

(iii) To Buyer's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will violate or be in conflict with (a) any applicable provisions of law, (b) any order of any court or other agency of government having jurisdiction hereof, or (c) any agreement or instrument to which Buyer is a party or by which Buyer is bound.

16. DAMAGES, DESTRUCTION AND EMINENT DOMAIN.

(a) If, prior to closing, the Property or any part thereof be destroyed or further damaged by fire, the elements, or any cause, due to events occurring subsequent to the date of this Agreement to the extent that the cost of repair exceeds \$10,000.00, this Agreement shall become null and void, at Buyer's option exercised, if at all, by written notice to Seller within ten (10) days after Buyer has received written notice from Seller of said destruction or damage. Seller, however, shall have the right to adjust or settle any insured loss until (i) all contingencies set forth in Paragraph 6 hereof have been satisfied, or waived; and (ii) any ten-day period provided for above in this Subparagraph 16a for Buyer to elect to terminate this Agreement has expired or Buyer has, by written notice to Seller, waived Buyer's right to terminate this Agreement. If Buyer elects to proceed and to consummate the purchase despite said damage or destruction, there shall be no reduction in or abatement of the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to all insurance proceeds (pro-rata in relation to the Entire Property) resulting from said damage or destruction to the extent that the same are payable with respect to damage to the Property, subject to rights of any Tenant of the Entire Property.

If the cost of repair is less than \$10,000.00, Buyer shall be obligated to otherwise perform hereinunder with no adjustment to the Purchase Price, reduction or abatement, and Seller shall assign Seller's right, title and interest in and to all insurance proceeds pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

(b) If, prior to closing, the Property, or any part thereof, is taken by eminent domain, this Agreement shall become null and void, at Buyer's option. If Buyer elects to proceed and to consummate the purchase despite said taking, there shall be no reduction in, or abatement of, the purchase price, and Seller shall assign to Buyer the Seller's right, title, and interest in and to any award

made, or to be made, in the condemnation proceeding pro-rata in relation to the Entire Property, subject to rights of any Tenant of the Entire Property.

In the event that this Agreement is terminated by Buyer as provided above in Subparagraph 16a or 16b, the First Payment shall be immediately returned to Buyer (after execution by Buyer of such documents reasonably requested by Seller to evidence the termination hereof).

17. BUYER'S 1031 TAX FREE EXCHANGE.

While Seller acknowledges that Buyer is purchasing the Property as "replacement property" to accomplish a tax free exchange, Buyer acknowledges that Seller has made no representations, warranties, or agreements to Buyer or Buyer's agents that the transaction contemplated by the Agreement will qualify for such tax treatment, nor has there been any reliance thereon by Buyer respecting the legal or tax implications of the transactions contemplated hereby. Buyer further represents that it has sought and obtained such third party advice and counsel as it deems necessary in regards to the tax implications of this transaction.

Buyer Initial: /s/ JC
Purchase Agreement for Rio Bravo-St. Paul, MN

Buyer wishes to novate/assign the ownership rights and interest of this Purchase Agreement to Eagle Exchange Corp. who will act as Accommodator to perfect the 1031 exchange by preparing an agreement of exchange of Real Property whereby Eagle Exchange Corp. will be an independent third party purchasing the ownership interest in subject property from Seller and selling the ownership interest in subject property to Buyer under the same terms and conditions as documented in this Purchase Agreement. Buyer asks the Seller, and Seller agrees to cooperate in the perfection of such an exchange if at no additional cost or expense to Seller or delay in time. Buyer hereby indemnifies and holds Seller harmless from any claims and/or actions resulting from said exchange. Pursuant to the direction of Eagle Exchange Corp., Seller will deed the property to Buyer.

18. CANCELLATION

If any party elects to cancel this Contract because of any breach by another party or because escrow fails to close by the agreed date, the party electing to cancel shall deliver

to escrow agent a notice containing the address of the party in breach and stating that this Contract shall be cancelled unless the breach is cured within 13 days following the delivery of the notice to the escrow agent. Within three days after receipt of such notice, the escrow agent shall send it by United States Mail to the party in breach at the address contained in the Notice and no further notice shall be required. If the breach is not cured within the 13 days following the delivery of the notice to the escrow agent, this Contract shall be cancelled.

19. MISCELLANEOUS.

(a) This Agreement may be amended only by written agreement signed by both Seller and Buyer, and all waivers must be in writing and signed by the waiving party. Time is of the essence. This Agreement will not be construed for or against a party whether or not that party has drafted this Agreement. If there is any action or proceeding between the parties relating to this Agreement the prevailing party will be entitled to recover attorney's fees and costs. This is an integrated agreement containing all agreements of the parties about the Property and the other matters described, and it supersedes any other agreements or understandings. Exhibits attached to this Agreement are incorporated into this Agreement.

(b) If this escrow has not closed by November 30, 1998, through no fault of Seller, Seller may either, at its election, extend the closing date or exercise any remedy available to it by law, including terminating this Agreement.

(c) Funds to be deposited or paid by Buyer must be good and clear funds in the form of cash, cashier's checks or wire transfers.

(d) All notices from either of the parties hereto to the other shall be in writing and shall be considered to have been duly given or served if sent by first class certified mail, return receipt requested, postage prepaid, or by a nationally recognized courier service guaranteeing overnight delivery to the party at his or its address set forth below, or to such other address as such party may hereafter designate by written notice to the other party.

Buyer Initial: /s/ JC

Purchase Agreement for Rio Bravo-St. Paul, MN

If to Seller:

Attention: Robert P. Johnson
AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. 7th Street
St. Paul, MN 55101

If to Buyer:

Joan G. Cairns
24600 SW Ladd Hill Road
Sherwood, OR 97140

When accepted, this offer will be a binding agreement for valid and sufficient consideration which will bind and benefit Buyer, Seller and their respective successors and assigns. Buyer is submitting this offer by signing a copy of this offer and delivering it to Seller. Seller has five (5) business days from receipt within which to accept this offer.

IN WITNESS WHEREOF, the Seller and Buyer have executed this Agreement effective as of the day and year above first written.

BUYER: JOAN G. CAIRNS

By: /s/ Joan G Cairns
Joan G. Cairns

Buyer Initial: /s/ JC
Purchase Agreement for Rio Bravo-St. Paul, MN

SELLER: AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP, a
Minnesota limited partnership

By: Net Lease Management 85-A Inc.,
its corporate general partner

By: /s/ Robert P Johnson
Robert P. Johnson, President

Buyer Initial: /s/ JC

Purchase Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5, 6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

PROPERTY CO-TENANCY
OWNERSHIP AGREEMENT
(Rio Bravo-St. Paul, MN)

THIS CO-TENANCY AGREEMENT,

Made and entered into as of the 25th day of Nov, 1998, by and between Joan G. Cairns (hereinafter called "Cairns"), and AEI Real Estate Fund 85-A Limited Partnership (hereinafter called "Fund 85-A") (Cairns, Fund 85-A (and any other Owner in Fee where the context so indicates) being hereinafter sometimes collectively called "Co-Tenants" and referred to in the neuter gender).

WITNESSETH:

WHEREAS, Fund 85-A presently owns an undivided 7.6482% interest in and to, and Cairns presently owns an undivided 7.4961% interest in and to, and Jean A. Morrison presently owns an undivided 11.5653% interest in and to, and Jack S. Obata and Atsuka Obata, Trustees of the Jack S. and Atsuka Obata Revocable Trust presently owns an undivided 16.0589% interest in and to, and Tom S. Obata, Trustee of That Certain "Living Trust" presently owns an undivided 16.0589% interest in and to, and W.E. Mason and Hazel Mason, Trustees of the Mason Living Trust presently owns an undivided 12.5821% interest in and to, and Marvin L. Webb Family Trust presently owns an undivided 17.1199% interest in and to, and Nick DeVito, Inc. presently owns an undivided 11.4706% interest in and to the land, situated in the City of St. Paul, County of Ramsey, and State of MN, (legally described upon Exhibit A attached hereto and hereby made a part hereof) and in and to the improvements located thereon (hereinafter called "Premises");

WHEREAS, The parties hereto wish to provide for the orderly operation and management of the Premises and Cairn's interest by Fund 85-A; the continued leasing of space within the Premises; for the distribution of income from and the pro-rata sharing in expenses of the Premises.

NOW THEREFORE, in consideration of the purchase by Cairns of an undivided interest in and to the Premises, for at least One Dollar (\$1.00) and other good and valuable consideration by the parties hereto to one another in hand paid, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto, as follows:

1. The operation and management of the Premises shall be delegated to Fund 85-A, or its designated agent, successors or assigns. Provided, however, if Fund 85-A shall sell all of its interest in the Premises, the duties and obligations of Fund 85-A respecting management of the Premises as set forth herein, including but not limited to paragraphs 2, 3, and 4 hereof, shall be exercised by the holder or holders of a majority undivided co-tenancy interest in the Premises. Except as hereinafter expressly provided to the contrary, each of the parties hereto agrees to be bound by the decisions of Fund 85-A with respect to all administrative, operational and management matters of the property comprising the Premises, including but not limited to the management of the net lease agreement for the Premises. The parties hereto hereby designate Fund 85-A as their sole and exclusive agent to deal with, and Fund 85-A retains the sole right to deal with, any property agent or tenant and to negotiate and enter into, on terms and provisions satisfactory to Fund 85-A, monitor, execute and enforce the terms of leases of space within the Premises, including but not limited to any amendments, consents to assignment, sublet, releases or modifications to leases or guarantees of lease or easements affecting the Premises, on behalf of Cairns. As long as Fund 85-A owns an interest in the Premises, only Fund 85-A may obligate Cairns with respect to any expense for the Premises.

Co-Tenant Initial:

Co-Tenancy Agreement for Rio-Bravo-St. Paul, MN

As further set forth in paragraph 2 hereof, Fund 85-A agrees to require any lessee of the Premises to name Cairns as an insured or additional insured in all insurance policies provided for, or contemplated by, any lease on the Premises. Fund 85-A shall use its best efforts to obtain endorsements adding Co-Tenants to said policies from lessee within 30 days of commencement of this agreement. In any event, Fund 85-A shall distribute any insurance proceeds it may receive, to the extent consistent with any lease on the Premises, to the Co-Tenants in proportion to their respective ownership of the Premises.

2. Income and expenses shall be allocated among the Co-Tenants in proportion to their respective share(s) of ownership. Shares of net income shall be pro-rated for any partial calendar years included within the term of this Agreement. Fund 85-A may offset against, pay to itself and deduct from any payment due to Cairns under this Agreement, and may pay to itself the amount of Cairns's share of any reasonable expenses of the Premises which are not paid by Cairns to Fund 85-A or its assigns, within ten (10) days after demand by Fund 85-A. In the event there is insufficient operating income from which to deduct Cairns's

unpaid share of operating expenses, Fund 85-A may pursue any and all legal remedies for collection.

Operating Expenses shall include all normal operating expense, including but not limited to: maintenance, utilities, supplies, labor, management, advertising and promotional expenses, salaries and wages of rental and management personnel, leasing commissions to third parties, a monthly accrual to pay insurance premiums, real estate taxes, installments of special assessments and for structural repairs and replacements, management fees, legal fees and accounting fees, but excluding all operating expenses paid by tenant under terms of any lease agreement of the Premises.

Cairns has no requirement to, but has, nonetheless elected to retain, and agrees to annually reimburse, Fund 85-A in the amount of \$383 for the expenses, direct and indirect, incurred by Fund 85-A in providing Cairns with quarterly accounting and distributions of Cairns's share of net income and for tracking, reporting and assessing the calculation of Cairns's share of operating expenses incurred from the Premises. This invoice amount shall be pro-rated for partial years and Cairns authorizes Fund 85-A to deduct such amount from Cairns's share of revenue from the Premises. Cairns may terminate this agreement in this paragraph respecting accounting and distributions at any time and attempt to collect its share of rental income directly from the tenant; however, enforcement of all other provisions of the lease remains the sole right of Fund 85-A pursuant to Section 1 hereof. Fund 85-A may terminate its obligation under this paragraph upon 30 days notice to Cairns prior to the end of each anniversary hereof, unless agreed in writing to the contrary.

3. Full, accurate and complete books of account shall be kept in accordance with generally accepted accounting principles at Fund 85-A's principal office, and each Co-Tenant shall have access to such books and may inspect and copy any part thereof during normal business hours. Within ninety (90) days after the end of each calendar year during the term hereof, Fund 85-A shall prepare an accurate income statement for the ownership of the Premises for said calendar year and shall furnish copies of the same to all Co-Tenants. Quarterly, as its share, Cairns shall be entitled to receive 7.4961% of all items of income and expense generated by the Premises. Upon receipt of said accounting, if the payments received by each Co-Tenant pursuant to this Paragraph 3 do not equal, in the aggregate, the amounts which each are entitled to receive proportional to its share of ownership with respect to said calendar year pursuant to Paragraph 2 hereof, an appropriate adjustment shall be made so that each Co-Tenant receives the amount to which it is entitled.

4. If Net Income from the Premises is less than \$0.00 (i.e., the Premises operates at a loss), or if capital improvements,

repairs, and/or replacements, for which adequate reserves do not

Co-Tenant Initial: /s/ JC

Co-Tenancy Agreement for Rio-Bravo-St. Paul, MN

exist, need to be made to the Premises, the Co-Tenants, upon receipt of a written request therefor from Fund 85-A, shall, within fifteen (15) business days after receipt of notice, make payment to Fund 85-A sufficient to pay said net operating losses and to provide necessary operating capital for the premises and to pay for said capital improvements, repairs and/or replacements, all in proportion to their undivided interests in and to the Premises.

5. Co-Tenants may, at any time, sell, finance, or otherwise create a lien upon their interest in the Premises but only upon their interest and not upon any part of the interest held, or owned, by any other Co-Tenant. All Co-Tenants reserve the right to escrow proceeds from a sale of their interests in the Premises to obtain tax deferral by the purchase of replacement property.

6. If any Co-Tenant shall be in default with respect to any of its obligations hereunder, and if said default is not corrected within thirty (30) days after receipt by said defaulting Co-Tenant of written notice of said default, or within a reasonable period if said default does not consist solely of a failure to pay money, the remaining Co-Tenant(s) may resort to any available remedy to cure said default at law, in equity, or by statute.

7. This Co-Tenancy agreement shall continue in full force and effect and shall bind and inure to the benefit of the Co-Tenant and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns until December 31, 2026 or upon the sale of the entire Premises in accordance with the terms hereof and proper disbursement of the proceeds thereof, whichever shall first occur. Unless specifically identified as a personal contract right or obligation herein, this agreement shall run with any interest in the Property and with the title thereto. Once any person, party or entity has ceased to have an interest in fee in any portion of the Entire Property, it shall not be bound by, subject to or benefit from the terms hereof; but its heirs, executors, administrators, personal representatives, successors or assigns, as the case may be, shall be substituted for it hereunder.

8. Any notice or election required or permitted to be given or served by any party hereto to, or upon any other, shall be given to all known Co-Tenants and deemed given or served in accordance

with the provisions of this Agreement, if said notice or elections addressed as follows;

If to Fund 85-A:

AEI Real Estate Fund 85-A Limited Partnership
1300 Minnesota World Trade Center
30 E. Seventh Street
St. Paul, Minnesota 55101

If to Cairns:

Joan G. Cairns
24600 SW Ladd Hill Road
Sherwood, OR 97140

If to Morrison:

Jean A. Morrison
11368 Thurston Place
Los Angeles, CA 90049

Co-Tenant Initial: /s/ JC

Co-Tenancy Agreement for Rio-Bravo-St. Paul, MN

If to Obata:

Jack S. and Atsuko Obata, Trustees
740 Eschenburg
Gilroy, CA 95020

If to Obata:

Tom S. Obata, Trustee
2395 Ric Drive
Unit B
Gilroy, CA 95020

If to Mason:

Mason Living Trust
136 Baltusrol Road
Franklin, TN 37069

If to Webb

Marvin L. Webb Family Trust
3306 Palmetto Trail
Amarillo, TX 79106

If to DeVito:

Vito DeVito Francesco
P.O. Box 591
Ontario, CA 91762

Each mailed notice or election shall be deemed to have been given to, or served upon, the party to which addressed on the date the same is deposited in the United States certified mail, return receipt requested, postage prepaid, or given to a nationally recognized courier service guaranteeing overnight delivery as properly addressed in the manner above provided. Any party hereto may change its address for the service of notice hereunder by delivering written notice of said change to the other parties hereunder, in the manner above specified, at least ten (10) days prior to the effective date of said change.

9. This Agreement shall not create any partnership or joint venture among or between the Co-Tenants or any of them, and the only relationship among and between the Co-Tenants hereunder shall be that of owners of the premises as tenants in common subject to the terms hereof.

10. The unenforceability or invalidity of any provision or provisions of this Agreement as to any person or circumstances shall not render that provision, nor any other provision hereof, unenforceable or invalid as to any other person or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

11. In the event any litigation arises between the parties hereto relating to this Agreement, or any of the provisions hereof, the party prevailing in such action shall be entitled to receive from the losing party, in addition to all other relief, remedies and damages to which it is otherwise entitled, all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with said litigation.

Co-Tenant Initial: /s/ JC
Co-Tenancy Agreement for Rio-Bravo-St. Paul, MN

IN WITNESS WHEREOF, The parties hereto have caused this Agreement to be executed and delivered, as of the day and year first above

written.

CAIRNS JOAN G. CAIRNS

By: /s/ Joan G Carins
Joan G. Cairns

STATE OF OREGON)

) ss

COUNTY OF MULTNOMAH)

I, a Notary Public in and for the state and county of aforesaid, hereby certify there appeared before me this 19 day of November, 1998, Joan G. Cairns, who executed the foregoing instrument in said capacity.

[Notary seal]

/S/ Fred C Scheller
Notary Public

Co-Tenant Initial: /s /JC

Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

Fund 85-A AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Net Lease Management 85-A, Inc.,
its corporate general partner

By: /s/ Robert P Johnson
Robert P. Johnson, President

State of Minnesota)

) ss.

County of Ramsey)

I, a Notary Public in and for the state and county of aforesaid, hereby certify there appeared before me this 25th day of Nov, 1998, Robert P. Johnson, President of Net Lease Management 85-A, Inc., corporate general partner of AEI Real Estate Fund 85-A Limited Partnership who executed the foregoing instrument in said capacity and on behalf of the corporation in its capacity as corporate general partner, on behalf of said limited partnership.

