UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

/x/ Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended DECEMBER 31, 1996.

/ / Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number 000-22091

GOLF TRUST OF AMERICA, INC.
(Exact name of registrant as specified in its charter)

Maryland	33-0724736
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

14 North Adger's Wharf, Charleston, South Carolina 29401; (803) 723-4653
(Address of principal executive offices) (Zip Code) (Telephone number)

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

Common Stock, $0.01 par value	American Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 _X_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

On March 24, 1997 there were 3,910,000 common shares outstanding of the registrant's only class of common stock. Based on the March 24, 1997 closing price, the aggregate market value of the voting stock held by nonaffiliates of the registrant was $96,955,288.

DOCUMENTS INCORPORATED BY REFERENCE

Certain exhibits to the Company's Registration Statement on Form S-11 (registration no. 333-15965) and the Company's amended Current Report on Form 8-K, dated February 26, 1997 (filed March 17, 1997), are incorporated by reference in Part IV hereof.

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Golf Trust of America, Inc. (collectively with its subsidiaries, the "Company") was incorporated in Maryland on November 8, 1996. The Company is a self-administered real estate investment trust ("REIT") formed to capitalize upon consolidation opportunities in the ownership of golf courses in the United States. The principal business strategy of the Company is to acquire high quality golf courses and to lease the golf courses to qualified third party operators, including affiliates of the sellers. Title to the acquired courses is held by Golf Trust of America, L.P., a Delaware limited partnership (the "Operating Partnership"), in which the Company is the sole general partner. The Company has the ability to issue units of limited partnership interest ("OP Units") in the Operating Partnership. OP Units are redeemable by their holder for cash or, at the election of the Company, for shares of the Company's common stock ("Common Stock") on a one-for-one basis (the "Redemption Rights"). When the Company acquires a golf course in exchange for OP Units, the seller of the course does not recognize taxable income until it exercises the OP Units' Redemption Rights. OP Units can thus provide an attractive tax-deferred sale structure for golf course sellers. The Company believes its ability to issue OP Units and its utilization of the multiple independent lessee structure, together with the substantial industry knowledge, experience and relationships within the golf community of Company management and the golf course lessees provide it with a distinct competitive advantage in the acquisition of high quality golf courses, including those which might not otherwise be available for purchase.

INITIAL PUBLIC OFFERING AND FORMATION TRANSACTIONS

In February 1997, the Company raised net proceeds of approximately $73 million in its initial public offering (the "IPO") and consummated the transactions described below (collectively the "Formation Transactions"). In

the IPO the Company sold 3,910,000 shares of Common Stock at $21.00 per share (including 510,000 shares sold pursuant to the underwriters' over-allotment option, which was exercised in full). The Company contributed the net proceeds of the IPO to the Operating Partnership in exchange for a 48.6% interest in the Operating Partnership. Concurrently with the closing of the IPO, the Operating Partnership acquired ten golf courses (the "Initial Courses") from their prior owners (the "Prior Owners").

The ten Initial Courses are located in South Carolina (4), Virginia (2), Alabama, Georgia, North Carolina and Texas. See "Item 2 -- Properties." Title to the Initial Courses is held by the Operating Partnership. The Initial Courses were contributed by their Prior Owners to the Operating Partnership in exchange for approximately $6.2 million in cash, the assumption of approximately $43.1 million of mortgage and other indebtedness and approximately 4.1 million OP Units, which represent a 51% limited partnership interest in

the Operating Partnership. Control of the Operating Partnership remains in the hands of the Company, as the sole general partner.

Concurrently with the closing of the IPO, the Initial Courses were leased to newly-formed entities (the "Initial Lessees"), each of whom is affiliated with the Prior Owner of the leased course. The Company believes it will benefit from the continuity of golf course management provided by the Initial Lessees, whose affiliates developed and operated each of the Initial Courses since their inception. Neither the Company nor its executive officers own any interest in or participate in the management of the Initial Lessees. The leases between the Operating Partnership, as lessor, and each Initial Lessee (the "Participating Leases") provide for the payment of lease payments ("Lease Payments") comprised of fixed base rent ("Base Rent") and participating rent based on growth in revenue at the Initial Course ("Participating Rent"). See "Item 2 -- Properties."