[notary seal]

Co-Tenant Initial: /s /JC
Co-Tenancy Agreement for Rio Bravo-St. Paul, MN

EXHIBIT "A"

Those parts of Lots 5,6 and 7 and Lots B, I and J, all in Bohn's Rearrangement, St. Paul, Minn., according to the recorded Partnership thereof, Ramsey County, Minnesota, described as beginning at the Northwest corner of the East 10.00 feet of said Lot 5; thence on an assumed bearing of South, along the West line of said East 10.00 feet of Lot 5, a distance of 336.83 feet, thence on a bearing of West a distance of 281.00 feet; thence on a bearing of South a distance of 178.96 feet to the Northerly right-of-way line of Interstate Highway No. 94; thence South 89 degrees 53 minutes 38 seconds West along said Northerly right-of-way line of Interstate Highway No. 94 a distance of 20.00 feet; thence on a bearing of North a distance of 153.00 feet; thence on a bearing of West a distance of 182.64 feet to a line of 135.00 feet Easterly of and parallel with the most Westerly line of said Lot 6 and its Northerly extension; thence North 0 degrees 02 minutes 00 seconds East along said parallel line a distance of 79.54 feet, to the Northwesterly line of said Lot 65; thence Northeasterly, along the Northwesterly lines of said Lots 6, I, J and 5 to the point of beginning.

Except the following described parcel:

That part of Lot 5, Bohn's Rearrangement, St. Paul, Minn., according to the plat thereof described as follows:

Beginning at the Northeast corner of said Lot 5; thence

on an assumed bearing of South 0 degrees 06 minutes 40 seconds East, along the East line of said Lot 5, a distance of 13.16 feet; thence South 89 degrees 53 minutes 20 seconds West a distance of 26.46 feet, to the Northwesterly line of said Lot 5; thence Northeasterly, along said Northwesterly line a distance of 29.55 feet to the point of beginning except the East 10 feet thereof.

DEVELOPMENT FINANCING AGREEMENT

THIS AGREEMENT, made and entered into effective as of this 17th day of December, 1998, by and between RTM Mid-America, Inc. ("Lessee"), whose address is 5995 Barfield Road, Atlanta, Georgia 30328, and AEI Real Estate Fund 85-A Limited Partnership and Net Lease Income & Growth Fund 84-A Limited Partnership (together, "Lessor"), whose address is Suite 1300, World Trade Center, Saint Paul, Minnesota 55102.

W I T N E S E T H, that:

WHEREAS, Lessee is contemplating building on the premises described in Exhibit "A" attached hereto the following Improvements :

Construction of a building and improvements to be used as a Arby's Restaurant.

WHEREAS, Lessee has made application to Lessor for development financing to defray the costs of constructing such Improvements;

WHEREAS, Lessor's Assignor has issued to Lessee its Development Financing and Leasing Commitment to advance funds in the amount hereinafter specified, subject to compliance with the terms and conditions of this Development Financing Agreement and the Net Lease Agreement (the "Lease") of even date herewith;

NOW, THEREFORE, in consideration of entering into the Lease and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties hereto, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

1. "Application" shall mean Lessee's application to the Lessor for the Development Financing the terms and conditions of which are incorporated herein by reference.

2. "Architect's Contract" shall mean Lessee's contract with the Project Architect for the modification of the prototype Plans and Specifications to meet jurisdictional

requirements, but shall not include the requirement of interim inspections of the Project by such Architect.

3. "Commitment" shall mean Lessor's Commitment to Lessee agreeing to provide the Development Financing. (The "Development Financing and Leasing Commitment" dated December 17th , 1998.)

4. "Completion Date" shall mean the earlier of 60 days after the issuance of the Certificate of Occupancy for contemplated Improvements on the Leased Premises or midnight, November 15, 1999, subject to Force Majeure, as defined herein.

5. "Construction Costs" shall mean land costs, all costs paid to construct and complete the Improvements, as specified on the Budget shown on Exhibit "B" attached hereto and made a part hereof.

6. "Construction Contracts" shall mean the contracts between Lessee and Contractors for the furnishing of labor, services or materials to the Leased Premises in connection with the construction of the Improvements.

7. "Contractors" shall mean those firms directly engaged by Lessee to construct the Improvements, whether one or more.

8. "Contract Documents" shall mean the Project Architect's Contract, Plans and Specifications and the contract with the Contractor.

9. "Development Financing" shall mean the funds to be made available pursuant to the Commitment and not to exceed the lesser of the Construction Costs or the maximum loan amount of One Million One Hundred Fifty Five Thousand Dollars (\$1,155,000) as specified in the Commitment.

10. "Development Financing and Carrying Charges" shall mean all fees, taxes and charges incurred under the Development Financing and in the construction of the Improvements including, but not limited to, non-refundable commitment fees; interest charges, service and inspection fees, Lessee's attorney's fees, title insurance fees and charges, recording fees and insurance premiums.

11. "Development Financing Documents" shall mean this Agreement, the Lease, Assignment of Architects and Construction Contracts, Guarantees, and such other documents given to the Lessor as security for the Development Financing.

12. "LTIC-CDD" shall mean Lawyers Title Insurance Corporation, Construction Disbursement Department, or other nationally recognized title insurer approved by Lessor in its reasonable discretion, to be LTIC-CDD under the Development Financing Disbursement Agreement executed by and between the parties of even date herewith.

13. "Final Disbursement Date" shall mean the date of the final disbursement of the Development Financing provided hereunder.

14. "Improvements" shall mean the structures and other improvements to be constructed on the Leased Premises in accordance with the Plans and Specifications.

15. "Initial Disbursed Funds" shall mean those funds disbursed on the Closing Date for land acquisition and related soft costs upon Lessor's acquisition of the Leased Premises.

16. "Inspecting Architect" shall mean the architect, if any, hired by Lessor to perform inspections of the premises. An Inspecting Architect may only be engaged by Lessor in the event of a default relating to construction of the Improvements under the Development Financing Documents.

17. "Leased Premises" shall mean the real property described in the Exhibit "A" attached to this Agreement, together with all Improvements, equipment and fixtures thereon.

18. "Lessee Equity" shall mean the final Construction Costs less the amount of the Development Financing.

19. "Plans and Specifications" shall mean the plans and specifications prepared by the Project Architect who shall be licensed in the jurisdiction of the Leased Premises and selected by Lessee.

20. "Project" shall mean the construction of the Improvements on the Leased Premises.

21. "Project Architect" shall mean the architect retained by Lessee to conform to applicable jurisdictional requirements the prototype Plans and Specifications for the construction of the Improvements.

22. "Sub-Contractors" shall mean those persons furnishing labor or materials for the Project pursuant to the Sub-Contracts.

23. "Sub-Contracts" shall mean the contracts between the Contractor and its materialmen and mechanics in the furnishing of labor or materials for the Project.

24. "Title" shall mean the title company issuing the Lessor's fee owner's title insurance policy.

ARTICLE II
THE DEVELOPMENT FINANCING

Subject to compliance with the provisions of this Agreement, Lessor agrees to advance to Lessee, and Lessee agrees to request from Lessor, the Development Financing. The Development Financing shall be advanced in stages by Lessor to LTIC-CDD and disbursed by LTIC-CDD pursuant to the provisions of Article VIII hereof. The Development Financing, or so much thereof as has been advanced hereunder, shall bear interest at the rate and shall be repaid in accordance with the terms hereof and the Lease. The proceeds of the Development Financing shall be used exclusively for the purposes of defraying Construction Costs.

ARTICLE III

N/A

ARTICLE IV
CONSTRUCTION OF IMPROVEMENTS

After commencement of construction of any Improvements, Lessee agrees to diligently pursue said construction to completion, and to supply such moneys and to perform such duties as may be necessary to complete the construction of said Improvements pursuant to the Plans and Specifications and in full compliance with all terms and conditions of this Agreement and the Development Financing Documents, all of which shall be accomplished on or before the Completion Date, subject to Force Majeure and without liens, claims or assessments (actual or contingent) asserted against the Leased Premises for any material, labor or other items furnished in connection therewith, subject to Lessee's right to contest such liens, claims, or assessments provided the same are removed as a lien upon the Leased Premises prior to foreclosure of such lien, and all in full compliance with all construction, use, building, zoning and other similar

requirements of any pertinent governmental jurisdiction. Lessee will provide to Lessor, upon request, evidence of satisfactory compliance with all the above requirements.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE LESSEE

Lessee hereby represents and warrants to the Lessor, which representations and warranties shall be deemed to be restated by Lessee each time Lessor makes an advance of the Development Financing, that:

1. VALIDITY OF DEVELOPMENT FINANCING DOCUMENTS - The Development Financing Documents are in all respects legal, valid and binding according to their terms.

2. NO PRIOR LIEN ON FIXTURES - No mortgage, bill of sale, security agreement, financing statement, or other title retention agreement (except those executed in favor of Lessor) has been, or will be, executed with respect to any fixture (except Lessee's trade fixtures not financed with this Development Financing) used in conjunction with the construction, operation or maintenance of the improvements.

3. CONFLICTING TRANSACTION OF LESSEE - The consummation of the transactions hereby contemplated and the performance of the obligations of Lessee under and by virtue of the Development Financing Documents will not result in any breach of, or constitute a default under, any mortgage, lease, bank loan or credit agreement, corporate charter, by-laws, partnership agreement, or other instrument to which Lessee is a party or by which it may be bound or affected, the breach of which would materially affect Lessee's ability to perform its obligations hereunder.

4. PENDING LITIGATION - There are no actions, suits or proceedings pending, or to the knowledge of Lessee threatened, against or affecting it or the Leased Premises, or involving the validity or enforce ability of any of the Development Financing Documents, at law or in equity, or before or by any governmental authority, except actions, suits and proceedings that are fully covered by insurance or which, if adversely determined would not substantially impair the ability of Lessee to perform each and every one of its obligations under and by virtue of the Development Financing Documents; and to the Lessee's knowledge it is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

5. VIOLATIONS OF GOVERNMENTAL LAW, ORDINANCES OR REGULATIONS - To the best knowledge of Lessee, there are

no violations or notices of violations of any federal or state law or municipal ordinance or order or requirement of the State in which the Leased Premises are located or any municipal department or other governmental authority having jurisdiction affecting the Leased Premises, which violations in any way have a material adverse affect on the Leased Premises and which remain uncured after notice by such governmental authority or department (if notice is required) and the expiration of the time within which Lessee may cure such violation, or if no time limitation is specified, within a reasonable time after notice to cure such violation

.

6. COMPLIANCE WITH ZONING ORDINANCES AND SIMILAR LAWS - To the best knowledge of Lessee, the Plans and Specifications and construction pursuant thereto and the use of the Leased Premises contemplated thereby comply and will comply with all present governmental laws and regulations and requirements, zoning ordinances, standards, and regulations of all governmental bodies exercising jurisdiction over the Leased Premises. Lessee agrees to provide the Project Architect's certification to such effect prior to the funding of the first disbursement under the Development Financing.

7. LESSEE'S STATUS AND AUTHORITY - If the Lessee be a corporation, limited liability company, trust or a partnership, Lessee warrants and represents that (i) it is duly organized, existing and in good standing under the laws of the state in which it is incorporated or created; (ii) it is duly qualified to do business and is in good standing in the state in which the Leased Premises are located; (iii) it has the corporate or other power, authority and legal right to carry on the business now being conducted by it and to engage in the transactions contemplated by this Agreement and the Development Financing Documents; and (iv) the execution and delivery of this Agreement and the Development Financing Documents and the performance and observance of the provisions hereof and thereof have been (or future acts will be) duly authorized by all necessary trust, partnership, or corporate actions of Lessee. Lessee will furnish such resolutions, affidavits and opinions of counsel to such effect as Lessor may reasonably require.

8. AVAILABILITY OF UTILITIES - All utility services necessary for the construction of the Improvements will be available prior to the commencement of construction, and all utility services necessary for the proper operation of the Improvements for their intended purposes are available at the Leased Premises or will be available at the Leased Premises prior to the Final Disbursement Date, at

commercially comparable utility rates and hook-up charges for the vicinity, including water supply, storm and sanitary sewer facilities, gas, electricity and telephone facilities. Lessee shall furnish evidence of such availability of utilities from time to time at Lessor's request.

9. BUILDING PERMITS - All building permits required for the construction of the Improvements will have been obtained prior to the commencement of the construction of the Improvements and copies of same will be delivered to Lessor.

10. CONDITION OF LEASED PREMISES - The Leased Premises are not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty, nor to the best of Lessee's knowledge, subject to any action in eminent domain.

11. APPROVAL OF PLANS AND SPECIFICATIONS - To the best knowledge of Lessee in reliance upon the Project Architect's certification to such effect, the Plans and Specifications conform to the requirements and conditions set out by applicable law or any effective restrictive covenant, to all governmental authorities which exercise jurisdiction over the Leased Premises or the construction thereon, and no construction will be commenced upon the Leased Premises until said Plans and Specifications shall have been approved by Lessor, which consent shall not be unreasonably withheld or delayed and shall be given or withheld within ten business days after written request therefor. Subject to Article VI, paragraph 14, no material changes are to be made in the Plans and Specifications as approved without Lessor's prior consent, which consent shall not be unreasonably withheld or delayed and shall be given or withheld within ten business days after written request therefor. After prior written notice to Lessor, provided the Development Financing shall remain in balance as set forth in Article VII, paragraph 3 herein, Lessor shall consent to reallocation among line items, or use of the Construction Contingency in the aggregate of not more than the amount budgeted as set forth on Exhibit B for Construction Contingency. Otherwise, Lessee shall demonstrate to Lessor's reasonable satisfaction the application of or Lessee's reasonable access to sufficient Owner Equity in the amount of such excess over the budgeted amount.

12. CONSTRUCTION CONTRACTS - Lessee has entered into contracts with the Contractors or separate contracts with materialmen and laborers providing for the construction of the Improvements. Lessee will cause the Contractors to promptly furnish Lessor with the complete list of all Sub-contractors or entities as and when under contract, which

Contractors propose to engage to furnish labor and/or materials in constructing the Improvements (such list containing the names, addresses, and amounts of such sub-contracts as written in excess individually of \$5,000, and prior to disbursement of funds to or for the benefit of such Subcontractors, affidavits of authorized signatory and other documents commercially reasonably required by Title to insure that the Leased Premises remain lien free) and will from time to time furnish Lessor or Title with true copies of all Contracts entered into by Lessee and with the terms of all verbal agreements therefor, if any, and as to subcontractors, letters signed by sub-contractors whose contracts are in excess of \$5,000 setting forth the present amount of their contract and the amounts remaining to be paid under that contract, if the same information is not stated on a lien waiver reflecting the most currently requested payment to such subcontractor.

13. BROKERAGE COMMISSIONS - No brokerage commissions are due in connection with the transaction contemplated hereby or if there are commissions due or payable the same will be paid by Lessee. Lessee agrees to and shall indemnify Lessor from any liability, claims or losses arising by reason of any such brokerage commissions. This provision shall survive the repayment of the Development Financing and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.

14. NO PRIOR WORK - Except as may have been permitted by Lessor, no work or construction has been commenced or will be commenced by or on behalf of Lessee on the Leased Premises, nor has Lessee entered into any contracts or agreements for such work or construction which could result in the imposition of a mechanic's or materialmen's lien on the Leased Premises or the Improvements prior to or on parity with the interest of Lessor.

15. ENVIRONMENTAL IMPACT STATEMENT - All required environmental impact statements as required by any governmental authority having jurisdiction over the Leased Premises or the construction of the Improvements have been duly filed and approved.

16. ACCESS - The Leased Premises front on a publicly maintained road or street or have access to such a road or street under an easement or private way, which is not subject to a reversion in favor of any party.

17. FINANCIAL INFORMATION - Any financial statements heretofore delivered to Lessor are true and correct in all respects, have been prepared in accordance with generally

accepted accounting practice, and fairly present the respective financial conditions of the subject thereof as of the respective dates thereof and no materially adverse change has occurred in the financial conditions reflected therein since the respective dates thereof.

ARTICLE VI
COVENANTS OF LESSEE

Lessee hereby covenants and agrees with Lessor as follows:

1. SURVEYS - Prior to execution of any Development Financing Documents and prior to the initial request for a Disbursement (as defined in Article VIII hereof), Lessee has furnished to Lessor three copies of a current perimeter land survey, in form and substance satisfactory to Lessor, certified to Lessor, giving a description of the Leased Premises and showing all encroachments onto or from the Leased Premises, currently certified by a registered surveyor and bearing his registry number and showing access rights, easements, or utilities, rights of way, all setback requirements upon the Leased Premises, improvements, matters affecting title and such other items as Lessor may reasonably request.

2. TITLE INSURANCE - Prior to the initial request for Disbursement the Lessee has furnished Lessor with an ALTA policy of title insurance, and prior to any subsequent request for Disbursement such ALTA policy of title insurance shall be brought down to the date of Disbursement by endorsement, all in form and substance satisfactory to Lessor issued at the Lessee's expense and written by Title insuring the Leased Premises to be marketable, free from exceptions for mechanic's and materialmen's liens and free from other exceptions not previously approved by the Lessor, naming Lessor as fee owner insured to the extent of advances made hereunder subject only to such exceptions as may be reasonably approved by Lessor.

3. RESTRICTIONS ON CONVEYANCE OR SECONDARY FINANCING - Lessee will not transfer, sell, convey or encumber the Leased Premises or subject the Leased Premises to any secondary financing in any way without the written consent of the Lessor, except as permitted in Article V, paragraph 2 relating to trade fixture financing sources or suppliers.

4. INSURANCE - To obtain or cause Contractor to obtain and maintain such insurance or evidence of insurance as Lessor may reasonably require, including but not limited to the

following:

(a) BUILDER'S RISK INSURANCE - Builder's Risk Insurance written on the so-called "Builder's Risk-Completed Value Basis" in an amount equal to the full replacement cost of the Improvements at the date of completion with coverage available on the so-called multiple peril form of policy, including coverage against collapse and water damage, naming Lessor as additional named insured, such insurance to be in such amounts and form and written by such companies as shall be reasonably approved by Lessor, and the originals of such policies (together with appropriate endorsement thereto, evidence of payment of premiums thereon and written agreements by the insurer or insurers therein to give Lessor ten (10) days' prior written notice of any intention to cancel) shall be promptly delivered to Lessor, said insurance coverage to be kept in full force and effect at all times until the completion of construction of the Improvements.

(b) HAZARD INSURANCE - Fire and Extended Coverage Insurance, and such other hazard insurance as Lessor may require and as called for in the Lease in an amount equal to the full replacement cost of the Improvements naming Lessor as an additional named insured, such insurance to be in such amounts and form and written by such companies as shall be reasonably approved by Lessor, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreement by the insurer or insurers therein to give Lessor ten (10) days' prior written notice of any intention to cancel) shall be promptly obtained and delivered to Lessor immediately upon completion of the construction of the Improvements and before any portion is occupied by Lessee or any tenant of Lessee with such insurance to be kept in full force and effect at all times thereafter.

(c) PUBLIC LIABILITY - Comprehensive public liability insurance (including operations, contingent liability operations, operations of sub-contractors, completed operations and contractual liability insurance) in limits of coverage as set forth in the Lease.

(d) WORKMEN'S COMPENSATION INSURANCE - Evidence of compliance with the required coverage under statutory workmen's compensation requirements.