Prior to the IPO, the Chairman of the Board, Chief Executive Officer and President of the Company, W. Bradley Blair, II, served as the Executive Vice President and Chief Operating Officer of Legends Group, Ltd., (together with its affiliates, "The Legends Group"), a leading golf course owner, developer and operator in the southeast and mid-Atlantic regions of the United States. Upon completion of the IPO, Mr. Blair resigned from Legends Group, Ltd. and no longer holds any interest in the golf operations of The Legends Group.

Seven of the Company's Initial Courses were acquired from The Legends Group. The one Legends Group course not acquired by the Company is owned by The Legends Group pursuant to a ground lease with a short remaining term, which does not presently meet the Company's investment criteria. As part of the Formation Transactions, the Company entered into an Option to Purchase and Right of First Refusal Agreement relating to that course and any other golf courses owned, developed or acquired by The Legends Group. The initial Participating Leases with affiliates of The Legends Group (the "Legends Lessees") are cross-collateralized and cross-defaulted.

The Company currently has approximately $4.3 million of outstanding indebtedness, which was incurred in connection with the acquisition of one of the Initial Courses so as to minimize certain adverse tax consequences for that course's Prior Owner. The Company intends to maintain a capital structure which limits consolidated indebtedness to no more than 50% of its total market capitalization.

The Operating Partnership is structured as follows. Golf Trust of America, Inc., through its wholly-owned subsidiaries GTA GP, Inc. ("GTA GP") and GTA LP, Inc. ("GTA LP"), holds a 48.6% interest in the Operating Partnership. GTA GP is the sole general partner of the Operating Partnership and owns a 0.2% interest therein. GTA LP is a limited partner in the Operating Partnership and owns a 48.4% interest therein. The other limited partners include the seven Prior Owners (with an aggregate 51.1% interest), and Mr. Blair and David J. Dick, the Company's Executive Vice President (who together hold less than a 0.5% interest). Pursuant to the First Amended and Restated Agreement of Limited Partnership, which was entered into concurrently with the closing of the IPO, the limited

partners do not have day-to-day control over the Operating Partnership. However, the limited partners are entitled to vote on certain matters, including the sale of all or substantially all the Company's assets or the merger or consolidation of the Operating Partnership, which decisions require the approval of the holders of at least 66.7% of the interests in the Operating Partnership. Each of the limited partners other than GTA LP may redeem up to 50% of its OP Units beginning one year after completion of the IPO and the remaining 50% beginning two years after completion of the IPO for cash or, at the election of the Company, for shares of Common Stock on a one-for-one basis.

RECENT DEVELOPMENTS

The Company is actively pursuing the acquisition of golf courses throughout the United States and expects to acquire additional golf courses in 1997. In addition, the Company is negotiating the terms and conditions pursuant to which it would lend money to a golf course operator to be secured by a multi-course facility where an equity investment is not possible. If such a loan is made the Company expects that the payments under the loan would provide for base interest and participating interest structured similar to the payments of base rent and participating lease payments under the Participating Leases.

Following the IPO, the Company moved its executive offices. They are now located at 14 North Adger's Wharf, Charleston, South Carolina 29401. The Company's telephone number is (803) 723-4653.

BUSINESS PLAN AND OPERATIONAL OBJECTIVES

The Company will seek to maximize its cash available for distribution to stockholders and enhance stockholder value by acquiring additional golf courses that meet one or more of the Company's investment criteria and by participating in increased revenue from the Initial Courses and any subsequently acquired golf courses through the Participating Leases.

In certain instances local tax laws make sale-leaseback transactions prohibitively expensive and in other instances a golf course owner may be unwilling to sell the course, but would be interested in financing the particular golf course. In these instances, the Company may elect to become a lender with its loan secured by a first-lien on the underlying golf course asset and the loan structured with a participating interest similar to the Participating Lease structure.

ACQUISITIONS

The Company believes market conditions today are favorable for the acquisition of golf courses at attractive returns. The Company intends to acquire additional golf courses, including multi-course portfolios, that meet one or more of its investment criteria as generally described below. The Company believes its multiple independent lessee structure and its ability to issue OP Units, together with the industry knowledge, experience and relationships of management of the Company and the Initial Lessees will permit the Company to effectively target and acquire high quality golf courses, including those which might not otherwise be available for sale.