5. COLLECTION OF INSURANCE PROCEEDS - To cooperate with Lessor in obtaining for Lessor the benefits of any insurance or other proceeds lawfully or equitably payable to it in connection with the transaction contemplated hereby and the

collection of any indebtedness or obligation of the Lessee to Lessor incurred hereunder (including the payment by Lessee of the expense of an independent appraisal on behalf of Lessor in case of a fire or other casualty affecting the Leased Premises).

6. APPLICATION OF DEVELOPMENT FINANCING PROCEEDS - To use the proceeds of the Development Financing solely for the purpose of paying for Construction Costs and such incidental costs relative to the construction as may be reasonably approved from time to time in writing by Lessor, and in no event to use any of the Development Financing proceeds for personal, corporate or other purposes.

7. EXPENSES - To pay all costs of closing the Development Financing and all expenses of Lessor with respect thereto, including, but not limited to, (if Lessee shall default hereunder, legal fees by Lessor's counsel and all other reasonable attorney's fees incurred in connection with enforcement of the terms hereof (limited as set forth in the Commitment)), costs of title insurance, transfer taxes, license and permit fees, recording expenses, surveys, intangible taxes, appraisal fees, Inspecting Architect fees, expenses of retaking possession upon default by Lessee hereunder or other costs of enforcement (including reasonable attorney's fees) and similar items.

8. LAWS, ORDINANCES AND ETC. - To comply promptly with any law, ordinance, order, rule or regulation of all authorities exercising jurisdiction over the Leased Premises or the construction thereon, including appropriate supervising boards of fire underwriters and similar agencies and the requirements of any insurer issuing coverage on the Project.

9. RIGHT OF LESSOR TO INSPECT LEASED PREMISES - Upon 48 hours notice, except in cases which Lessor reasonably deems to be an emergency, in which event upon reasonable notice under the circumstances, to permit Lessor and Title and their representatives and agents to enter upon the Leased Premises and to inspect the Improvements and all materials to be used in construction thereof and to cooperate and cause Contractor to cooperate with Lessor or Title and their representatives and agents during such inspections, provided that such is accomplished without interrupting the construction process. Provided, further, however, that this provision shall not be deemed to impose upon Lessor or Title any duty or obligation whatsoever to undertake such inspections, to correct any defects in the Improvements or to notify any person with respect thereto.

10. BOOKS AND RECORDS - To set up and maintain accurate and

complete books, accounts and records pertaining to the Project including the working drawings in a manner reasonably acceptable to Lessor. The Lessor, Title and Inspecting Architect shall have the right at all reasonable times and upon reasonable prior notice to inspect, examine and copy all books and records of Lessee relating to the Project, and to enter and have free access to the Leased Premises and Improvements and to inspect all work done, labor performed and material furnished in or about the Project, provided that such is accomplished without interrupting the construction process. Notwithstanding the foregoing, Lessee shall be responsible for making inspections as to the Improvements during the course of construction and shall determine to its own satisfaction that the work done or materials supplied by the Contractors and all Subcontractors has been properly supplied or done in accordance with the applicable contracts. Lessee will hold Lessor and Title harmless from and Lessor and Title shall have and have no liability or obligation of any kind to Lessee or creditors of Lessee in connection with any defective, improper or inadequate workmanship or materials brought in or related to the Improvements or the Leased Premises, or any mechanic's liens arising as a result of such workmanship or materials. Upon Lessor's request, Lessee shall replace or cause to be replaced any such work or material found to be materially deficient by the Independent Architect. Lessor shall cooperate with Lessee in obtaining any rights under any applicable warranties to accomplish such work. Any inspections made by Inspecting Architect, Title or Lessor are for the sole benefit of Lessor and neither Lessee nor any creditor, tenant or vendee of Lessee shall be entitled to rely on such inspection. Lessee shall obtain for Lessor coincident rights to rely upon any warranties obtain by Lessee from its Contractors or subcontractors.

11. CORRECTION OF DEFECTS - To promptly correct any structural defects in the Improvements or any material departure from the Plans and Specifications not previously approved by Lessor. The advance of any Development Financing proceeds shall not constitute a waiver of Lessor's right to require compliance with this covenant.

12. SIGN REGARDING DEVELOPMENT FINANCING - To allow Lessor to erect and maintain at a suitable site on the Leased Premises, at a location to be chosen by Lessee in its reasonable discretion, a sign indicating that Development Financing is being provided by Lessor, to the extent permitted by law or private covenant, condition, or agreement affecting the Project.

13. ADDITIONAL DOCUMENTS - To furnish to Lessor all instruments, documents, initial surveys, footing or foundation surveys, if conducted, certificates, plans and specifications, appraisals, financial statements, title and other insurance reports and agreements and each and every other document and instrument required to be furnished by the terms hereof, all at Lessee's expense; to assign and deliver to Lessor such documents, instruments, assignments and other writings, and to do such other acts necessary or desirable to preserve and protect the Leased Premises, as Lessor may require; and to do and execute all and such further lawful and reasonable acts, conveyances and assurances for the carrying out of the intents and purposes of this Agreement, the Lease, or the Commitment, as Lessor shall reasonably require from time to time.

14. ARCHITECTS AND CONSTRUCTION CONTRACTS - To commit no default nor knowingly permit a default under the terms of the Architects or Construction Contracts; To waive none nor knowingly permit a waiver of the obligations of the parties thereunder; To do no act which would relieve such parties from their obligations thereunder; To make no amendments to such contracts, without the prior written consent of Lessor; To enter into no change orders or extras that cause a reallocation among budgeted line items, or that in the aggregate or singularly result in a net increase in excess of 10% of the original contract amount without Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed; provided, however, Lessor shall be given written notice and copies of all change orders; provided, further, however, with written notice to Lessor prior to any request for funds subsequent to any such change order or reallocation, the Lessee shall be allowed to enter into any change order or extra which is accounted for by use of any reallocation among line items or any remaining budgeted Contingency line item, or if the same has been exhausted, Lessee shall be allowed increases in the original contract amount without Lessor's consent if Lessee has, upon the execution of said change order, deposited with Lessor the amount by which such change order increases the total Construction Cost; To allow all such contracts to be subject to the approval of Lessor for its loan purposes; To allow Lessor to take advantage of all the rights and benefits of the contracts upon any default by Lessee; and to submit evidence to Lessor that both the Architect and the Contractors will permit Lessor to acquire Lessee's interest under their respective contracts and the Contract Documents without additional charge or fee should an event of default occur hereunder, which default is not cured within applicable notice and cure periods.

15. ENFORCE PERFORMANCE OF SUB-CONTRACTS - To enforce, or cause to be enforced, the prompt performance of the Sub-Contracts in accordance with their terms and not to approve any changes in the same that in the aggregate or singularly result in a net increase in excess of 10% of the original General Contractor's contract amount without Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed, provided Lessee's right to enter into any such change order shall be on the same terms set forth in Section 14 above.

16. COMPLIANCE WITH RULES - To comply with, and to require the Contractors to comply with, all rules, regulations, ordinances and laws bearing on the conduct of the work on the Improvements, including the requirements of any insurer issuing coverage on the Project and the requirements of any applicable supervising boards of fire underwriters.

17. OPINIONS OF COUNSEL - To furnish such opinions of counsel as may be reasonably requested of the Lessee in connection with the matters contemplated by this Agreement.

18. SOIL TESTS - To provide the Lessor with a soil report prepared by an acceptable engineer certifying as to the status of the soil conditions on the Leased Premises, the need or lack of need for special pilings and foundations and that either any pilings and foundation necessary to support the Improvements have been placed in a manner and quantity sufficient to provide the required support or that no such pilings and foundations are necessary for the support and construction of the Improvements.

19. MARKETABLE TITLE - To execute and deliver or cause to be executed and delivered such instruments as may be required by the Lessor and Title to provide Lessor with a marketable, valid title to the Leased Premises subject only to such exceptions to title as may be reasonably approved by Lessor.

20. VIOLATIONS OF GOVERNMENTAL LAW, ORDINANCES OR REGULATIONS - Lessee will permit no violations nor commit the same, of any federal or state law or municipal ordinance or order or requirement of the State in which the Leased Premises are located or any municipal department or other governmental authority having jurisdiction affecting the Leased Premises, which violations in any way have a material adverse affect on the Leased Premises and which remain uncured after notice by such governmental authority or department (if notice is required) and the expiration of the time within which Lessee may cure such violation, or if no time limitation is specified, within a reasonable time after

notice to cure such violation .

21. COMPLIANCE WITH ZONING ORDINANCES AND SIMILAR LAWS - The Plans and Specifications and construction pursuant thereto and the use of the Leased Premises contemplated thereby will comply with all governmental laws and regulations and requirements, zoning ordinances, standards, and regulations of all governmental bodies exercising jurisdiction over the Leased Premises, including environmental protection and equal employment regulations, and appropriate supervising boards of fire underwriters and similar agencies.

22. APPROVAL OF PLANS AND SPECIFICATIONS - The Plans and Specifications will conform to the requirements and conditions set out by applicable law or any effective restrictive covenant, and to all governmental authorities which exercise jurisdiction over the Leased Premises or the construction thereon.

23. NOTICE OF COMMENCEMENT\FURNISHING - To provide Lessor prior to the initial request for a Disbursement, with a copy of the Notice of Commencement and any amendments thereto prepared in accordance with Michigan Statute and to be recorded with the County Recorder's Office where the Leased Premises are situate immediately following the recording of the Memorandum of Lease between the parties hereto. Lessee represents and warrants that a Notice of Commencement has not been and will not be recorded prior to the recording of the Memorandum of Lease. Lessee shall post and keep posted the Notice of Commencement and all amendments thereto in a conspicuous place on the Leased Premises during the course of construction of the Project. Lessee further represents and warrants to timely comply with all provisions of Michigan Statute respecting keeping the Leased Premises free of mechanic's liens and failure to do so shall be deemed an Event of Default as defined under the Net Lease Agreement and this Agreement. Lessee shall provide Lessor with a copy of each Notice of Furnishing (as defined in Michigan Statute) received by Lessee during the course of construction of any Improvements on the Leased Premises.

ARTICLE VII
CONDITIONS PRECEDENT TO A DISBURSEMENT

It shall be a condition precedent to each Disbursement under this Development Financing Agreement that:

1. DEVELOPMENT FINANCING DOCUMENTS - The Development Financing Documents shall have been duly executed and delivered to Lessor and shall be in full force and effect.

2. LESSEE EQUITY - Lessee shall have paid all of the Lessee Equity funds, if any shall then be required or known to be required prior to the First Disbursement, into the Project before the first Disbursement (or any subsequent Disbursement if additional Lessee Equity should be required) and Lessee shall deliver evidence of such payment reasonably satisfactory to Lessor.

3. DEVELOPMENT FINANCING BALANCE - As of the date immediately prior to any Disbursement, Lessee's acceptance of such Disbursement shall be deemed to be certification that the total amount of unadvanced proceeds of the Development Financing shall be sufficient to complete the Improvements free of liens. To the extent the total of the unadvanced proceeds of the Development Financing shall be insufficient, at any time, in the commercially reasonable opinion of Lessor (the opinion of Lessor being based upon affidavit of the General Contractor, the Inspecting Architect (if applicable), or other reliable licensed third party contractor) to complete the Improvements, or be less than the total Construction Costs not yet paid for or not yet incurred (including interest accruing for the remainder of the term or extensions thereof, if any), the Lessee shall demonstrate to Lessor's reasonable satisfaction the application of or Lessee's reasonable access to sufficient Owner Equity in the amount of such excess over the budgeted amount..

4. NO DEFAULT - No event of default, which remains uncured after the expiration of applicable cure periods, shall exist under this Agreement or the Development Financing Documents.

5. REPRESENTATIONS AND WARRANTIES - The representations and warranties in Article V hereof shall be true and correct on and as of the date of each Disbursement.

6. COVENANTS - Lessee shall have complied with all of the covenants made by it in Article VI hereof.

7. SWORN CONSTRUCTION STATEMENT - Prior to the initial disbursement hereunder, the Lessee shall have submitted to Lessor and Title a Construction Cost Statement or the Construction Contract (if such information is contained therein) sworn to by Lessee and Contractors reflecting all major Sub-Contractors or materialmen who shall then be engaged in furnishing labor, materials or supplies for the Improvements. The list should show the name of each and every Contractor, Sub-Contractor and materialman (or at least such entities or individuals whose contract is in excess of \$5,000), its address and an estimate of the dollar

value of the work, labor and materials to be done or supplied and a general statement of the nature of the work to be done or materials to be supplied by each Contractor. Thereafter, if such list should change or new subcontractors shall execute contracts not reflected on the above list, the Lessee shall furnish to the Lessor any amendments or additions to the original statement as so submitted.

8. APPLICATION FOR PAYMENT - Lessor shall have received an Application for Payment pursuant to Article VIII hereof.

9. TITLE - Title shall issue its endorsement to the title policy insuring the Lessor as fee owner under the policy in the aggregate amounts of all prior Disbursements and the requested Disbursement.

10. WORK IN PLACE - All work or materials for which a Disbursement is requested shall be in place and incorporated into the Improvements.

11. AMENDED NOTICE OF COMMENCEMENT - Lessee shall provide Lessor with any amended Notice of Commencement filed in accordance with Michigan Statute, and any Notice of Furnishing (as defined in Michigan Statute) received by Lessee during the course of construction of any Improvements on the Leased Premises.

ARTICLE VIII

METHODS OF DISBURSEMENTS OF DEVELOPMENT FINANCING PROCEEDS

The Development Financing shall be disbursed (a "Disbursement") as follows:

1. PROCEDURE - Not more often than monthly, Lessee may submit an Application for Payment in the form attached hereto as Exhibit "C" requesting the Disbursement of proceeds under the Development Financing, which request shall be submitted to Lessor and to LTIC-CDD at least five (5) business days prior to the date on which a Disbursement is requested. Provided the conditions of this Development Financing Agreement are met on the date requested for such advance, Lessor shall advance to LTIC-CDD amounts certified to be currently payable by Lessee (excluding the retainage hereinafter specified) for the then incurred portion of Total Construction Costs pursuant to the Application for Payment. All costs shall have been approved in writing by the Lessee, Contractor, and if required by Lessor, by the Inspecting Architect, if any. All interest accruing need not be disbursed to LTIC-CDD, but may be immediately and automatically credited by Lessor to the Development Financing account. LTIC-CDD shall disburse all funds

advanced to it by Lessor in accordance with the terms and provisions of this Agreement and any special escrow requirements imposed by LTIC-CDD as a condition to its acting as the disbursing agent hereunder. The disbursed proceeds of the Development Financing shall bear interest from and including the date of disbursement to LTIC-CDD or the date of credit by Lessor provided that in the event LTIC-CDD shall fail to disburse any advances within five (5) business days after the date set for an advance, LTIC-CDD shall return said advance to Lessor and interest on such advance shall abate from and after the date of such return. Any amounts disbursed to LTIC-CDD and returned by LTIC-CDD to the Lessor shall not be deemed to be advanced under the Development Financing Documents. Each Application for Payment shall clearly set forth the amounts due to Lessee and to each Contractor out of the requested Development Financing and shall be accompanied by the following:

a. An Application for Payment in the form attached hereto as Exhibit "C" certifying that each contractor or materialman for which payment is requested in the relevant Application for Payment has satisfactorily completed the work or furnished the materials for which payment is requested in accordance with the applicable contract; that all work for which an Application for Payment is made substantially conforms to the Contract Documents and any approved changes, and is in place; and that sufficient funds remain of the undisbursed Development Financing proceeds to complete the Project and that all funds previously disbursed have been applied as per the previous Application for Payment.

b. Waivers of Mechanics' Liens and Materialmen's Liens executed by all Contractors for all work done and all materials furnished to the Leased Premises and included in such current Application for Payment, or evidence reasonably required by Title to insure over the same by special specific endorsement, or such other releases or lien pursuant to bonding or otherwise to prevent such liens from attaching to the Leased Premises.

c. Waivers of Mechanics' Liens and Materialmen's Liens executed by all Sub-Contractors and workmen and materialmen for all work done and all materials furnished to the Leased Premises and included in the immediately preceding Application for Payment, or evidence reasonably required by Title to insure over the same by special specific endorsement, or such other releases or lien pursuant to bonding or otherwise to prevent such liens from attaching to the Leased Premises.

d. Such other supporting evidence, including invoices and receipts as may be requested by Lessor or LTIC-CDD to substantiate all payments which are to be made out of the Disbursement or to substantiate all payments then made in respect to the Project.

2. INTEREST ADVANCE - If interest has accrued on the Development Financing and is unpaid or fees are payable to the Lessor hereunder, Lessor shall be, and hereby is, authorized at any time to advance to itself from the proceeds of the Development Financing the total amount of such accrued interest and fees, whether or not an Application for Payment has been submitted by the Lessee and the same shall be deemed to be an advance of the proceeds of the Development Financing under this Agreement in the same manner and with the same effect as if advanced under the provisions above. It is understood Lessor may establish an automatic interest reserve whereby Lessor may withdraw from the Development Financing account on a regular basis the accrued interest on the Development Financing and credit the Development Financing balance with the same.

3. ASSESSMENT AND TAX ADVANCE - As taxes and assessments become due on the Leased Premises, Lessor shall be, and hereby is, authorized to advance to itself automatically from the proceeds of the Development Financing, the total amount of such taxes and assessments and the same shall be deemed to be an advance of the proceeds of the Development Financing under this Agreement in the same manner and with the same effect as if advances under the provisions above, if not previously paid before due pursuant to Lessee's obligations under the Lease.

4. DISBURSE UNDER DEVELOPMENT FINANCING DOCUMENT - All sums advanced and disbursed hereunder shall be disbursed under and shall be secured by the Development Financing Documents.

5. PAYMENTS TO SUBCONTRACTORS - In its reasonable discretion LTIC-CDD may make payments directly to any subcontractor or materialman.

6. RETAINAGE - Each Disbursement shall be limited to an amount equal to ninety percent (90%) of the value, exclusive of Contractor's profit and overhead, of the materials and labor furnished to the Leased Premises and the balance (herein called the Retainage) shall be retained by Lessor, provided that thirty (30) days after completion by each subcontractor or materialman of his subcontract Lessor will disburse to such party, or to the Contractor on behalf of such party the Retainage withheld from said party, provided

that as a condition to such disbursement the Lessee and the Inspecting Architect (if applicable) shall certify to Lessor the date that such Party's subcontract has been fully and satisfactorily completed and the subcontractor or materialmen shall have supplied Title with satisfactory final lien waivers, including final lien waivers for any of its submaterialmen or sub-contractors and the requirements of any bonding company issuing the Bonds shall have been fulfilled. Any Retainage due the Contractor for work performed or materials furnished by the Contractor and the final balance of Contractor's profit and overhead shall be disbursed on the Final Disbursement Date pursuant to Article IX hereof. Contractor's profit and overhead shall be disbursed based upon and in proportion to the percentage of completion of the Project, or amounts payable under the Construction Contract for work actually performed, whichever is less, as certified by the Lessor.

ARTICLE IX
FINAL DEVELOPMENT FINANCING BALANCE

Unless and until Lessor and Lessee have entered into a mutually satisfactory escrow holdback and undertaking agreement to, inter alia, complete the Improvements and otherwise satisfy the requirements of this Article IX, at no time and in no event shall Lessor be obligated to disburse the balance of the proceeds of the Development Financing, including any Retainage until the date the following have been satisfied (the "Final Disbursement Date"):

1. Lessor shall have received reasonably satisfactory evidence of the final completion of the Improvements in substantial accordance with the Contract Documents and the Certificate of Final Completion from the Contractor and Lessee.

2. Lessor shall have received satisfactory as-built surveys reflecting the final location of the Improvements as fully completed on the Leased Premises in accordance with the Contract Documents, said survey to be prepared by a registered or licensed surveyor bearing his registry number, certifying to Lessor as to the legal description of the Leased Premises and showing all Improvements located on the Leased Premises and indicating the street address of the Improvements, absence of any encroachments on the Leased Premises or from the Leased Premises onto adjacent land, showing all access points, and showing conformance to all set back requirements and delineating all utility easements that are specifically legally described, rights of way and other matters affecting the Leased Premises, and certifying as to the total acreage of the land, the exterior dimensions

of the Improvements, and the number of parking spaces, if any, and such other matters as Lessor may reasonably request.

3. Lessor shall have received a requisite affidavit of the Lessee and Contractor, and approved by the Inspecting Architect (if applicable) certifying as to the final cost of the Improvements.

4. Title shall have been furnished with such final lien waivers sufficient in the opinion of Title to dissolve any possible Mechanic's and Materialman's Liens affecting title to the Leased Premises or Lessee shall have provided a bond or other security sufficient to remove the lien as an encumbrance upon title to the Leased Premises and Title shall have issued its endorsements to the title policy increasing the insured coverage to the full amount of all sums disbursed under this Development Financing Agreement.

5. Lessor shall have received evidence that all of the terms, provisions and conditions on the part of the Lessee to be performed or caused to be performed hereunder and under the Lease, including but not limited to obtaining casualty insurance for the full insurable value of the Improvements, have been fulfilled to the satisfaction of Lessor.

6. Lessor shall have received a Final Certificate of Occupancy issued by the appropriate governmental authority covering the Improvements and a Certificate of Substantial Completion from the Lessee and Contractor indicating that the Improvements as built comply with all building codes and zoning ordinances, including any plat requirements or requirements of recorded operating covenants or agreements affecting the Leased Premises.

7. All remaining uncompleted "punch list" items shall have been satisfactorily completed.

8. The requirements of all bonding companies, if any, with respect to release of retainage shall have been met.

9. An amendment (the "First Lease Amendment") to the Lease shall be executed by Lessee and Lessor setting forth the date the first Lease Year and the initial term of the Lease shall end and the Rent for the balance of the first Lease Year, and evidencing the satisfaction and termination of this Agreement.

ARTICLE X
EVENTS OF DEFAULT

An "event of default" shall be deemed to have occurred hereunder and under the Lease, if:

1. DEFAULT UNDER DEVELOPMENT FINANCING DOCUMENTS - Any default or event of default occurs (which remains uncured after the expiration of any applicable cure period as may be set forth in any Development Financing Document) under any of the Development Financing Documents as defined therein; or

2. FAILURE TO COMPLETE CONSTRUCTION - Lessee shall fail for any reason, except Lessor's wrongful refusal to fund the Development Financing pursuant to the terms hereof, to substantially complete the construction of the Improvements by the Completion Date; or

3. BREACH OF AGREEMENT - Lessee breaches or fails to perform, observe or meet any covenant or condition of this Agreement, provided, however, with respect to monetary defaults hereunder Lessee shall have five (5) days after notice from Lessor to cure such monetary defaults, and with respect to non-monetary defaults hereunder, Lessee shall have twenty days after notice from Lessor to cure such non-monetary default, or if such default (but for the payment of monies) cannot be cured within twenty days, such longer time as may be reasonably necessary to effect a cure if Lessee is diligently pursuing a course of conduct reasonably designed to cure the default.; or

4. BREACH OF WARRANTY - Any warranties made or agreed to be made in any of the Development Financing Documents or this Agreement shall be breached by Lessee or shall prove to be false or misleading, and the same shall not be cured or made to be true and correct within the applicable cure periods; or

5. FILING OF LIENS AGAINST THE LEASED PREMISES - Any lien for labor, material, taxes or otherwise shall be filed against the Leased Premises and such lien shall not be promptly paid, released, contested in an appropriate forum, or bonded over to Lessor's reasonable satisfaction before the lien shall materially adversely affect Lessor's interest in the Premises; or

6. LITIGATION AGAINST LESSEE - Any suit shall be filed against Lessee, and is not resolved within 120 days and, which if adversely determined, could substantially impair the ability of Lessee to perform each and every one of its obligations under and by virtue of the Development Financing Documents; or

7. LEVY UPON THE LEASED PREMISES - A levy be made under any process on the Leased Premises and such levy shall not be promptly Bonded over prior to the execution of such levy; or

8. TRANSFER OF LEASED PREMISES - Lessee shall without the prior written consent of Lessor, voluntarily or by operation of law, sell, transfer, convey or encumber all or any part of its interest in the Leased Premises or in any of the personalty owned by Lessor located thereon; or

9. ABANDONMENT - Lessee abandons the project or delays or ceases work thereon for a period of fifteen consecutive (15) days, or delays construction or suffers construction to be delayed for any period of time for any reason whatsoever so that completion of Improvements cannot be accomplished in the judgment of Lessor on or before the Completion Date, subject to force majeure; or

10. BANKRUPTCY - Lessee shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment, or similar relief under any present or future bankruptcy or insolvency statute, law or regulation, or shall file an answer admitting to or not contesting the material allegations of a petition filed against it in any such proceedings, or shall not have the same dismissed or vacated, or shall seek or consent or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties, or shall not after the appointment without the consent or acquiescence of it of a trustee, receiver, or liquidator of any material part of its properties have such receiver, liquidator or appointment vacated; or

11. EXECUTION LEVY - Execution shall have been levied against the Leased Premises or any lien creditors commence suit to enforce a judgment lien against the Leased Premises or such action or suit shall have been brought and shall not be immediately bonded over and shall continue unstayed and in effect for a period of more than 120 consecutive days; or

12. ATTACHMENT - Any part of the Lessor's commitment to make the advances hereunder shall at any time be subject or liable to attachment or levy at the suit of any creditor of the Lessee or at the suit of any subcontractor or creditor of the Contractor and shall remain unstayed prior to the

time Lessor shall be obligated to comply with the same; or

ARTICLE XI
REMEDIES OF LESSOR

Lessee hereby agrees that the occurrence of any one or more of the events of default set out in Article X hereof, shall also constitute an event of default under each of the Development Financing documents, thereby entitling Lessor, after the expiration of any applicable cure period, at its option, to proceed to exercise any or all of the following remedies:

1. EXERCISE OF REMEDIES - To exercise any of the various remedies provided in any of the Development Financing Documents, including the acceleration of the Put described in Articles XIV hereof;

2. CUMULATIVE RIGHTS - Cumulatively to exercise all other rights, options and privileges provided by law;

3. CEASE MAKING ADVANCES - To refrain from making any advances under this Agreement but Lessor may make advances after the happening of any such event without thereby waiving the right to refrain from making other further advances or to exercise any of the other rights Lessor may have.

4. RIGHTS TO ENTER - To require Lessee to vacate the Leased Premises and permit Lessor (whether prior to the exercise of the Put or during any period prior to the closing of the sale pursuant to the Put);

(a) To enter into possession;

(b) To perform or cause to be performed any and all work and labor necessary to complete the Improvements in accordance with the Plans and Specifications;

(c) To employ security watchmen to protect the Leased Premises; and

(d) To disburse that portion of the Development Financing Proceeds not previously disbursed (including any Retainage) to the extent necessary to complete the construction of the Improvements in accordance with the Contract Documents and if the completion requires a larger sum than the remaining undisbursed portion of the Development Financing, to disburse such additional funds, all of which funds so disbursed by Lessor shall be deemed to have been disbursed to Lessee. For this purpose, Lessee hereby consents upon

an uncured default by Lessee after the expiration of any applicable notice and cure period, to the Lessor taking the following actions, or not, in Lessor's reasonable discretion: to complete the construction of the Improvements in the name of the Lessee, and hereby empowers Lessor to take all actions necessary in connection therewith including but not limited to using any funds of Lessee including any balance which may be held in escrow and any funds which may remain unadvanced hereunder for the purpose of completing the said portion of the Improvements in the manner called for by the Contract Documents; to make such additions and changes and corrections in the Contract Documents which shall be necessary or desirable to complete the said portion of the Improvements in substantially the manner contemplated by the Contract Documents; to employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for said purposes; to pay, settle or compromise all existing or future bills and claims which are or may be liens against said Leased Premises, or may be necessary or desirable for the completion of the said portion of the Improvements or the clearance of title to the Leased Premises; to execute all applications and certificates in the name of Lessee which may be required by any construction contract and to do any and every act with respect to the construction of the said portion of the Improvements which Lessee may do in its own behalf. Lessor shall also have power to prosecute and defend all actions and proceedings in connection with the construction of the said portion of the Improvements and to take such action and require such performance as it deems necessary. In accordance therewith, Lessee hereby assigns and quitclaims unto Lessor all sums to be advanced hereunder including Retainage. Any funds so disbursed or fees or charges so incurred shall be included in any amount necessary for the Lessee to pay pursuant to the Put.

(e) To discontinue making advances hereunder to the Lessee and to terminate Lessor's obligations under this Agreement.

5. RIGHTS NON CUMULATIVE - No right or remedy by this Agreement or by any Development Financing Document or instrument delivered by the Lessee pursuant hereto, conferred upon or reserved to the Lessor shall be or is intended to be exclusive of any other right or remedy and each and every right and remedy shall be cumulative and in addition to any other right or remedy or now or hereafter arising at a law or in equity or by statute. Except as Lessor may hereafter otherwise agree in writing, no waiver by Lessor or any breach by or default of Lessee of any of its obligations, agreements, or covenants under this Agreement shall be deemed to be a waiver of any subsequent

breach of the same or any other obligation, agreement or covenant, nor shall any forbearance by Lessor to seek a remedy for such breach be deemed a waiver of its rights and remedies with respect to such a breach, nor shall Lessor be deemed to have waived any of its rights and remedies unless it be in writing and executed with the same formality as this Agreement.

6. EXPENSES - The Development Financing and this Agreement and the performance by the Lessor or Lessee of their obligations hereunder shall be without cost and expense to the Lessor, except as otherwise set forth herein or in the Commitment, all of which costs and expenses the Lessee agrees to pay and hold Lessor harmless of and payment of which shall be secured by the Development Financing Documents. Specifically, Lessee agrees to pay all title charges, surveyor's fees, and costs and the like incurred in connection with this Agreement, and Lessor's attorney's fees and costs incurred in connection with the enforcement hereof, if necessary.

ARTICLE XII GENERAL CONDITIONS AND MISCELLANEOUS

The following conditions shall be applicable throughout the term of this Agreement:

1. RIGHTS OF THIRD PARTIES - All conditions of the obligations of Lessor hereunder, including the obligation to make disbursements are imposed solely and exclusively for the benefit of Lessee, and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lessor will refuse to make advances in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by Lessor at any time if in its sole discretion it deems it desirable to do so. In particular, Lessor makes no representations and assumes no duties or obligations as to third parties concerning the quality of the construction of the Improvements or the absence therefrom of defects. In this connection, Lessee agrees to and shall indemnify Lessor from any liability, claims or losses resulting from the disbursement of the Development Financing proceeds or from the condition of the Leased Premises whether related to the quality of construction or otherwise and whether arising during or after the term of the Development Financing made by Lessor to Lessee in connection therewith, except for Lessor's gross negligence or willful misconduct. This provision shall

survive the termination of this Agreement and shall continue in full force and effect so long as the possibility of any such liability, claims or losses exists.

2. EVIDENCE OF SATISFACTION OF CONDITIONS - Any condition of this Agreement which requires the submission of evidence of the existence or non-existence of a specified fact or facts implies as a condition the existence or non-existence, as the case may be, of such fact or facts, and Lessor shall, at all times, be free independently to establish to its reasonable satisfaction such existence or non-existence.

3. ASSIGNMENT - Lessee may not assign this Development Financing Agreement or any of its rights or obligations hereunder without the prior written consent of Lessor.

4. SUCCESSORS AND ASSIGNS - Whenever in this Agreement one of the parties hereto is named or referred to, the heirs, legal representatives, successors and assigns of such parties shall be included and all covenants and agreements contained in this Agreement by or on behalf of the Lessee or by or on behalf of the Lessor shall bind and inure to the benefit of their respective heirs, legal representatives, successors and assigns, whether so expressed or not.

5. HEADINGS - The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, and are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

6. INVALID PROVISIONS TO AFFECT NO OTHERS - If fulfillment of any provision hereof, or any transaction related thereto at the time performance of any such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and such clause or provision shall be deemed invalid as though not herein contained, and the remainder of this Agreement shall remain operative in full force and effect.

7. NUMBER AND GENDER - Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

8. AMENDMENTS - Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

9. NOTICES - Any notice which any party hereto may desire or may be required to give to any of the parties shall be in writing and the mailing thereof by certified mail, or equivalent, to the respective parties' addresses set forth hereinabove or to such other place such party may by notice in writing designate as its address shall constitute service of notice hereunder.

10. GOVERNING LAW - This Development Financing Agreement is made and executed pursuant to and is intended to be governed by the laws of the State where the Leased Premises are located.

11. FORCE MAJEURE - Anything in this Agreement to the contrary notwithstanding, Lessee shall not be deemed in default with respect to the performance of any of the terms, provisions, covenants, and conditions of this Agreement (except for the payment of all other monetary sums payable hereunder, to which the provisions of this Section shall not apply), if the same shall be due to any strike, lockout, civil commotion, warlike operations, invasion, rebellion, hostilities, sabotage, governmental regulations or controls, impracticability of obtaining any materials or labor (except due to the payment of monies), shortage or unavailability of a source of energy or utility service, Act of God, casualty, adverse weather conditions, or any cause beyond the reasonable control of Lessee (except due to the payment of monies). Provided, however, in order to invoke the extension of the Completion Date afforded by this section, Lessee shall notify Lessor in writing within five days of the occurrence of such force majeure, and in any event the Completion Date shall be extended as a result of such occurrence no more than reasonably necessary and in no event no more than 90 days.

12. BROKERAGE COMMISSIONS - Lessor represents to Lessee that on account of or through Lessor no brokerage commissions are due in connection with the transaction contemplated hereby or if there are such commissions due or payable on account of or through Lessor the same will be paid by Lessor. Lessor agrees to and shall indemnify Lessee from any liability, claims or losses arising by reason of any such brokerage commissions. This provision shall survive the repayment of the Development Financing and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists

ARTICLE XIII

DAMAGE, DESTRUCTION, CONDEMNATION, USE OF INSURANCE PROCEEDS

1. DAMAGE OR DESTRUCTION OF THE LEASED PREMISES. Lessee will give the Lessor prompt notice of any damage to or destruction of the Leased Premises and in case of loss covered by policies of insurance the Lessor (whether before or after the exercise of the Put if Lessee be in default hereof) is hereby authorized at its option to settle and adjust any claim arising out of such policies and collect and receipt for the proceeds payable therefrom, provided, that the Lessee may itself adjust and collect for any losses arising out of a single occurrence aggregating not in excess of \$50,000.00. Any expense incurred by the Lessor in the adjustment and collection of insurance proceeds (including the cost of any independent appraisal of the loss or damage on behalf of Lessor) shall be reimbursed to the Lessor first out of any proceeds. The proceeds or any part thereof shall be applied to reduction of the Put Price, which Put may then be exercised by Lessor, without the application of any prepayment premium, or to the restoration or repair of the Leased Premises, the choice of application to be solely at the discretion of Lessor.

2. CONDEMNATION. Lessee will give the Lessor prompt notice of any action, actual or threatened, in condemnation or eminent domain affecting the Leased Premises and hereby assigns, transfers, and sets over to the Lessor the entire proceeds of any award or claim for damages for all or any part of the Leased Premises taken or damaged under the power of eminent domain or condemnation, the Lessor being hereby authorized to intervene in any such action and to collect and receive from the condemning authorities and give proper receipts and acquittances for such proceeds. Lessee will not enter into any agreements with the condemning authority permitting or consenting to the taking of the Leased Premises unless prior written consent of Lessor is obtained. Any expenses incurred by the Lessor in intervening in such action or collecting such proceeds shall be reimbursed to the Lessor first out of the proceeds. The proceeds or any part thereof shall be applied to reduction of the Put Price, which Put may then be exercised by Lessor, without the application of any prepayment premium, or to the restoration or repair of the Leased Premises, the choice of application to be solely at the discretion of Lessor.

3. DISBURSEMENT OF INSURANCE AND CONDEMNATION PROCEEDS. Any restoration or repair shall be done under the supervision of an architect acceptable to Lessor and pursuant to plans and specifications approved by the Lessor. Subject to paragraph 4 below, in any case where Lessor may elect to apply the proceeds to repair or restoration or permit the Lessee to so apply the proceeds they shall be held by Lessor for such purposes and will from time to time

be disbursed by Lessor to defray the costs of such restoration or repair under such safeguards and controls as Lessor may reasonably require to assure completion in accordance with the approved plans and specifications and free of liens or claims. Lessee shall on demand deposit with Lessor any sums necessary to make up any deficits between the actual cost of the work and the proceeds and provide such lien waivers and completion bonds as Lessor may reasonably require. Any surplus which may remain after payment of all costs of restoration or repair shall be applied against the rent then most remotely to be paid, whether due or not, without application of any prepayment premium or credit.

4. LESSOR TO MAKE PROCEEDS AVAILABLE. In the event of insured damage to the improvements or in the event of a taking by condemnation of only a portion of the improvements or land area of the Leased Premises, and provided, the portion remaining can with restoration or repair continue to be operated for the purposes utilized immediately prior to such damage or taking, and if the appraised value of the Leased Premises after such restoration or repair shall not have been reduced, and provided further, no event of default exists under this Agreement after the expiration of any applicable cure periods and Lessee is diligently pursuing a course of conduct reasonably designed to cure such default, and the Lessee certified to Lessor their intention to remain in possession of the Leased Premises without any abatement or adjustment of rental payments, the Lessor agrees to make the proceeds available to the restoration or repair of the improvements on the Leased Premises in accordance with the provisions of paragraph 3 hereof.