To fund acquisitions, the Company expects to have access to a variety of debt and equity financing sources, including a line of credit and the ability to issue OP Units as described below.

The Company and NationsBank, N.A. have signed a term sheet relating to a $75 million line of credit (the "Line of Credit") which will be used primarily for acquisitions. Definitive documentation on the Line of Credit is currently being finalized. The Company expects the Line of Credit facility to be available in the second quarter of 1997. However, the Company has not consummated the Line of Credit and there can be no assurance that such credit will be extended to the Company.

The Company's ability to issue OP Units can provide a means of

structuring tax-deferred transactions for sellers of golf courses. OP Units represent units of limited partnership interest in the Operating Partnership. OP Units are redeemable for cash, or at the Company's option, Common Stock under certain conditions. To the extent the Company acquires a golf course in exchange for OP Units, the golf course's seller generally will not recognize taxable income until it exercises the OP Units' Redemption Rights.

The Company believes it can attract sellers by offering them the following benefits: (i) the tax deferral and increased liquidity associated with owning OP Units; (ii) the ability to retain control over the operations of the golf course by leasing the golf course back from the Company through the Company's multiple independent lessee structure; (iii) the ability

to obtain additional OP Units through the Lessee Performance Option (described below); (iv) marketing and purchasing economies of scale gained from participation in the Advisory Association (as defined herein); and (v) the ability to diversify the seller's investment by participating as an equity owner in the Company's portfolio of golf courses.

The Company recently signed a non-binding letter of intent to enter into a strategic alliance with Troon Golf, LLC ("Troon Golf"), an affiliate of Starwood Capital Group, LLC ("Starwood"). The Company believes Troon Golf is one of the United States' leading golf course management, development and consulting companies. The non-binding letter of intent provides that the Company will enter into purchase agreements on substantially the same terms and conditions under which the Initial Courses were acquired, including the purchase price calculation, to acquire certain golf courses which Troon Golf is currently negotiating to acquire. The Company anticipates it would acquire such golf courses directly from third-party sellers through assignments of the purchase agreements. Any such agreement would be subject to customary due diligence and closing conditions. The letter of intent provides that, subject to the consummation of the Company's acquisition of courses from Troon Golf, Starwood will have the right to nominate one member of the Company's Board of Directors. Pursuant to the proposed alliance, the Company would be granted a limited right of first offer to acquire golf courses identified by Troon in the future, which courses would then be leased to Troon Golf under Participating Leases. In addition, the Company would grant Troon Golf a limited right of first offer to lease up to five newly-acquired courses annually that the Company does not intend to lease to affiliates of the sellers in certain geographic areas for an initial period of two years. However the Company and Troon Golf have not entered into any definitive agreements with respect to the terms of the strategic alliance or the acquisition of golf courses and there can be no assurances that the Company and Troon Golf will consummate any transactions contemplated by the non-binding letter of intent.

The Company intends to concentrate its investment activities on golf courses available at attractive prices that meet one or more of the following criteria:

- high quality Daily Fee courses that target avid golfers, who the Company believes are generally willing to pay the higher green fees associated with high quality golf courses;

- courses that offer superior facilities and service and attract a relatively high number of affluent destination golfers;

- courses owned by multi-course owners and operators who have a strong regional presence and afford the Company the opportunity to expand in a particular region;

- private or semi-private golf courses with proven operating histories that have the potential for significant cash flow growth;

- newly developed, well-designed courses with high growth potential; and

- high quality, well-maintained golf courses with proven operating histories located in areas where significant

barriers to entry exist.

The Company will undertake a sophisticated analysis with respect to golf courses to be considered for acquisition, including an evaluation of the following:

- condition of course and agronomy review;
- competitive position in market;
- barriers to entry in development of new golf courses;
- irrigation -- quantity, quality and cost (watershed, wells, etc.);
- strength of the lodging industry, including hotels and condominiums, in destination golf areas; and
- product and service differentiation.