ARTICLE XIV
MANDATORY PUT UPON DEFAULT

Should Lessee commit an event of Default under this Agreement or any Development Financing Document (after the expiration of any applicable notice and cure period) ("Uncured Default"), Lessor shall have the following rights:

Upon an Uncured Default, or damage or destruction or condemnation of the Leased Premises not addressed by paragraph XIII (4), if Lessor elects to exercise the following option, Lessee shall purchase the Leased Premises from Lessor subject to the following terms and conditions:

A. The purchase price at which Lessor shall sell the Leased Premises to Lessee, shall be the total amount of Initial Disbursed Funds disbursed by Lessor to acquire the Leased Premises at the Closing Date (as defined in the

Commitment), plus the total amount of funds disbursed pursuant to this Agreement, plus all accrued interest and incurred expenses of Lessor fundable pursuant to this Agreement, plus all reasonable costs of collection and enforcement of the terms hereof.

B. At such time as Lessor shall elect to sell the Leased Premises, Lessor shall give Lessee written notice of its intent to exercise its option to sell the Leased Premises to Lessee, including in such notice Lessor's calculation of the Purchase Price through the actual closing of the sale of the Leased Premises to Lessee pursuant to the terms hereof (the "Sale Date"), which shall be sixty days from such notice by Lessor. Lessee shall on or before the Sale Date deliver the purchase price as set forth in subparagraph (A) of this Article to Lessor. Upon such delivery, which shall be preceded by ten (10) days notice to Lessor, Lessor shall deliver to Lessee a warranty deed and appropriate affidavits evidencing that Lessor transfers the Leased Premises to Lessee subject to restrictions, easements or other encumbrances upon title existing as of the date of delivery, if any, except to the extent, if any, placed of record or caused by Lessor. The purchase price to be paid to Lessor shall be a net amount. All expenses in connection with the transfer of the Leased Premises, including, but not limited to appraisal fees, title insurance, recording fees, documentary stamps, conveyance tax, title evidence, and all other closing costs, shall be paid by the Lessee. The purchase price shall be paid by Lessee in cash to Lessor concurrently with the conveyance of the Leased Premises by the Lessor to the Lessee. If Lessor elects to sell the Leased Premises to Lessee pursuant to the terms hereof, the Leased Premises shall be conveyed by the Lessor to the Lessee "As Is".

If Lessee shall fail to pay the Purchase Price on or before the Sale Date, Lessor may terminate the Lease, and sell the Leased Premises to any third party purchaser. Lessor may then send Lessee notice of the shortfall (the "Deficiency"), if any, between the amount of the net proceeds received by Lessor in such sale, and the total amount of Initial Disbursed Funds disbursed by Lessor to acquire the Parcel at the Closing Date (as defined in the Commitment), plus the total amount of funds disbursed pursuant to this Agreement, plus all accrued interest and incurred expenses of Lessor fundable pursuant to this Agreement, plus all reasonable costs of collection and enforcement of the terms hereof. Lessee shall immediately upon receipt of such notice of Deficiency remit the amount of the Deficiency in good funds to Lessor.

Lessor's rights under this Put shall expire on the Final Disbursement Date when the amendment to the Lease has been executed by all parties as set forth in Article IX hereof.

ARTICLE XV
RENT, INTEREST, AND FINAL DISBURSEMENT

1. Rent shall be payable by Lessee and calculated as follows, on the funds advanced by Lessor on the Closing Date for the purchase of the land and related closing costs (the "Initial Disbursed Funds"): Rent until and including April 15th, 1999 shall accrue in the amount of \$2,344.58 per month (prorata for the period of April 1st through April 15th) and be payable in advance on the first day of the month. After and including April 16th, 1999, through the date of the First Lease Amendment, Rent shall accrue in the amount of \$1,861.88 per month (prorata for the period of April 15th through April 30th) and be payable in advance on the first day of the month .

On the Final Disbursement Date, absent an Uncured Default, Rent shall be adjusted as set forth in Article IV of the Lease and documented by the First Lease Amendment contemplated in Article IX hereof.

2. Disbursed proceeds of the Development Financing shall accrue interest at a rate of Eight and One-Half percent (8.5%) per annum until April 15, 1999, and at a rate of Seven percent (7%) from and including April 16, 1999 until the Final Disbursement Date, and shall be paid out of pocket by Lessee, within 5 days after invoice from Lessor. On the Final Disbursement Date, Lessee shall be reimbursed for such interest paid up to the amount of construction interest set forth in the attached Budget shown on Exhibit C attached hereto.

3. Upon the occurrence of an event of default which remains uncured after the expiration of applicable notice and cure periods, or the Completion Date, disbursed proceeds of the Development Financing shall accrue interest at a rate of Fifteen Percent (15.0%) per annum, or the highest rate allowed by law, whichever is less, and the rental rate on the Initial Disbursed funds shall increase to Fifteen Percent (15.0%) per annum, or the highest rental rate allowed by law, whichever is less.

4. On the Final Disbursement Date, Lessee shall be entitled to receive the Parcel Development Fee of \$5,800.

ARTICLE XVI
COUNTERPART EXECUTION

Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Lessee and Lessor have hereunto caused these presents to be executed on the date first above written.

RTM, Inc., a Georgia corporation

By: /s/ Philip G Skinner
Its: Senior Vice President

By: /s/ Robert S Stallings
Its: V.P. Asst. Secretary

[Lessor's Signature appears on following page.]

NET LEASE INCOME & GROWTH FUND 84-A LIMITED PARTNERSHIP

By: Net Lease Management 84-A, Inc.

By: /s/ Robert P Johnson
Robert P. Johnson, President

AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP

By: Net Lease Management 85-A, Inc.

By: /s/ Robert P Johnson
Robert P. Johnson, President

Development Financing Agreement
Hudsonville, Michigan Arby's

EXHIBIT A

Hudsonville, Michigan

Part of the Northeast fractional 1/4 of Section 5, Town 5 North, Range 13 West, City of Hudsonville, Michigan, described as:

COMMENCING at the Northeast corner of said Section, thence south 02 degrees 21 minutes 30 seconds West 995.20 feet along the East line of said Section; thence North 89 degrees 26 minutes 38 seconds West 33.02 feet; thence South 02 degrees 21 minutes 30 seconds West 28.51 feet; thence North 87 degrees 28 minutes 30 seconds West 17.00 feet to the PLACE OF BEGINNING; thence South 02 degrees 21 minutes 30 seconds West 147.02 feet along the West right-of-way line of 32nd Avenue; thence North 89 degrees 26 minutes 38 seconds West 250.00 feet; thence North 02 degrees 21 minutes 30 seconds East 175.00 feet; thence South 89 degrees 26 minutes 28 seconds East 250.00 feet; thence south 02 degrees 21 minutes 30 seconds West 27.908 feet to the PLACE OF BEGINNING.

SUBJECT TO AND TOGETHER WITH an easement for ingress and egress over part of the Northeast fractional 1/4, Section 5, Town 5 North, Range 13 West, City of Hudsonville, Ottawa County, Michigan, described as:

COMMENCING at the Northeast corner of said Section, thence South 02 degrees 21 minutes 30 seconds West 1170.20 feet along the East line of said Section; thence North 89 degrees 26 minutes 38 seconds West 93.88 feet to the POINT OF BEGINNING; thence South 00 degrees, 33 minutes 22 seconds West 10.52 feet; thence South 88 degrees 27 minutes 06 seconds East 43.52 feet; thence South 02 degrees 21 minutes 30 seconds West 26.00 feet along the West Right-of-Way line of 32nd Avenue; thence North 88 degrees 27 minutes 06 seconds West 42.86 feet; thence South 02 degrees 21 minutes 20 seconds West 136.00 feet; thence North 87 degrees 38 minutes 05 seconds West 76.54 feet; thence south 47 degrees 38 minutes 40 seconds West 14.21 feet; thence south 02 degrees 55 minutes 25 seconds West 20.20 feet; thence North 89 degrees 26 minutes 38 seconds West 16.01 feet along the North Right-of-Way line of Highland Drive; thence North 02 degrees 55 minutes 25 seconds East 30.70 feet; thence North 87 degrees 38 minutes 05 seconds West 9.00 feet; thence south 47 degrees 38 minutes 40 seconds West 7.11 feet; thence South 02 degrees 55 minutes 25 seconds East 55.65 feet; thence South 87 degrees 38 minutes 05 seconds East 106.31 feet; thence North 02 degrees 21 minutes 20 seconds East 116.81 feet; thence North 00 degrees 33 minutes 22 seconds East 30.90 feet; thence South 89 degrees 26 minutes 38 seconds East 26.00 feet to the POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH an easement over part of the Northeast fractional 1/4 of Section 5, town 5 North, Range 13 West, City of Hudsonville, Ottawa County, Michigan, described as: COMMENCING at the Northeast corner of said Section; thence South 02 degrees 21 minutes 30 seconds West 929.17 feet along the East line of said Section; thence North 89 degrees 26 minutes 38 seconds West 50.03 feet to the POINT OF BEGINNING; thence North 89 degrees 26 minutes 38 seconds West 115.00 feet; thence South 02 degrees 21 minutes 30 seconds East 66.03 feet; thence South 89 degrees 26 minutes 38 seconds East 115.00 feet; thence North 02 degrees 21 minutes 30 seconds East 66.03 feet to the POINT OF BEGINNING.

NET LEASE AGREEMENT

THIS LEASE, made and entered into effective as of this 17th day of December, 1998, by and between NET LEASE INCOME & GROWTH FUND 84-A LIMITED PARTNERSHIP ("Fund 84-A"), a Minnesota limited partnership whose corporate general partner is Net Lease Management 84-A, Inc., a Minnesota corporation, and AEI REAL ESTATE FUND 85-A LIMITED PARTNERSHIP ("Fund 85-A"), a Minnesota limited partnership whose corporate general partner is Net Lease Management 85-A, Inc., a Minnesota corporation, both of whose address is 1300 Minnesota World Trade Center, 30 East Seventh Street, St. Paul, Minnesota 55101 ("Lessor"), and RTM Mid-America, Inc., an Indiana corporation, whose address is 5995 Barfield Road, Atlanta, Georgia 30328 ("Lessee");

WITNESSETH:

WHEREAS, Lessor is the fee owner of a certain parcel of real property and improvements located at Hudsonville, Michigan, and legally described in Exhibit "A", which is attached hereto and incorporated herein by reference; and

WHEREAS, Lessee constructed the building and improvements (together the "Building") on the real property described in Exhibit "A", which Building is described in the plans and specifications heretofore submitted to Lessor; and

WHEREAS, Lessee desires to lease said real property and Building (said real property and Building hereinafter referred to as the "Leased Premises"), from Lessor upon the terms and conditions hereinafter provided;

NOW, THEREFORE, in consideration of the Rents, terms, covenants, conditions, and agreements hereinafter described to be paid, kept, and performed by Lessee, Lessor does hereby grant, demise, lease, and let unto Lessee, and Lessee does hereby take and hire from Lessor and does hereby covenant, promise, and agree as follows:

ARTICLE 1. LEASED PREMISES

Lessor hereby leases to Lessee, and Lessee leases and takes from Lessor, the Leased Premises subject to the conditions of this Lease.

ARTICLE 2. TERM

(A) The Term of this Lease shall commence on December 17th, 1998 ("Occupancy Date"), and shall include the period from the Occupancy Date until the date of the First Lease Amendment contemplated under the Development Financing Agreement between Lessor and Lessee of even date herewith as further set forth in Article 35 hereof. Thereafter, the Lease shall continue for a period of Twenty consecutive Lease Years, as hereinafter defined.

(B) If the date the First Lease Amendment is executed shall not be the first day of a calendar month, the first full "Lease Year" shall be the period from the date the First Lease Amendment is fully executed to the end of the calendar month in which the First Lease Amendment is fully executed, plus the following twelve (12) calendar months. Each Lease Year after the first Lease Year shall be each successive period of twelve (12) calendar months thereafter.

(C) The parties agree that upon the request of either party, a short form or memorandum of this Lease (prepared and recorded at the expense of the requesting party) will be executed for recording purposes. That short form or memorandum of this Lease will be amended as of the date of the First Lease Amendment to set forth the termination dates of the Term and optional Renewal Terms, as defined in Article 28 hereof, and the existence of any option to purchase or right of first refusal, and that said option or right of first refusal shall terminate when the Lessee shall lose right to possession or this Lease is terminated, whichever occurs first.

ARTICLE 3. CONSTRUCTION OF IMPROVEMENTS

(A) Lessee warrants and agrees that the Building will be constructed on the Leased Premises, and all other improvements to the land, including the parking lot, approaches, and service areas, will be constructed in all material respects by Lessee substantially in accordance with the plot, plans, and specifications heretofore submitted to Lessor.

(B) Lessee warrants that the Building and all other improvements to the land contemplated shall comply with the laws, ordinances, rules, and regulations of all state and local governments.

(C) Lessee agrees to pay, if not already paid in full, for all architectural fees and actual construction costs relating to the Building and other related improvements on the Leased Premises, in the past, present or future, which

shall include, but not be limited to, plans and specifications, general construction, carpentry, electrical, plumbing, heating, ventilating, air conditioning, decorating, equipment installation, outside lighting, curbing, landscaping, blacktopping, electrical sign hookup, conduit and wiring from building, fencing, and parking curbs, and builder's risk insurance (naming Lessor, Lessee, and contractor as co-insured), for improvements made by or at the direction of Lessee.

(D) Opening for business in the Leased Premises by Lessee shall constitute an acceptance of the Leased Premises and an acknowledgment by Lessee that the Leased Premises are in the condition described under this Lease.

ARTICLE 4. RENT PAYMENTS

(A) Annual Rent Payable from the Occupancy Date until execution of the First Lease Amendment (wherein the Lease shall be amended as contemplated under the Development Financing Agreement as defined in Article 35 hereof): Rent until and including April 15th, 1999 (unless this provision shall be superceded by the First Lease Amendment) shall accrue in the amount of \$2,344.58 per month (prorata for the period of April 1st through April 15th) and be payable in advance on the first day of the month in equal monthly installments of \$1,406.75 to Fund 85-A, and shall be payable in advance on the first day of each month in equal monthly installments of \$937.83 to Fund 84-A. If the first day of the Lease Term is not the first day of a calendar month, then the monthly Rent payable for that partial month shall be a prorated portion of the equal monthly installment of Base Rent.

After and including April 16th, 1999, (unless this provision shall be superceded by the First Lease Amendment) through the date of the First Lease Amendment, Rent shall accrue in the amount of \$1,861.88 per month (prorata for the period of April 16th through April 30th) and be payable in advance on the first day of the month in equal monthly installments of \$1,117.13 to Fund 85-A, and shall be payable in advance on the first day of each month in equal monthly installments of \$744.75 to Fund 84-A.

(B) Rent for the first six months of the first full Lease Year after the execution of the First Lease Amendment (which includes any stub period from the end of the calendar month in which the First Lease Amendment is executed) shall be Six and One-Half Percent and in the next six months of the first full Lease Year, Rent shall increase to Nine Percent of the Total Project Cost, as defined in the

Development Financing Agreement of even date herewith between Lessor and Lessee to be set forth pursuant to the First Lease Amendment, and shall remain at such level until the beginning of the Third Lease Year.

(C) Annual Rent Payable beginning with the Third and subsequent Lease Years:

The annual Base Rent due and payable shall increase in each of the Lease Years beginning with the Third Lease Year by an amount equal to One and One-Eighth Percent (1.125%) of the Base Rent payable for the prior Lease Year. Such increased Base Rent shall be payable in advance of the first day of each month in equal monthly installments.

(D) Overdue Payments.

Lessee shall pay interest on all overdue payments of Rent or other monetary amounts due hereunder at lesser of the rate of fifteen percent (15%) per annum or the highest rate allowed by law accruing after the expiration of any applicable cure period.

ARTICLE 5. INSURANCE AND INDEMNITY

(A) Lessee shall, throughout the Term or Renewal Terms, if any, of this Lease, at its own cost and expense, procure and maintain insurance which covers the Leased Premises and improvements against fire, wind, and storm damage (including flood insurance if the Leased Premises is in a federally designated flood prone area) and such other risks as may be included in the broadest form of extended coverage insurance as may, from time to time, be available in amounts sufficient to prevent Lessor or Lessee from becoming a co-insurer within the terms of the applicable policies. In any event, the insurance shall not be less than one hundred percent (100%) of the then insurable value, with such commercially reasonable deductibles as Lessor may reasonably require from time to time. Additionally, replacement cost endorsements, inflation guard endorsements, vandalism endorsement, malicious mischief endorsement, waiver of subrogation endorsement, waiver of co-insurance or agreed amount endorsement (if available), and Building Ordinance Compliance endorsement. Business Interruption Insurance endorsement (for a period covering at least three months of interruption) must be obtained.

(B) Lessee agrees to place and maintain throughout the Term or Renewal Terms, if any, of this Lease, at Lessee's own expense, public liability insurance with respect to Lessee's use and occupancy of said Leased Premises, with

initial limits of at least \$1,000,000 per occurrence/\$3,000,000 general aggregate, or such additional amounts as Lessor shall reasonably require from time to time with limits in amounts acceptable to Lessor.

(C) N/A

(D) Lessee agrees to notify Lessor in writing if Lessee is unable to procure all or some part of the aforesaid insurance. In the event Lessee fails to provide all insurance required under this Lease, Lessor shall have the right, but not the obligation, to procure such insurance on Lessee's behalf, following five (5) business days written notice to Lessee of Lessor's intent to do so (unless insurance then in place would during such period, or already has, lapsed, in which case no notice need be given) and Lessee may obtain such insurance during said five day period and not then be in default hereunder. If Lessor shall obtain such insurance, Lessee will then, within five (5) business days from receiving written notice, either provide proof that such coverages are in full force and effect or pay Lessor the amount of the premiums due or paid, together with interest thereon at the lesser of 15% per annum or the highest rate allowable by law, which amount shall be considered Rent payable by Lessee in addition to the Rent defined at Article 4 hereof.

(E) All policies of insurance provided for or contemplated by this Article can be under Lessee's blanket insurance coverage and shall cover Lessor(s), Net Lease Management 84-A, Inc., Net Lease Management 85-A, Inc., and Robert P. Johnson, as the general partners of Lessor, as additional insured and loss payee, as their respective interests (as landlord and lessee, respectively) may appear, and Lessee as insured. The policies shall provide that the policies cannot be canceled, terminated, changed, or modified without thirty (30) days written notice to the insured and additional insured parties. In addition, all of such policies shall contain endorsements by the respective insurance companies waiving all rights of subrogation, if any, against Lessor. All insurance companies providing coverages must be rated "A" or better by Best's Key Rating Guide (the most current edition), or similar quality under a successor guide if Best's Key Rating shall cease to be published. Lessee shall provide Lessor certificates of insurance on or before the Occupancy Date. No less than fifteen (15) business days prior to expiration of such policies, Lessee shall provide Lessor with legible copies of any and all renewal Certificates of Insurance. Lessee agrees that it will not settle any property insurance claims affecting the Leased Premises (exclusive of any claims by

Lessee for damages to Personalty or Lessee's loss or interruption of business) in excess of \$50,000 without Lessor's prior written consent, such consent not to be unreasonably withheld or delayed. Lessor shall consent to any settlement of an insurance claim wherein Lessee shall confirm in writing with evidence reasonably satisfactory to Lessor that Lessee has sufficient funds available to complete the rebuilding of the Leased Premises. Any insurance proceeds for the Personalty or Trade Fixtures of Lessee or its equipment lessors or lenders shall be paid to the Lessee and shall not be considered part of the insurance for the building and improvements to the Leased Premises.

(F) Lessee shall defend, indemnify, and hold Lessor harmless against any and all claims, damages, and lawsuits arising after the Occupancy Date of this Lease and any orders, decrees or judgments which may be entered therein, brought for damages or alleged damages resulting from any injury to person or property or from loss of life sustained in or about the Leased Premises, unless such damage or injury results from the intentional misconduct or the gross negligence of Lessor and Lessee agrees to save Lessor harmless from, and indemnify Lessor against, any and all injury, loss, or damage, of whatever nature, to any person or property caused by, or resulting from any act, omission, or negligence of Lessee or any employee or agent of Lessee. In addition, Lessee hereby releases Lessor from any and all liability for any loss or damage caused by fire or any of the extended coverage casualties, except if such fire or other casualty shall be brought about by the intentional misconduct or gross negligence of Lessor. In the event of any loss, damage, or injury caused by the joint negligence or willful misconduct of Lessor and Lessee, they shall be liable therefor in accordance with their respective degrees of fault.

(G) Lessor hereby waives any and all rights that it may have to recover from Lessee damages for any loss occurring to the Leased Premises by reason of any act or omission of Lessee; provided, however, that this waiver is limited to those losses for which Lessor is compensated by its insurers, if the insurance required by this Lease is maintained. Lessee hereby waives any and all right that it may have to recover from Lessor damages for any loss occurring to the Leased Premises by reason of any act or omission of Lessor; provided, however, that this waiver is limited to those losses for which Lessee is, or should be if the insurance required herein is maintained, compensated by its insurers.

ARTICLE 6. TAXES, ASSESSMENTS AND UTILITIES

(A) Lessee shall be liable and agrees to pay the charges for all public utility services rendered or furnished to the Leased Premises, including heat, water, gas, electricity, sewer, sewage treatment facilities and the like, all personal property taxes, real estate taxes, special assessments, and municipal or government charges, general, ordinary and extraordinary, of every kind and nature whatsoever, which may be levied, imposed, or assessed against the Leased Premises, or upon any improvements thereon, at any time after the Occupancy Date of this Lease and prior to the expiration of the term hereof, or any Renewal Term.

(B) Lessee shall pay all real estate taxes, assessments for public improvements or benefits, and other governmental impositions, duties, and charges of every kind and nature whatsoever which shall or may, during the term of this Lease, be charged, laid, levied, assessed, or imposed upon, or become a lien or liens upon the Leased Premises or any part thereof or upon the Rents payable hereunder. Such payments shall be considered as Rent paid by Lessee in addition to the Rent defined at Article 4 hereof. If due to a change in the method of taxation, a franchise tax, Rent tax, or income or profit tax shall be levied against Lessor in substitution for or in lieu of any tax which would otherwise constitute a real estate tax, such tax shall be deemed a real estate tax for the purposes herein and shall be paid by Lessee; otherwise Lessee shall not be liable for any such tax levied against Lessor. In no event shall Lessee be liable for any payment required of Lessor to qualify to do business in the state where the Leased Premises are situate.

(C) All real estate taxes, assessments for public improvements or benefits, water rates and charges, sewer rents, and other governmental impositions, duties, and charges which shall become payable for the first and last tax years of the term hereof shall be apportioned pro rata between Lessor and Lessee in accordance with the respective number of months during which each party shall be in possession of the Leased Premises (or through the expiration of the term hereof, if longer) in said respective tax years. For the purposes of this provision, all personal property taxes, real estate taxes and special assessments shall be deemed to have been assessed in the year that the first payment or any installment thereof is due (presumed to be paid in arrears for purposes of such proration).

(D) Lessee shall have the right to contest or review by legal proceedings or in such other manner as may be legal

(which, if instituted, shall be conducted solely at Lessee's own expense) any tax, assessment for public improvements or benefits, or other governmental imposition aforementioned, upon condition that, before instituting such proceeding Lessee shall pay (under protest) such tax or assessments for public improvements or benefits, or other governmental imposition, duties and charges aforementioned, unless such payment would act as a bar to such contest or interfere materially with the prosecution thereof and in such event Lessee shall post with Lessor alternative security satisfactory to Lessor. All such proceedings shall be begun as soon as reasonably possible after the imposition or assessment of any contested items and shall be prosecuted to final adjudication with reasonable dispatch. In the event of any reduction, cancellation, or discharge, Lessee shall pay the amount that shall be finally levied or assessed against the Leased Premises or adjudicated to be due and payable, and, if there shall be any refund payable by the governmental authority with respect thereto, Lessee shall be entitled to receive and retain the same, subject, however, to apportionment as provided during the first and last years of the term of this Lease.

(E) Lessor, within sixty (60) days after notice to Lessee if Lessee fails to commence such proceedings, may, but shall not be obligated to, contest or review by legal proceedings, or in such other manner as may be legal, and at Lessor's own expense, any tax, assessments for public improvements and benefits, or other governmental imposition aforementioned, which shall not be contested or reviewed, as aforesaid, by Lessee, and unless Lessee shall promptly join with Lessor in such contest or review, Lessor shall be entitled to receive and retain any refund payable by the governmental authority with respect thereto.

(F) Lessor shall not be required to join in any proceeding referred to in this Article, unless in Lessee's reasonable opinion, the provisions of any law, rule, or regulation at the time in effect shall require that such a proceeding be brought by and/or in the name of Lessor, in which event Lessor shall upon written request, join in such proceedings or permit the same to be brought in its name.

(G) Within thirty (30) days after Lessor notifies Lessee in writing that Lessor has paid such amount, Lessee shall also pay to Lessor, as additional Rent, the amount of any sales tax imposed on Rent by the then current sales tax law, where the Leased Premises are located. At Lessor's option, Lessee shall deposit with Lessor on the first day of each and every month during the term hereof, an amount equal to one-twelfth (1/12) of any sales tax payable to the State

in which the property is situated for Rent received by Lessor hereunder ("Deposit"). From time to time out of such Deposit Lessor will pay the sales tax to the State in which the property is situated as required by law. In the event the Deposit on hand shall not be sufficient to pay said tax when the same shall become due from time to time, or the prior payments shall be less than the current estimated monthly amounts, then Lessee shall pay to Lessor on demand any amount necessary to make up the deficiency. The excess of any such Deposit shall be credited to subsequent payments to be made for such items. If a default or an event of default shall occur under the terms of this Lease, Lessor may, at its option, without being required so to do, apply any Deposit on hand to cure such default, in such order and manner as Lessor may elect. Lessee shall be entitled upon written request to copies of sales tax returns of Lessor showing such tax was paid.

ARTICLE 7. PROHIBITION ON ASSIGNMENTS AND SUBLETTING; TAKE-BACK RIGHTS

(A) Lessee, without the consent of Lessor, but after prior written notice to Lessor, and at any time during the term of this Lease, or any renewal or extension hereof, shall have the right to assign this Lease, or its rights hereunder, and/or to sublet all or any part of the Leased Premises to RTM, Inc, or any RTM subsidiary or affiliate or any other licensed and approved Arby's or Arby's\Mrs. Winner's (dual concept) operator, or Lee's Famous Recipe operator. Lessee and Guarantor(s), if any, will remain liable for Rent, performance of the terms, covenants, and conditions of Lessee hereunder, and shall sign a consent and estoppel evidencing their continued liability in form and substance satisfactory to Lessor, concurrent with the effective date of any such assignment or sublet. Any other assignment or sublease to an entity other than those set forth in the preceding sentence shall require the prior written consent of Lessor, which consent is conditioned upon Lessee and any guarantor signing a consent and estoppel evidencing their continued liability in form and substance satisfactory to Lessor, concurrent with the effective date of any such assignment or sublet, and Lessor's approval, which approval shall not be unreasonably withheld or delayed.

(B) Except as otherwise expressly provided in this Article, Lessee shall not, without obtaining the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed, in each instance:

1. assign or otherwise transfer this Lease, or any part of Lessee's right, title or interest therein;

2. sublet all or any part of the Leased Premises or allow all or any part of the Leased Premises to be used or occupied by any other Persons (herein defined as a Party other than Lessee, be it a corporation, a partnership, an individual or other entity); or

3. mortgage, pledge or otherwise encumber this Lease, or the Leased Premises.

(C) For the purposes of this Article:

1. an agreement by any other Person, directly or indirectly, to assume Lessee's obligations under this Lease shall be deemed an assignment;

2. any Person to whom Lessee's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article;

3. each modification, amendment or extension or any sublease to which Lessor has previously consented shall be deemed a new sublease; and

4. Lessee shall present the signed consent to such assignment and/or subletting from any guarantors of this Lease, such consent to be in form and substance satisfactory to Lessor.

Lessee agrees to furnish to Lessor upon demand at any time such information and assurances as Lessor may reasonably request that neither Lessee, nor any previously permitted sublessee, has violated the provisions of this Article.

(D) Except as set forth in subparagraph (A) above, if Lessee agrees to assign this Lease or to sublet all or any portion of the Leased Premises, Lessee shall, prior to the effective date thereof (the "Effective Date"), deliver to Lessor executed counterparts of any such agreement and of all ancillary agreements with the proposed assignee or sublessee, as applicable.

(E) If Lessee shall fail to comply with the terms of subparagraph (A) or (B) above, Lessor shall then have all of the following rights, any of which Lessor may exercise by written notice to Lessee given within thirty (30) days after Lessor receives the aforementioned documents:

1. With respect to a proposed assignment of this Lease,

the right to terminate this Lease on the Effective Date as if it were the Expiration Date of this Lease;

2. With respect to a proposed subletting of the entire Leased Premises, the right to terminate this Lease on the Effective Date as if it were the Expiration Date; or

3. With respect to a proposed subletting of less than the entire Leased Premises, the right to terminate this Lease as to the portion of the Leased Premises affected by such subletting on the Effective Date, as if it were the Expiration Date, in which case Lessee shall promptly execute and deliver to Lessor an appropriate modification of this Lease in form satisfactory to Lessor in all respects.

(F) If Lessor exercises any of its options under Article 7(E) above, Lessor may then lease the Leased Premises or any portion thereof to Lessee's proposed assignee or sublessee, as the case may be, without liability whatsoever to Lessee.

(G) Notwithstanding anything above to the contrary, the Lessee's interest herein shall not be assignable in any manner in accordance with the terms hereof unless and until the termination of the Development Financing Agreement as set forth in Article 35 hereof.

ARTICLE 8. REPAIRS AND MAINTENANCE

(A) Lessee covenants and agrees to keep and maintain in good order, condition and repair the interior and exterior of the Leased Premises during the term of the Lease, or any renewal terms, and further agrees that Lessor shall be under no obligation to make any repairs or perform any maintenance to the Leased Premises. Lessee covenants and agrees that it shall be responsible for all repairs, alterations, replacements, or maintenance of, including but without limitation to or of: interior and exterior portions of all doors; door checks and operators; windows; plate glass; plumbing; water and sewage facilities; fixtures; electrical equipment; interior walls; ceilings; signs; roof; structure; interior building appliances and similar equipment; heating and air conditioning equipment; and further agrees to replace any of said equipment when necessary. Lessee further agrees to be responsible for, at its own expense, snow removal, lawn maintenance, landscaping, maintenance of the parking lot (including parking lines, seal coating, and blacktop surfacing), and other similar items.

(B) If Lessee refuses or neglects to commence or

complete repairs promptly and adequately, after receipt of five (5) days prior written notice (except in cases of emergency to prevent waste or preserve the safety and integrity of the Leased Premises, in which case no notice need be given), Lessor may cause such repairs to be made, but shall not be required to do so, and Lessee shall pay the cost thereof to Lessor within five (5) business days following receipt of written demand. It is understood that Lessee shall pay all expenses and maintenance and repair during the term of this Lease. If Lessee is not then in default hereunder, Lessee shall have the right to make repairs and improvements to the Leased Premises without the consent of Lessor if such repairs and improvements do not exceed Fifty Thousand Dollars (\$50,000.00), provided such repairs or improvements do not affect the structural integrity of the Leased Premises. Any repairs or improvements in excess of Fifty Thousand Dollars (\$50,000.00) or affecting the structural integrity of the Leased Premises may be done only with the prior written consent of Lessor, such consent not to be unreasonably withheld or delayed. All alterations and additions to the Leased Premises shall be made in accordance with all applicable laws and shall remain for the benefit of Lessor, except for Lessee's moveable Trade Fixtures. The term "Trade Fixtures" shall not include oven hoods, Walk-in coolers or freezers, or the Leased Premises exterior lighting, which shall be owned by Lessor and leased from Lessor by Lessee according to the terms hereof, but the term shall otherwise mean all other Trade Fixtures, equipment, supplies, books, records, or other personalty, including but not limited to those items set forth on Exhibit C attached hereto (hereinafter referred to as "Trade Fixtures" or "Personalty") placed on the Leased Premises by Lessee. Lessor shall execute any instrument that any lien holder or party with a security interest in Lessee's Trade Fixtures may request acknowledging that (a) the Lessee has a right to install such Personalty on the Leased Premises; (b) the lien holder or secured party may maintain an interest in the Personalty superior to any interest in the same by Lessor; and (c) such lien holder or secured party shall have the right to remove any and all such Personalty in the event of a default in any instrument establishing such lien or security interest, subject to 10 days advance notice to Lessor and making reasonable repairs to the Leased Premises for any injury caused to the Leased Premises caused by the removal of the Personalty, except diminution in value caused by the absence of the Personalty, nor shall the lien holder or secured party have to replace the Personalty. In the event of making such alterations as herein provided, Lessee further agrees to indemnify and save harmless Lessor from all expense, liens, claims or damages to either persons or

property or the Leased Premises which may arise out of or result from the undertaking or making of said repairs, improvements, alterations or additions, or Lessee's failure to make said repairs, improvements, alterations or additions.

ARTICLE 9. COMPLIANCE WITH LAWS AND REGULATIONS

Lessee will comply with all statutes, ordinances, rules, orders, regulations and requirements of all federal, state, city and local governments, and with all rules, orders and regulations of the applicable Board of Fire Underwriters which affect the use of the improvements. Lessee will comply with all easements, restrictions, and covenants of record against or affecting the Leased Premises or required for operation of the Leased Premises in accordance with Article 14 hereof.

ARTICLE 10. SIGNS

Lessee shall have the right to install and maintain a sign or signs advertising Lessee's business, provided that the signs conform to law, and further provided that the sign or signs conform specifically to the written requirements of the appropriate governmental authorities.

ARTICLE 11. SUBORDINATION

(A) Lessor reserves the right and privilege to subject and subordinate this Lease at all times to the lien of any mortgage or mortgages now or hereafter placed upon Lessor's interest in the Leased Premises and on the land and buildings of which said Leased Premises are a part, or upon any buildings hereafter placed upon the land of which the Leased Premises are a part, provided such mortgagee shall execute its standard form, commercially reasonable subordination, attornment and non-disturbance agreement. Lessor also reserves the right and privilege to subject and subordinate this Lease at all times to any and all advances to be made under such mortgages, and all renewals, modifications, extensions, consolidations, and replacements thereof; provided, however, that such mortgagee shall execute an appropriate subordination, attornment and non-disturbance agreement respecting Lessee's rights to possession under this Lease if Lessee shall not be in default hereunder.

(B) Lessee covenants and agrees to execute and deliver, upon demand, such further instrument or instruments subordinating this Lease on the foregoing basis to the lien of any such mortgage or mortgages as shall be desired by

Lessor and any proposed mortgagee or proposed mortgagees, provided such mortgagee shall execute its standard form, commercially reasonable subordination, attornment and non-disturbance agreement.

ARTICLE 12. CONDEMNATION OR EMINENT DOMAIN

(A) If the whole of the Leased Premises are taken by any public authority under the power of eminent domain, or by private purchase in lieu thereof, then this Lease shall automatically terminate upon the date possession is surrendered, and Rent shall be paid up to that day. Any such termination of this Lease shall not preclude or restrict Lessee's rights to any claim or award for claims it may have as set forth in Article 12, paragraph (C) below. If any part of the Leased Premises shall be so taken as to render the remainder thereof materially unusable for the purposes for which the Leased Premises were leased, then Lessor and Lessee shall each have the right to terminate this Lease on thirty (30) days notice to the other given within ninety (90) days after the date of such taking. In the event that this Lease shall terminate or be terminated, the Rent shall, if and as necessary, be paid up to the day that possession was surrendered.

(B) If any part of the Leased Premises shall be so taken such that it does not interfere with the business of Lessee, then Lessee shall, at Lessor's cost and expense (and Lessor hereby covenants to make condemnation proceeds available to Lessee consistent with the terms hereof), restore the remaining portion of the Leased Premises to the extent necessary to render it reasonably suitable for the purposes for which it was leased. Lessee shall make all repairs to the building in which the Leased Premises is located to the extent necessary to constitute the building a complete architectural unit. Provided, however, that such work shall not exceed the scope of the work required to be done by Lessee in originally constructing such building.. Provided, further, the cost thereof to Lessor shall not exceed the proceeds of its condemnation award, all to be done without any adjustments in Rent to be paid by Lessee. This lease shall be deemed amended to reflect the taking in the legal description of the Leased Premises.

(C) All compensation awarded or paid upon such total or partial taking of the Leased Premises (expressly excluding any Lessee's Award as hereinafter defined) shall belong to and be the property of Lessor without any participation by Lessee, whether such damages shall be awarded as compensation for diminution in value to the leasehold or to the fee of the Leased Premises herein

leased. Nothing contained herein shall be construed to preclude Lessee from prosecuting any claim directly against the condemning authority in such proceedings for: Loss of business and or destruction of its business; damage to or loss of value or cost of removal of inventory, Trade Fixtures, furniture, Personalty, and other personal property belonging to Lessee (any and all such award collectively referred to supra and hereinafter as "Lessee's Award"); provided, however, that no such claim shall diminish or otherwise adversely affect Lessor's award or the award of any fee mortgagee. Lessor and Lessee agree to cooperate to maximize the amount of any such claim or award and agree to minimize the interference with the other party's prosecution of its claims.

ARTICLE 13. RIGHT TO INSPECT

Lessor reserves the right to enter the Leased Premises on a non emergency basis and to inspect and examine the Leased Premises after reasonable 48 hours written notice to Lessee at any time during business hours. and Lessee agrees to allow Lessor free access to the Leased Premises to show the Leased Premises upon an uncured event of default by Lessee. At any time within Ninety (90) days of the expiration or termination of the Lease, Lessee agrees to allow Lessor to then place "For Sale" or "For Rent" signs on the Leased Premises and to show the Leased Premises after reasonable 48 hours written notice to Lessee at any time during non peak business hours, and Lessor agrees to cause minimal disruption to Lessee's business during such showings of the Leased Premises.