In sum, the Company believes its initial low level of debt, coupled with the Line of Credit and the ability to issue OP Units, will provide the Company with significant financial flexibility in pursuing golf course acquisition opportunities. However, there can be no

assurance that the Company will be able to find courses that meet its investment criteria; and there can be no assurance that the Company will have access to sufficient debt and equity financing to allow it successfully to acquire such courses. Moreover, acquisitions entail risks that acquired courses will fail to perform in accordance with expectations.

EXPANSIONS

The Prior Owner of Northgate Country Club, an Initial Course, plans to add nine holes to the golf course and the Prior Owner of The Woodlands, another Initial Course, intends to build a new clubhouse there (collectively, the "Expansion Facilities"). Subject to satisfaction of certain conditions, the Company has agreed that it will acquire the Expansion Facilities when they are fully completed and operational. The Company will acquire each Expansion Facility for a price equal to the cost of construction, which cost must be approved in advance by the Company and which may include an allowance for land. No development fee will be paid to a Prior Owner or any affiliate of a Prior Owner in connection with the construction of the Expansion Facilities.

Upon the Company's acquisition of the respective Expansion Facilities, the Participating Leases for Northgate Country Club and The Woodlands will be amended to include the applicable Expansion Facility, to increase the Base Rent in an amount designed to be accretive to the Company's Funds From Operations per share, and the Prior Owner will be required to pledge additional OP Units (or cash or security acceptable to the Company) equal to 15% of the purchase price paid by the Company for the applicable Expansion Facility.

INTERNAL GROWTH

Based on the experience of its management, the Company believes the Initial Courses offer opportunities for revenue growth through continued effective marketing and efficient operations. As described below, the Participating Leases have been structured to provide the Initial Lessees with incentives to operate and maintain the Initial Courses in a manner designed to increase revenue and, as a result, increase Lease Payments to the Company under the Participating Leases. The Company believes that management of the Initial Lessees have demonstrated expertise in the management of the Initial Courses and that the Initial Courses are positioned to benefit from favorable trends in the golf industry. See "The Golf Industry," below.

PARTICIPATING LEASES. The Participating Leases provide that for any calendar year, the Company will receive with respect to each Initial Course, the greater of Base Rent or an amount equal to Participating Rent plus the initial Base Rent payable at the Initial Course. Participating Rent is equal

to 33 1/3% of any increase in Gross Golf Revenue over Gross Golf Revenue at the Initial Course in 1996, as adjusted in determining the initial Base Rent. Base Rent under each Participating Lease will increase annually by the lesser of (i) 3% or (ii) 200% of the change in the Consumer Price Index ("CPI") for the prior year (the "Base Rent Escalator") during each of the first five years of the Participating Lease and, if the

Lessee Performance Option is exercised, for an additional five years thereafter. Annual increases in Lease Payments are limited to 5% during the first five years of the initial lease terms. "Gross Golf Revenue" is generally defined as all revenues from an Initial Course including green fees, golf cart rentals, range fees, membership dues, member initiation fees and transfer fees, excluding, however, food and beverage and merchandise revenue.

LESSEE PERFORMANCE OPTION. The Company acquired the Initial Courses from the Prior Owners, and expects to acquire additional Initial Courses from other owners, utilizing an innovative lease structure. The Company's lease structure, including the Lessee Performance Option, is designed to encourage aggressive growth in revenue at the Initial Courses as well as to facilitate the Company's acquisition of golf courses by allowing the Company to acquire golf courses which it believes have high growth potential and which might not otherwise be available for purchase. Under the Lessee Performance Option, during years three through five of each Participating Lease, the applicable Prior Owner, subject to certain qualifications and restrictions, may elect one time to increase the Base Rent payable in order to receive additional OP Units. The Prior Owner of the Northgate Country Club will have an additional two year period to exercise the Lessee Performance Option if it elects to construct the nine hole expansion planned for that course. OP Units issued pursuant to the exercise of a Lessee Performance Option will be redeemable at the election of the holder for cash or, at the Company's election, shares of Common Stock on a one-for-one basis. A Prior Owner may exercise the Lessee Performance Option only if the current year net operating income of the applicable Initial Lessee, inclusive of a 113.50% coverage ratio, exceeds such Initial Lessee's then current year Lease Payment obligation. Each Prior Owner may only increase the Base Rent payable by the applicable Initial Lessee up to the incremental positive difference between such Initial Lessee's net operating income (inclusive of the 113.5% coverage ratio) and its total lease payment obligation. The Lessee Performance Option is designed to be accretive to the Company's Funds from Operations on a per share basis because the formula used to calculate the number of OP Units issuable in exchange for increased Base Rent provides that the increase in Base Rent will initially exceed the expected annual distributions payable on such OP Units. Following exercise of the Lessee Performance Option, the adjusted Base Rent will be increased by the Base Rent Escalator each year for a period of five years.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The Company is in the business of acquiring golf course properties and leasing them to independent operators as well as lending money to be secured by golf course facilities in certain situations where a similar structure to the Participating Lease can be achieved.