ARTICLE 14. EXCLUSIVE USE

(A) After the Occupancy Date, Lessee expressly agrees and warrants that the Leased Premises will be used exclusively as a restaurant and other ancillary uses. Lessee acknowledges and agrees that any other use without the prior written consent of Lessor will constitute a default under and a violation and breach of this Lease. Lessee agrees to conduct its business in a first class and reputable manner consistent with its operation of other restaurants in the same market area. If Lessee closes the Leased Premises and it remains closed for ninety days, Lessor may terminate this Lease and release Lessee and Guarantor of all liability. However, so long as the Lessor does not terminate the Lease, Lessee must continue to pay rent and perform all covenants under the Lease.

ARTICLE 15. DESTRUCTION OF PREMISES

(A) If, during the term of this Lease, the Leased Premises are totally or partially destroyed by fire or the elements, so as to render the Leased Premises wholly unfit for occupancy, or make it impossible to conduct the business of Lessee thereon, and if in the opinion of a third party arbitrator reasonably acceptable to Lessee and Lessor the Leased Premises cannot be repaired within one hundred eighty (180) days from the date of the damage, then Lessor or Lessee in the last two years of the Lease Term shall have the right to terminate this Lease from the date of such damage or destruction by giving Lessee written notice. Lessor's option to so terminate shall not apply if Lessee, within 30 days after receipt of the notice of termination, exercises any remaining Option to Renew the Lease Term. Upon the giving of such termination notice by Lessor, if Lessee shall not so extend the term hereof, Lessee shall immediately surrender the Leased Premises and all interest therein to Lessor, and in case of any such termination, Lessor may re-enter and repossess the Leased Premises and may dispossess all parties then in possession thereof. Otherwise, the Leased Premises shall be repaired, restored, and rebuilt by Lessee out of any insurance proceeds received, within one hundred eighty (180) days from the date of destruction. The insurance proceeds designated for building and improvements or the items of personalty owned by the Lessor and leased to Lessee hereunder shall be used to reimburse Lessee for the cost of rebuilding or restoration of the Leased Premises and replacement of such personalty leased to Lessee from Lessor. Insurance proceeds designated for the loss or damage of Lessee's Personalty or Trade Fixtures shall not belong to the Lessor. Rents payable by Lessee shall not be abated during the period of repair and restoration. Except as otherwise provided herein, Lessee shall be required to repair, rebuild and restore the Leased Premises, but Lessor shall only be obligated to contribute the net proceeds of monies received from insurance policy or policies covering such loss or damages. Lessee shall repair the Leased Premises with all reasonable speed. If the insurance proceeds are less than Fifty Thousand Dollars (\$50,000), they shall be paid to Lessee for such repair and restoration. If the insurance proceeds are greater than or equal to Fifty Thousand Dollars (\$50,000), they shall be deposited by Lessee and Lessor into a customary construction escrow at a nationally recognized title insurance company, or at Lessee's option, with Lessor ("Escrowee") and shall be made available from time to time to Lessee for such repair and restoration. Such proceeds shall be disbursed in conformity with the terms and conditions of a commercially reasonable construction loan

agreement. Lessee shall, in either instance, deliver to Lessor or Escrowee (as the case may be) satisfactory evidence of the estimated cost of completion together with such architect's certificates, waivers of lien, contractor's sworn statements and other evidence of cost and of payments as the Lessor or Escrowee may reasonably require and approve. If the estimated cost of the work exceeds One Hundred Thousand Dollars (\$100,000), all plans and specifications for such rebuilding or restoration shall be subject to the reasonable approval of Lessor. Notwithstanding anything above to the contrary, except in the last year of the Lease Term as aforesaid, whether in the event of a partial or total destruction of the Leased Premises, Lessor shall make insurance proceeds available to Lessee to rebuild the Leased Premises, provided Lessee shall, either through Business Interruption Insurance or otherwise, continue to pay Rent during the period of repair and restoration, and Lessee and any guarantor confirm in writing their continued liability for the obligations of Lessee hereunder.

(B) If the damage does not render the Leased Premises unfit for occupancy, then Lessor and Lessee agree that the damage shall be repaired by Lessee as soon as practicable out of insurance proceeds when received. All Rents payable by Lessee shall not be abated during the period of restoration and repair. All repairs shall be paid for by Lessor out of any insurance proceeds received, but if the insurance proceeds are insufficient to rebuild or repair the Leased Premises according to the original plans and specifications, whether repair or restoration is commenced pursuant to Article 15(A) or (B) hereof, then Lessee agrees to pay all additional amounts that are required to rebuild the building in accordance with the original plans and specifications. If the proceeds from the insurance are insufficient, after review of the bids for completion of such improvements, or should become insufficient during the course of construction, to pay for the total cost of repair or restoration, Lessee shall, prior to commencement of work, demonstrate to Escrowee and Lessor's reasonable satisfaction, the availability of such funds necessary to completion construction and Lessee shall deposit the same with Escrowee for disbursement under the construction escrow agreement. All improvements or betterments placed by Lessee on the demised Leased Premises shall, however, in any event, be repaired and replaced by Lessee at its own expense and not at the expense of Lessor. The purpose of this Article is to require Lessee to carry insurance coverage on the Leased Premises sufficient to rebuild the improvements in the event of damage or destruction. Lessor shall be under no obligation to make insurance proceeds available during

the last year of the Lease Term, and this Lease shall terminate upon notice of Lessor's intent to not make insurance proceeds available, unless Lessee shall, within 30 days of notice of Lessor's intent not to make insurance proceeds available in the last year of the Lease Term, exercise any remaining Option to Renew the Lease Term.

ARTICLE 16. ACTS OF DEFAULT

(A) Each of the following shall be deemed a default by Lessee and a breach of this Lease:

1. Failure to pay the Rent or any monetary obligation herein reserved, or any part thereof when the same shall be due and payable and which failure continues for a period of five business days after Lessee has received written notice of said failure. Interest and late charges for failure to pay Rent when due shall accrue from the date after the expiration of the five day cure period.

2. Failure to do, observe, keep and perform any of the terms, covenants, conditions, agreements and provisions in this Lease to be done, observed, kept and performed by Lessee and which failure continues for a period of thirty (30) days after Lessee has received said notice of failure, or if such default is incapable of cure within 30 days (except for the payment of monies, which shall not excuse failure to cure within the 30 day period), and Lessee is diligently pursuing a course of conduct reasonably designed to cure the default, then Lessee shall have up to 120 days after receipt of said notice to cure said default.

3. The adjudication of Lessee as a bankrupt, the making by Lessee of a general assignment for the benefit of creditors, the taking by Lessee of the benefit of any insolvency act or law, the appointment of a permanent receiver or trustee in bankruptcy for Lessee property, or the appointment of a temporary receiver which is not vacated or set aside within sixty (60) days from the date of such appointment.

ARTICLE 17. TERMINATION FOR DEFAULT

In the event of any uncured default by Lessee and at any time thereafter, Lessor may serve a written notice upon Lessee that Lessor elects to terminate this Lease upon a specified date not less than thirty (30) days after the date of serving such notice of termination, and this Lease shall then terminate on the date so specified as if that date had

been originally fixed as the expiration date of the term herein granted, provided, however, that Lessee shall have continuing liability for future rents for the remainder of the original term and any exercised renewal term as set forth in Article 19, notwithstanding any earlier termination of the Lease hereunder, preserving unto Lessor the benefit of its bargained-for rental payments. Lessor shall undertake reasonable efforts to mitigate Lessee's damages, but the parties agree that Lessor shall be under no obligation to expend its own funds for refurbishing or remodeling in connection with any attempts to relet the Leased Premises.

ARTICLE 18. LESSOR'S RIGHT OF RE-ENTRY

In the event that this Lease shall be terminated as hereinbefore provided, or if possession of the Leased Premises shall be obtained by Lessor by summary proceedings or otherwise, or in the event of an uncured default hereunder by Lessee, or in the event that the Leased Premises or any part thereof, shall be abandoned by Lessee, then Lessor or its agents, servants or representatives, may immediately or at any time thereafter, re-enter and resume possession of the Leased Premises or any part thereof, and remove all persons and property therefrom, either by summary dispossess proceedings or by a suitable action or proceeding at law, or by force or otherwise without being liable for any damages therefor.

ARTICLE 19. LESSEE'S CONTINUING LIABILITY

(A) Should Lessor elect to re-enter as provided in this Lease or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either (i) terminate this Lease or (ii) it may from time to time (but shall be under not obligation to do so), without terminating the contractual obligation of Lessee to pay Rent under this Lease, terminate Lessee's rights to possession, make such alterations and repairs as may be necessary to relet the Leased Premises or any part thereof for such Term or Renewal Terms, at such Rent or Rents, and upon such other terms and conditions as Lessor in its sole discretion may deem advisable.

(B) Upon each such reletting, without termination of the contractual obligation of Lessee to pay Rent under this Lease, all Rents received by Lessor shall be applied as follows:

1. First, to the payment of any indebtedness other than Rent due hereunder from Lessee to Lessor;

2.Second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and of costs of such alterations and repairs;

3.Third, to the payment of Rent and other monetary obligations due and unpaid hereunder;

4.Finally, the residue, if any, shall be held by Lessor and applied in payment of future Rent as the same may become due and payable hereunder.

If such Rents received from such reletting during any month are less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of such Leased Premises by Lessor shall be construed as an election on its part to terminate Lessee's continuing contractual obligation to pay rent under this Lease unless a written notice of such intention be given to Lessee.

(C) Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for any breach.

(D) If Lessee, after the expiration of any applicable notice and cure period, is in default under a monetary obligation under this Lease, then and only then may Lessor, in addition to any other remedies Lessor may have with this Article 19, recover from Lessee all damages it may incur by reason of any breach, including: The cost of recovering and reletting the Leased Premises; reasonable attorney's fees; and, the present value (discounted at a rate of 8% per annum) of the excess of the amount of Rent and charges equivalent to Rent reserved in this Lease for the remainder of the Term over the then reasonable Rent value of the Leased Premises (or the actual Rents receivable by Lessor, if relet) for the remainder of the Term, all of which amounts shall be immediately due and payable from Lessee to Lessor in full. In the event that the Rent obtained from such alternative or substitute tenant is more than the Rent which Lessee is obligated to pay under this Lease, then such excess shall be paid to Lessor provided that Lessor shall credit such excess against the outstanding obligations of Lessee due pursuant hereto, if any.

(E) It is the object and purpose of this Article 19 that Lessor shall be kept whole and shall suffer no damage by way of non-payment of Rent or by way of diminution in Rent. Lessee waives and will waive all rights to trial by

jury in any summary proceedings or in any action brought to recover Rent herein which may hereafter be instituted by Lessor against Lessee in respect to the Leased Premises. Lessee hereby waives any rights of re-entry it may have or any rights of redemption or rights to redeem this Lease upon a termination of this Lease.

ARTICLE 20. PERSONALTY, FIXTURES AND EQUIPMENT

(A) All building fixtures, building machinery, and building equipment used in connection with the operation of the Leased Premises including, but not limited to, heating, electrical wiring, lighting, ventilating, plumbing, and air conditioning systems shall be the property of Lessor. All Trade Fixtures and Personalty (as defined in Article 8(B) above) owned by Lessee shall remain the property of Lessee, including but not limited to those items set forth on Exhibit C attached hereto.

(B) Lessee shall furnish and pay for any and all Personalty, except for such items, if any, described in Article 8(B) above, as owned by Lessor. Lessor acknowledges that it does not have a lien on all Lessee's equipment, furniture, Trade Fixtures, furnishings, and agrees to sign an equipment lien waiver subject to the rights of any bona-fide third party security interest in such property in a form substantially similar to Exhibit D attached hereto or its commercially reasonable equivalent. Provided Lessee is not in default hereunder, Lessor will agree that its interest, if any, in the personal property of Lessee will be subordinated to financing which may exist or which Lessee may cause to exist in the future on that same personal property.

(C) At the end of the term of this Lease, the property described at Article 20(B) above, after written notice to Lessor given at least ten (10) days prior thereto, may be removed from the Leased Premises by Lessee regardless of whether or not such property is attached to the Leased Premises so as to constitute a "fixture" within the meaning of the law; however, all damages and repairs to the Leased Premises which may be caused by the removal of such property shall be paid for by Lessee.

ARTICLE 21. LIENS

Lessee shall not do or cause anything to be done whereby the Leased Premises may be encumbered by any mechanic's or other liens. Whenever and as often as any mechanic's or other lien is filed against said Leased Premises purporting to be for labor or materials furnished

or to be furnished to Lessee, Lessee shall remove the lien of record by payment or by bonding with a surety company authorized to do business in the state in which the property is located, within twenty (20) days from the date of the filing of said mechanic's or other lien and delivery of notice thereof to Lessee of Lessee's obligation under this Lease. Should Lessee fail to take the foregoing steps within said twenty (20) day period, Lessor shall have the right, among other things, to pay said lien without inquiring into the validity thereof, and Lessee shall forthwith reimburse Lessor for the total expense incurred by it in discharging said lien as additional Rent hereunder.

ARTICLE 22. NO WAIVER BY LESSOR EXCEPT IN WRITING

No agreement to accept a surrender of the Leased Premises or termination of this Lease shall be valid unless in writing signed by Lessor. The delivery of keys to any employee of Lessor or Lessor's agents shall not operate as a termination of the Lease or a surrender of the Leased Premises. The failure of Lessor to seek redress for violation of any rule or regulation, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. Neither payment by Lessee or receipt by Lessor of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the earliest stipulated Rent. Nor shall any endorsement or statement on any check nor any letter accompanying any check or payment as Rent be deemed an accord and satisfaction. Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such Rent or pursue any other remedy provided in this Lease. This Lease contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change it, modify it or discharge it, in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought.

ARTICLE 23. QUIET ENJOYMENT

Lessor covenants that Lessee, upon paying the Rent set forth in Article 4 and all other sums herein reserved as Rent and upon the due performance of all the terms, covenants, conditions and agreements herein contained on Lessee's part to be kept and performed, shall have, hold and enjoy the Leased Premises free from molestation, eviction, or disturbance by Lessor, or by any other person or persons lawfully claiming the same, and that Lessor has good right to make this Lease for the full term granted, including

renewal periods.

ARTICLE 24. BREACH - PAYMENT OF COSTS AND ATTORNEYS' FEES

Each party agrees to pay and discharge all reasonable costs, and actual attorneys' fees, including but not limited to attorney's fees incurred at the trial level and in any appellate or bankruptcy proceeding, and expenses that shall be incurred by the prevailing party in enforcing the covenants, conditions and terms of this Lease or defending against an alleged breach, including the costs of reletting. Such costs, attorneys fees, and expenses if incurred by Lessor shall be considered as Rent as due and owing in addition to any Rent defined in Article 4 hereof.

ARTICLE 25. ESTOPPEL CERTIFICATES

Either party to this Lease will, at any time, upon not less than ten (10) days after receipt of written request by the other party, execute, acknowledge and deliver to the requesting party a statement in writing, executed by an executive officer of such party, certifying that: (a) this Lease is unmodified (or if modified then disclosure of such modification shall be made); (b) this Lease is in full force and effect; (c) the date to which the Rent and other charges have been paid; and (d) to the knowledge of the signer of such certificate that the other party is not in default in the performance of any covenant, agreement or condition contained in this Lease, or if a default does exist, specifying each such default of which the signer may have knowledge. It is intended that any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser or mortgagee of the Leased Premises or any assignee of such mortgagee or a purchaser of the leasehold estate.

ARTICLE 26. FINANCIAL STATEMENTS

During the term of this Lease, Lessee will, within one hundred twenty (120) days after the end of Lessee's fiscal year, furnish to Lessor its financial statements including a profit and loss statement and a store level operating profit and loss statement for the Leased Premises. Lessee shall furnish to the Lessor throughout the term of the Lease, including any option periods, its balance sheet upon the reasonable request of Lessor but in no event not more than twice during any Lease Year. Lessee shall within forty-five (45) days after the end of each fiscal quarter and within one hundred twenty (120) days after the end of Lessee's fiscal year, furnish financial statements including a balance sheet, profit and loss statement, statement of

changes in financial conditions and all other related schedules of the Guarantor. All financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied from period to period. Financial statements submitted by Lessee, on behalf of Lessee, shall be certified to be true and correct and complete by Lessee or Lessee's Treasurer, or other appropriate officer, and if audited by an independent certified public accountant. Financial statements submitted by Lessee on behalf of Guarantor shall be certified to be true and correct and complete by Guarantor or guarantor's Treasurer, or other appropriate officer, and if audited by an independent certified public accountant.

ARTICLE 27. MORTGAGE

Lessee does hereby agree to make reasonable modifications of this Lease requested by any Mortgagee of record from time to time provided such modifications are not substantial and do not increase any of the Rents or substantially modify any of the business elements of this Lease.

ARTICLE 28. OPTION TO RENEW

If this Lease is not previously canceled or terminated and if Lessee is not in uncured default under any of the covenants and conditions in this Lease, then Lessee shall have the option to renew this Lease upon the same conditions and covenants contained in this Lease for Two (2) consecutive periods of Five (5) years each (singularly "Renewal Term"). Rent during the Renewal Term shall be as set forth in Article 4 hereof. Lessee must give one hundred eighty (180) days written notice to Lessor of its intent to exercise this option prior to the expiration of the original Term of this Lease or any Renewal Term, as the case may be.

ARTICLE 29. MISCELLANEOUS PROVISIONS

(A) All written notices shall be given to Lessor by certified mail. Notices to either party shall be addressed to the person and address given on the first page hereof. Lessor and Lessee may, from time to time, change these addresses by notifying each other of this change in writing. Notices of overdue Rent may be sent to Lessee by nationally recognized overnight mail. Notice shall be deemed received upon actual signed receipt or rejection of the said notice.

(B) The terms, conditions and covenants contained in this Lease and any riders and plans attached hereto shall

bind and inure to the benefit of Lessor and Lessee and their respective successors, heirs, legal representatives, and assigns.

(C) This Lease shall be governed by and construed under the laws of the State in which the Leased Premises are located.

(D) In the event that any provision of this Lease shall be held invalid or unenforceable, no other provisions of this Lease shall be affected by such holding, and all of the remaining provisions of this Lease shall continue in full force and effect pursuant to the terms hereof.

(E) The Article captions are inserted only for convenience and reference, and are not intended, in any way, to define, limit, describe the scope, intent, and language of this Lease or its provisions.