To its knowledge, the Company is one of only two publicly traded REITs in the United States focused exclusively on owning and acquiring golf courses.

NARRATIVE DESCRIPTION OF BUSINESS

The Company's goal is to generate cash available for distribution and to enhance stockholder value by becoming a leading owner of, and participating in increased revenue from, nationally or regionally recognized high quality golf courses. Four of the Company's Initial Courses were ranked among the Top Ten New Courses by either GOLF DIGEST or GOLF MAGAZINE in the year the applicable Initial Course opened, including the recently opened Stonehouse Golf Club, which in November 1996 was named the Best New Upscale Course by

GOLF DIGEST for 1996. The Company believes that the quality of the Initial Courses is further reflected in the average green fees at the Initial Courses, which significantly exceed national industry averages. All of the Initial Courses were developed and, until their acquisition by the Company, were continuously operated by their Prior Owners. The Initial Lessees are newly-formed special purpose entities affiliated with the Prior Owners. Each Initial Course is now leased to an Initial Lessee pursuant to a Participating Lease. The Initial Lessees are in the process of organizing a lessee advisory association (the "Advisory Association"), which will participate in cross-marketing of the Initial Courses and seek quantity discounts for its members. The Company believes the continuity of management provided by these experienced operators will facilitate the Company's growth and profitability. The Company believes that the substantial ownership interest of the Prior Owners (who are affiliates of the Initial Lessees) in the Company will align the interests of the Initial Lessees with those of the Company's stockholders. As security for its affiliated Initial Lessee's obligations under its Participating Lease, each Prior Owner has pledged to the Company for a minimum of two years OP Units having a value, based on the IPO Price, equal to 15% of the Company's purchase price for the applicable Initial Course, which approximates 16 months of the initial Base Rent under the applicable Participating Lease.

EMPLOYEES

The Company is self-administered and has six full-time employees, three of whom have signed employment agreements with the Company.

ENVIRONMENTAL MATTERS

Operations at the Initial Courses involve the use and storage of various hazardous materials such as herbicides, pesticides, fertilizers, motor oils and gasoline. Under various federal, state and local laws and regulations, an owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. The costs of remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect the owner's ability to sell such real estate or to borrow using such real estate as collateral. In

connection with the ownership and operation of the Initial Courses, the Operating partnership may be potentially liable for any such costs.

Recent Phase I environmental site assessments ("ESAs") were obtained on all of the Initial Courses in connection with their acquisition by the Operating Partnership. The Company intends to obtain an ESA on any other golf course acquired in the future. Phase I ESAs are intended to identify potential environmental contamination for which the owner may be responsible. The Phase I ESAs included historical reviews of the properties, reviews of certain public records, preliminary investigations of the sites and surrounding properties, screening for the presence of hazardous substances, toxic substances and underground storage tanks, and the preparation and issuance of a written report. The Phase I ESAs obtained on the Initial Courses did not include invasive procedures, such as soil sampling or ground water analysis.

The Phase I ESAs did not reveal any environmental liability or compliance concerns that the Company believes would have a material adverse effect on the Company's business, assets, results of operations or liquidity, nor is the Company aware of any such liability. Nevertheless, it is possible that these ESAs do not reveal all environmental liabilities or that there are material environmental liabilities or compliance concerns of which the Company is unaware. Moreover, no assurance can be given that (i) future laws, ordinances or regulations will not impose any material environmental liability, or (ii) the current environmental condition of the Initial Courses will not be affected by the condition of the properties in the vicinity of the Initial Courses (such as the presence of leaking underground storage tanks) or by third parties unrelated to the Operating Partnership, or the Company.