(F) In the event Lessee remains in possession of the Leased Premises herein leased after the expiration of this Lease and without the execution of a new lease, it shall be deemed to be occupying said Leased Premises as a tenant from month-to-month, subject to all the conditions, provisions, and obligations of this Lease insofar as the same can be applicable to a month-to-month tenancy except that the monthly installment of Rent shall be increased 200% from the amount due on the last month prior to such expiration.

(G) If any installment of Rent (whether lump sum, monthly installments, or any other monetary amounts required by this Lease to be paid by Lessee and deemed to constitute Rent hereunder) shall not be paid when due, Lessor shall have the right to charge Lessee a late charge of \$250.00 per month for unpaid Rent for each month that any amount of Rent installment remains unpaid. Said late charge shall commence after the expiration of any applicable cure period and continue until said installment, interest and all accrued late charges are paid in full.

(H) Any part of the Leased Premises may be conveyed by Lessor for private easement purposes at any time, provided such easement does not interfere with the business of Lessee. In such event Lessor shall, at its own cost and expense, restore the remaining portion of the Leased Premises to the extent necessary to render it reasonably suitable for the purposes for which it was leased, all to be done without adjustments in Rent to be paid by Lessee. All proceeds from any conveyance of a private easement shall belong solely to Lessor.

(I) For the purpose of this Lease, the term "Rent" shall be defined as Rent under Article 4, and any other monetary amounts required by this Lease to be paid by Lessee.

ARTICLE 30. REMEDIES\NON-EXCLUSIVITY.

Notwithstanding anything contained herein it is the intent of the parties that the rights and remedies contained herein shall not be exclusive but rather shall be cumulative along with all of the rights and remedies of the parties which they may have at law or equity.

ARTICLE 31. HAZARDOUS MATERIALS INDEMNITY

Lessee covenants, represents and warrants to Lessor, its successors and assigns, (i) that it has not used or permitted and will not use or permit the Leased Premises to be used, whether directly or through contractors, agents or tenants, and to the best of Lessee's knowledge and except as disclosed to Lessor in writing, the Leased Premises has not at any time been used for the generating, transporting, treating, storage, manufacture, emission of, or disposal of any dangerous, toxic or hazardous pollutants, chemicals, wastes or substances as defined in the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), the Federal Resource Conservation and Recovery Act of 1976 ("RCRA"), or any other federal, state or local environmental laws, statutes, regulations, requirements and ordinances ("Hazardous Materials"); (ii) that there have been no investigations or reports involving Lessee, or to the best of Lessee's knowledge, the Leased Premises by any governmental authority which in any way pertain to Hazardous Materials (iii) that to the best of Lessee's knowledge, the operation of the Leased Premises has not violated and is not currently violating any federal, state or local law, regulation, ordinance or requirement governing Hazardous Materials; (iv) that the Leased Premises is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites nor any other list, schedule, log, inventory or record of Hazardous Materials or hazardous waste sites, whether maintained by the United States Government or any state or local agency; and (v) that the Leased Premises will not contain any formaldehyde, urea or asbestos, except as may have been disclosed in writing to Lessor by Lessee at the time of execution and delivery of this Lease. Lessee agrees to indemnify and reimburse Lessor, its successors and assigns, for:

(a) any breach of these representations and warranties, and

(b) any loss, damage, expense or cost arising out of or incurred by Lessor which is the result of a breach of, misstatement of or misrepresentation of the above covenants, representations and warranties, and

(c) any and all liability of any kind whatsoever which Lessor may, for any cause and at any time, sustain or incur by reason of Hazardous Materials on the Leased Premises, if such liability shall arise during Lessee's occupancy of the Leased Premises or as a result of a release of Hazardous Materials on the Leased Premises during Lessee's occupancy of the Leased Premises. Lessor agrees to assign to Lessor and to subrogate Lessor's claims against any and all third parties for damages, costs, expenses, or liability incurred by Lessor for which Lessee is required to indemnify Lessor. Lessee's liability hereunder shall expire five years after the termination of this Lease.

together with all attorneys' fees, costs and disbursements incurred in connection with the defense of any action against Lessor arising out of the above. These covenants, representations and warranties shall be deemed continuing covenants, representations and warranties for the benefit of Lessor, and any successors and assigns of Lessor and shall survive expiration or sooner termination of this Lease. The amount of all such indemnified loss, damage, expense or cost, shall bear interest thereon at the highest rate of interest allowed by law and shall become immediately due and payable in full on demand of Lessor, its successors and assigns.

ARTICLE 32. ESCROWS

Upon written request of Lessor, after two or more occurrences during any Lease Year, of a monetary or other material event of default, cured or uncured, Lessee shall deposit with Lessor on the first day of each and every month, an amount equal to one-twelfth (1/12th) of the estimated annual real estate taxes, assessments and insurance ("Charges") due on the Leased Premises, or such higher amounts reasonably determined by Lessor as necessary to accumulate such amounts to enable Lessor to pay all charges due and owing at least thirty (30) days prior to the date such amounts are due and payable. From time to time out of such deposits Lessor will, upon the presentation to Lessor by Lessee of the bills therefor, pay the Charges or will upon presentation of receipted bills therefor, reimburse Lessee for such payments made by Lessee. In the event the deposits on hand shall not be sufficient to pay all of the estimated Charges when the same shall become due

from time to time or the prior payments shall be less than the currently estimated monthly amounts, then Lessee shall pay to Lessor on demand any amount necessary to make up the deficiency. The excess of any such deposits shall be credited to subsequent payments to be made for such items. If a default or an event of default shall occur under the terms of this Lease, Lessor may, at its option, without being required so to do, apply any Deposit on hand to cure the default, in such order and manner as Lessor may elect.

ARTICLE 33. NET LEASE

Notwithstanding anything contained herein to the contrary it is the intent of the parties hereto that this Lease shall be a net lease and that the Rent defined pursuant to Article 4 should be a net Rent paid to Lessor. Any and all other expenses including but not limited to, maintenance, repair, insurance, taxes, and assessments, shall be paid by Lessee.

ARTICLE 34. RIGHT OF FIRST REFUSAL

Lessor, for itself, its successors and assigns, hereby gives and grants to Lessee a right of first refusal (the "Right of First Refusal") to purchase the Leased Premises, subject to the following terms and conditions:

(A) DURATION OF RIGHT OF FIRST REFUSAL. The Right of First Refusal and all rights and privileges of Lessee hereunder shall be in force for the term of this Lease until the expiration of Lessee's right to possession.

(B) MANNER OF EXERCISING RIGHT OF FIRST REFUSAL. If Lessor ("Selling Lessor") shall desire to sell all or any portion of its interest in the Leased Premises (subject to the terms of this Lease), Selling Lessor shall give Lessee written notice of Selling Lessor's intention to sell Selling Lessor's interest (partial or whole) in the Leased Premises to a bona fide third party purchaser. Such notice ("Lessor's Notice") shall give Selling Lessor's name and address and state a price at which Selling Lessor intends to sell and will sell a specified portion or all of its interest in the fee simple to the Leased Premises to a bona fide third party purchaser. If Lessee shall fail to exercise its Right of First Refusal as set forth herein, the terms of Article 34(E) shall apply. For twenty (20) business days following the giving of such notice, Lessee shall have the option to purchase such portion of the fee interest of the Selling Lessor as set forth in Lessor's Notice at the price in cash stated in the Lessor's Notice. A written notice in substantially the following form,

addressed to Selling Lessor and signed by Lessee and given, in accordance with the provisions of Article 29(A) hereof, within the period for exercising the Right of First Refusal, submitted with a bank cashier's check or money order payable to the order of Selling Lessor in the amount of \$5,000.00 (the "Earnest Money") shall be an effective exercise of Lessee's Right of First Refusal, to wit:

(date)

"We hereby exercise the Right of First Refusal to purchase such portion of the fee interest of the Selling Lessor (as set forth in Lessor's Notice) in the property commonly known as Arby's, Hudsonville, Michigan, pursuant to the Right of First Refusal contained in that certain Net Lease Agreement between us pertaining to said Leased Premises."

(C) TERMS OF SALE IF RIGHT OF FIRST REFUSAL EXERCISED. Upon Lessee's exercise of the Right of First Refusal in accordance with the provisions of subparagraph (B) hereof, Selling Lessor shall be obligated to sell and convey by recordable general warranty deed, good and indefeasible title to its interest in the Leased Premises (or such portion thereof as set forth in Lessor's Notice) subject only to the matters affecting title which were of record at the time Selling Lessor came into title to the Leased Premises and those matters which Lessee created, suffered or permitted to accrue during the term hereof, and Lessee shall be obligated to purchase such Lessor's interest upon the following terms and conditions:

(i) PRICE. The price "Purchase Price" at which Selling Lessor shall sell and Lessee shall purchase the Leased Premises shall be the price stated in Lessor's Notice.

(ii) CLOSING. Closing shall be sixty (60) days after the expiration of the twenty days within which Lessee may exercise its Right of First Refusal, unless the parties mutually agree otherwise. The Purchase Price less credit for the Earnest Money and any other credits to which Lessee is entitled hereunder shall be tendered in cash or other certified funds by Lessee at Closing.

(iii) EVIDENCE OF TITLE. Not less than ten (10) days prior to closing, Selling Lessor shall obtain a commitment for an ALTA owner's policy of title insurance dated within thirty (30) days of the closing date, issued by a nationally recognized title insurance company selected by Selling Lessor (the "Title Company") in the amount of the Purchase Price determined pursuant to subparagraph (C) (i)

above, naming Lessee as the proposed insured, and covering the fee simple title to the Leased Premises, and showing Selling Lessor vested with good title to portion of the Leased Premises being sold, subject only to the matters affecting title which were of record at the time Selling Lessor came into title to the Leased Premises and those matters which Lessee created, suffered or permitted to accrue during the term hereof. Such title commitment shall be conclusive evidence of good title. If Lessee shall make objection to the marketability of title, Selling Lessor shall have no obligation to make title marketable, but may withdraw Lessor's notice of intent to market the Leased Premises.

(iv) PRORATIONS. Selling Lessor shall pay the cost of the aforesaid title policy and any and all state and municipal taxes imposed by law on the transfer of the title to the Leased Premises, or the transaction pursuant to which such transfer occurs. Water, sewer and other utility charges, if any, which are not metered, driveway permit charges, if any, general real estate taxes, and other similar items, shall be adjusted ratably as of the Closing, except to the extent otherwise settled between the parties pursuant to other provisions of this Lease. A prorated portion of the Rent prepaid by Lessee for the month of closing shall be credited toward the Purchase Price and Lessee shall be given a credit for rent prepaid for any period after the month in which the Closing occurs. Otherwise, Lessee shall not receive a credit against the Purchase Price for Rent paid hereunder.

(v) ESCROW CLOSING. At the election of Selling Lessor or Lessee upon notice to the other party not less than five (5) days prior to the Closing, this sale shall be closed through an escrow with the Title Company, in accordance with the general provisions of the usual form of Deed and Money Escrow Agreement then in use by said company, with such special provisions inserted in the escrow agreement as may be required to conform with this agreement. Upon the creation of such an escrow, anything herein to the contrary notwithstanding, paying of the purchase price and delivery of the deed shall be made through the escrow. The cost of the escrow shall be divided equally between the Selling Lessor and Lessee. If for any reason other than Lessee's default, the transaction fails to close, the Earnest Money shall be returned to Lessee forthwith.

(vi) REMEDIES ON DEFAULT. If Lessee defaults under the provisions of this subparagraph 34(C), Selling Lessor shall have the right to annul the provisions of this paragraph 34 by giving Lessee notice of such election, provided that

Selling Lessor has first notified Lessee of such default and Lessee has failed to cure the same within ten (10) days after such notice. Upon Selling Lessor's notice of annulment in accordance herewith, the Earnest Money shall be forfeited and paid to Selling Lessor as liquidated damages, which shall be Selling Lessor's sole and exclusive remedy. If Selling Lessor defaults under the provisions of this subparagraph 34(C) and fails to cure such default within ten (10) days after being notified of the same by Lessee, then in such event, (i) the Earnest Money at Lessee's election and immediately upon its demand shall be returned to Lessee, which return shall not, however, in any way release or absolve Selling Lessor from its obligations hereunder and (ii) Lessee shall be entitled to all remedies (both legal and equitable) the law (both statutory and decisional) of the state in which the Leased Premises are situated provides without first having to tender the balance of the purchase price as a condition precedent thereof and without having to make any election of such remedies.

(D) EFFECT OF RIGHT OF FIRST REFUSAL ON LEASE. If the Right of First Refusal is exercised by Lessee and is exercisable in Lessor's Notice as to the entire fee simple, this Lease shall continue in full force and effect until the Closing herein above specified. If the Right of First Refusal is exercised only as to all of an undivided portion of the fee simple to the Leased Premises, the Lease shall remain in full force and effect without merger or termination of this Lease because of such purchase. If for any reason such Closing fails to occur, this Lease shall continue in full force and effect, except that if the provisions of this paragraph 34 are annulled by Selling Lessor, in accordance with subparagraph 34(C)(vi), by reason of a default by Lessee, this Lease shall continue but without the provisions of this paragraph 34 being a part hereof.

(E) If Lessee fails to exercise its Right of First Refusal, Selling Lessor shall be free to sell all or any portion of its interest in the Leased Premises to bona fide third party purchasers for six months following the expiration of the twenty days within which Lessee may exercise its Right of First Refusal, provided that the Selling Lessor giving such Lessor's Notice shall sell its interest (or a portion thereof) for a price equal to or greater than the price (or the pro-rata portion thereof if a portion of the Selling Lessor's interest in the Leased Premises is sold) set forth in Lessor's Notice. This Right of First Refusal shall survive any sale of the Leased Premises and shall apply to any subsequent sale or potential sale by Lessor or its successors and assigns.

LESSOR: NET LEASE INCOME & GROWTH FUND 84-A
LIMITED PARTNERSHIP, a Minnesota limited partnership

By: NET LEASE MANAGEMENT 84-A, INC., a Minnesota
corporation

By: /s/ Robert P Johnson
Robert P. Johnson, President

STATE OF MINNESOTA}

}

COUNTY OF RAMSEY}

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Robert P. Johnson, whose name as President of Net Lease Management 84-A, Inc., as corporate general partner of Net Lease Income & Growth Fund 84-A Limited Partnership is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that being informed of the contents of said instrument, he as such officer and with full authority executed the same voluntarily for and as the President of Net Lease Management 84-A, Inc., for and as the corporate general partner of Net Lease Income & Growth Fund 84-A Limited Partnership.

Given under my hand and official seal this 17 day of December, 1998.

/S/ Ann McCrea
Notary Public

[notary seal] My Commission expires:1-31-00

LESSOR: AEI REAL ESTATE FUND 85-A LIMITED
PARTNERSHIP, a Minnesota limited partnership

By: NET LEASE MANAGEMENT 85-A, INC., a Minnesota
corporation

By: /s/ Robert P Johnson
Robert P. Johnson, President

STATE OF MINNESOTA}

}

COUNTY OF RAMSEY}

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Robert P. Johnson, whose name as President of Net Lease Management 85-A, Inc., as corporate general partner of AEI Real Estate Fund 85-A Limited Partnership is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that being informed of the contents of said instrument, he as such officer and with full authority executed the same voluntarily for and as the President of Net Lease Management 85-A, Inc., for and as the corporate general partner of AEI Real Estate Fund 85-A Limited Partnership.

Given under my hand and official seal this 17 day of December, 1998.

/S/ Ann M McCrea
Notary Public

[notary seal]

My Commission expires:1-31-00

EXHIBIT A

Hudsonville, Michigan

Part of the Northeast fractional 1/4 of Section 5, Town 5 North, Range 13 West, City of Hudsonville, Michigan, described as:

COMMENCING at the Northeast corner of said Section, thence south 02 degrees 21 minutes 30 seconds West 995.20 feet along the East line of said Section; thence North 89 degrees 26 minutes 38 seconds West 33.02 feet; thence South 02 degrees 21 minutes 30 seconds West 28.51 feet; thence North 87 degrees 28 minutes 30 seconds West 17.00 feet to the PLACE OF BEGINNING; thence South 02 degrees 21 minutes 30 seconds West 147.02 feet along the West right-of-way line of 32nd Avenue; thence North 89 degrees 26 minutes 38 seconds West 250.00 feet; thence North 02 degrees 21 minutes

30 seconds East 175.00 feet; thence South 89 degrees 26 minutes 28 seconds East 250.00 feet; thence south 02 degrees 21 minutes 30 seconds West 27.908 feet to the PLACE OF BEGINNING.

SUBJECT TO AND TOGETHER WITH an easement for ingress and egress over part of the Northeast fractional 1/4, Section 5, Town 5 North, Range 13 West, City of Hudsonville, Ottawa County, Michigan, described as:

COMMENCING at the Northeast corner of said Section, thence South 02 degrees 21 minutes 30 seconds West 1170.20 feet along the East line of said Section; thence North 89 degrees 26 minutes 38 seconds West 93.88 feet to the POINT OF BEGINNING; thence South 00 degrees, 33 minutes 22 seconds West 10.52 feet; thence South 88 degrees 27 minutes 06 seconds East 43.52 feet; thence South 02 degrees 21 minutes 30 seconds West 26.00 feet along the West Right-of Way line of 32nd Avenue; thence North 88 degrees 27 minutes 06 seconds West 42.86 feet; thence South 02 degrees 21 minutes 20 seconds West 136.00 feet; thence North 87 degrees 38 minutes 05 seconds West 76.54 feet; thence south 47 degrees 38 minutes 40 seconds West 14.21 feet; thence south 02 degrees 55 minutes 25 seconds West 20.20 feet; thence North 89 degrees 26 minutes 38 seconds West 16.01 feet along the North Right-of-Way line of Highland Drive; thence North 02 degrees 55 minutes 25 seconds East 30.70 feet; thence North 87 degrees 38 minutes 05 seconds West 9.00 feet; thence south 47 degrees 38 minutes 40 seconds West 7.11 feet; thence South 02 degrees 55 minutes 25 seconds East 55.65 feet; thence South 87 degrees 38 minutes 05 seconds East 106.31 feet; thence North 02 degrees 21 minutes 20 seconds East 116.81 feet; thence North 00 degrees 33 minutes 22 seconds East 30.90 feet; thence South 89 degrees 26 minutes 38 seconds East 26.00 feet to the POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH an easement over part of the Northeast fractional 1/4 of Section 5, town 5 North, Range 13 West, City of Hudsonville, Ottawa County, Michigan, described as: COMMENCING at the Northeast corner of said Section; thence South 02 degrees 21 minutes 30 seconds West 929.17 feet along the East line of said Section; thence North 89 degrees 26 minutes 38 seconds West 50.03 feet to the POINT OF BEGINNING; thence North 89 degrees 26 minutes 38 seconds West 115.00 feet; thence South 02 degrees 21 minutes 30 seconds East 66.03 feet; thence South 89 degrees 26 minutes 38 seconds East 115.00 feet; thence North 02 degrees 21 minutes 30 seconds East 66.03 feet to the POINT OF BEGINNING.

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