The Company believes that the Initial Courses are in compliance in all material respects with all federal, state and local laws, ordinances and regulations regarding hazardous or toxic substances and other environmental matters. The Company has not been notified by any governmental authority of any material noncompliance, liability or claim relating to hazardous or toxic substances or other environmental matter in connection with any of its present or former properties.

TAX STATUS

The Company intends to make an election to be taxed as a REIT under Section 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ending December 31, 1997. If the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal income tax to the extent it distributes at least 95% of its REIT taxable income to its shareholders. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed income.

GOVERNMENT REGULATION

The Initial Courses are subject to the Americans with Disabilities Act of 1990 (the "ADA"). The ADA has separate compliance requirements for "public accommodations" and "commercial facilities" but generally requires that public facilities such as clubhouses and recreation areas be made accessible to people with disabilities. These requirements became effective in 1992. Compliance with the ADA requirements could require removal of access barriers and other capital improvements at the Initial Courses. Noncompliance could result in imposition of fines or an award of damages to private litigants. Under the Participating Leases, the Initial Lessees will be responsible for any costs associated with ADA compliance.

THE GOLF INDUSTRY

UNLESS OTHERWISE NOTED, REFERENCES HEREIN TO NATIONAL INDUSTRY STATISTICS AND AVERAGES ARE BASED ON REPORTS OF THE NATIONAL GOLF FOUNDATION ("NGF"), AN INDUSTRY TRADE ASSOCIATION NOT AFFILIATED WITH THE COMPANY.

The Company believes the United States golf industry is entering into a period of significant growth. As described below, the number of golfers increased by 67% between 1980 and 1995, from 15 million to 25 million golfers. The Company expects that this growth will contribute to an increase in the number of rounds played and Gross Golf Revenues at the Initial Courses and any golf courses subsequently acquired by the Company.

COMPETITIVE ENVIRONMENT

Golf course ownership in the United States is highly fragmented. There are approximately 15,400 golf courses in the United States owned by approximately 11,000 different entities. There are relatively few owners of more than one course. Based on NGF statistics, the Company believes that the 15 largest golf course owners in the United States collectively own or lease fewer than 5% of the total number of golf courses and that fewer than 10 golf course owners own more than 10 golf courses. The Company believes that this fragmented ownership provides an excellent opportunity for consolidation of the ownership of high quality golf courses.

The Company believes the current lack of consolidation in the golf course industry has resulted from a variety of factors, including a scarcity of capital, the entrepreneurial nature of many golf course owners and operators and the associated pride of ownership. The Company believes that the economies of scale in owning and operating multiple golf courses, the growing significance of professional financial management in the operation of golf courses and the desire for liquidity by golf course owners will gradually lead to consolidation of golf course ownership. The Company believes it will be well positioned to take advantage of opportunities to

select high-quality courses because of its multiple independent lessee format, lease structure and financial flexibility.

Largely in response to the increasing popularity of golf, the construction of golf courses in the United States has increased significantly in recent years. New golf course openings from the mid-1970's through 1987 averaged approximately 150 golf courses per

year. For the period 1987 through 1995 an average of 275 new golf courses were opened each year, with a high of 336 new golf course openings in 1995.

The golf industry generated approximately $15 billion in revenues in the United States in 1995. The Company believes the game of golf has exhibited strong growth in popularity as shown below.

	1980	1995	% CHANGE
	(MILLIONS)		
Number of golfers	15	25	67%
Rounds played	358	490	37%

DEMOGRAPHICS

Additionally, the Company believes the game of golf will benefit from favorable demographic trends. The United States Census Bureau estimates that the population age 50 and over will increase from 69.3 million in 1996 to 96.3 million in 2010, a 39% increase. The average number of rounds played per golfer on an annual basis increases significantly with age. Golfers in their 50's play more than twice as many rounds annually as golfers in their 30's, and golfers age 65 and older generally play three times as many rounds annually as golfers in their 30's. The Company believes that the number of golfers as well as the total number of rounds played will increase significantly as the average age of the population continues to increase. The Company anticipates that the number of golfers, as well as the total number of rounds played, will increase as the average age of the population continues to increase. The Company believes that the "baby boomers," the oldest of whom are in their early 50's, will contribute to the growth in total rounds played due to growing wealth and leisure time as well as the suitability of golf as a sport for an aging population. In addition, the Company believes that golfers over the age of 50 play a substantially greater number of rounds at high quality golf courses relative to younger golfers because, on average, older golfers have more disposable income and leisure time than younger golfers.

The following table illustrates the growth in demand at Daily Fee courses, as compared to municipal courses, which tend to be of lesser quality, and private country clubs.

	ROUNDS PLAYED (IN MILLIONS)		
	1994	1995	PERCENT CHANGE
Daily Fee	194.1	220.2	13.4%
Municipal	143.7	144.1	0.3%
Private	127.0	125.9	(0.9%)
Total	464.8	490.2	5.4%

The Company believes that high quality Daily Fee courses (including Resort Courses), similar to those targeted by the Company, are well situated to take advantage of the changing demographics. High quality golf courses have generated increased revenues by charging higher green fees in response to golfer demand. The following table illustrates the percentage increase in

weekend green fees at Daily Fee courses.

	DAILY FEE GREEN FEES -- WEEKEND			
	1993	1995	PERCENT CHANGE	ANNUAL CHANGE
Median	$18	$21	16.7%	8.0%
Top 25%	$25	$30	20.0%	9.5%
Top 5%	$53	$65	22.6%	10.7%

SEASONALITY

The golf industry is seasonal in nature because of weather conditions and the fewer available tee times during the rainy season and the winter months. Each of the Initial Lessees operating a daily fee course may vary green fees based on changes in demand. The effect of seasonality may be expected to cause significant quarterly fluctuations in the Company's Participating Lease revenues. Effects of such seasonality on the Company's operating results may change over time depending upon the location and climate of additional golf courses which the Company may acquire.

ITEM 2. PROPERTIES

The Initial Courses consist of 10 nationally or regionally recognized high quality courses located in the mid-Atlantic, southeastern and southwestern United States. Four of the Initial Courses were ranked among the Top Ten New Courses by either GOLF DIGEST or GOLF MAGAZINE in each course's opening year, including the recently opened Stonehouse Golf Club, which in November 1996 was named the Best New Upscale Course by GOLF DIGEST for 1996. Two of the established courses (Oyster Bay and Heritage Club) have been ranked in the Top 50 Public Initial Courses by GOLF DIGEST.

The Initial Courses include nine high quality Daily Fee courses (including six Resort Courses) and one private country club. "Daily Fee" courses are open to the public and generate revenues principally through green fees, golf cart rentals, food and beverage operations, merchandise sales and driving range charges. "Resort Courses" are Daily Fee golf courses that attract a significant percentage of players from outside the immediate area in which the golf course is located and generate a significant amount of revenue through golf vacation packages. The Company considers the Daily Fee and Resort Courses to be high-end golf courses because of the quality and maintenance of each golf course and the average green fees, which are significantly above the averages for golf courses in their

respective geographic markets. Private country clubs are generally closed to the public and derive revenues principally from membership dues, initiation fees, transfer fees, golf cart rentals, guest fees, food and beverage operations and merchandise sales.

The Company believes that the overall quality of the Initial Courses is reflected in the average green fees charged at each Initial Course, which significantly exceed national averages. The Company believes its focus on high quality Daily Fee golf courses and private country clubs, which attract golfers with attractive demographic and economic profiles, will result in stronger and less cyclical revenue growth in comparison to lower-end golf courses.

Five of the Initial Courses are located in the Myrtle Beach, South Carolina vicinity, a popular year-round golf destination area. Myrtle Beach is considered one of the nation's premier golf resort locations with nearly 100 golf courses and more than 3.9 million rounds played in 1995, according to the MYRTLE BEACH GOLF HOLIDAY TM. In addition to golf courses, Myrtle Beach offers a mix of entertainment, shopping and dining, as well as proximity to beaches. All of the Initial Courses located in the Myrtle Beach vicinity were developed by The Legends Group.

Two of the Initial Courses are located in the Williamsburg, Virginia

area and were opened in June and August, 1996. Williamsburg is a leading tourist destination and an emerging golf destination area, with a population of approximately 2.6 million people within a 60 mile radius, providing the area with an opportunity to attract both resort and local golfers. Since 1995 five new courses have been opened in the Williamsburg vicinity, including two of the Initial Courses. In addition to golf course opportunities, Williamsburg and the surrounding area offer shopping, dining, entertainment and historical sites. Both of the Initial Courses located in Williamsburg were developed and are currently owned and operated by The Legends Group.

One of the Initial Courses is located in Gulf Shores, Alabama, a popular golf and vacation destination located near the Florida panhandle. In addition to golf, Gulf Shores offers 32 miles of sandy beaches. The other Initial Courses are located in Houston, Texas and Atlanta, Georgia, two major metropolitan areas.

The Company acquired a 100% interest in each of the Initial Courses in February, 1997. Certain information respecting each of the Initial Courses is set forth below:

					ROUNDS			REVENUE PER PLAYER (2)		
NAME	LOCATION	YARDAGE (1)	TYPE OF COURSE	YEAR OPENED	1994	1995	1996(4)	1994	1995	1996(4)
Heritage Club	Pawleys Island, SC	7,040	Resort	1986	59,524	55,094	52,382	$51.89	$57.28	$ 59.96
Heathland	Myrtle Beach, SC	6,785	Resort	1990	55,393	49,312	50,294	$50.12	$55.03	$ 53.92
Moorland	Myrtle Beach, SC	6,799	Resort	1990	54,383	49,590	51,102	$50.12	$55.03	$ 54.79
Parkland	Myrtle Beach, SC	7,170	Resort	1992	50,508	46,564	47,331	$50.12	$55.03	$ 54.21
Oyster Bay(7)	Sunset Beach, NC	6,685	Resort	1988	62,962	62,141	57,856	$51.60	$55.66	$ 56.83
Woodlands(8)	Gulf Shores, AL	6,584	Resort	1994	13,490	43,459	41,744	$28.43	$33.49	$ 34.83
Royal New Kent(9)	Providence Forge, VA	7,291	Daily Fee	1996	--	--	5,743			$ 60.60
Stonehouse Golf Club(10)	Williamsburg, VA	6,963	Daily Fee	1996	--	--	5,686		--	$ 60.50
Olde Atlanta	Atlanta, GA	6,789	Daily Fee	1993	43,415	41,195	41,053	$32.55	$37.53	$ 40.29
Northgate Country Club(11)	Houston, TX	6,540	Private	1984	44,370	46,600	45,400	$58.46	$59.40	$64.27

	GROSS GOLF REVENUE (3)			
NAME	1994	1995	1996(4)	INITIAL BASE RENT(5)
Heritage Club	$3,088,000	$3,156,000	$ 3,141,000	$1,825,000
Heathland	$2,776,000	$2,714,000	$ 2,712,000	$1,556,000(6)
Moorland	$2,726,000	$2,729,000	$ 2,800,000	$1,556,000(6)
Parkland	$2,532,000	$2,560,000	$ 2,566,000	$1,557,000(6)
Oyster Bay(7)	$3,249,000	$3,459,000	$ 3,288,000	$1,856,000
Woodlands(8)	$ 384,000	$1,455,000	$ 1,455,000	$ 679,000
Royal New Kent(9)	-	-	$ 348,000	$1,817,000
Stonehouse Golf Club(10)	-	-	$ 344,000	$1,890,000
Olde Atlanta Northgate	$1,413,000	$1,546,000	$ 1,654,000	$ 845,000
Country Club(11)	$2,594,000	$2,768,000	$ 2,918,000	$1,407,000

	GROSS GOLF REVENUE (3)			
	1994	1995	1996(4)	INITIAL BASE RENT(5)
Total.....	$18,762,000	$20,387,000	$21,226,000	$14,988,000

- ----------

(1) Yardage is calculated from the championship tees.
(2) "Revenue Per Player" is calculated by dividing Gross Golf Revenue at the applicable Initial Course by the number of rounds played at the applicable Initial Course. For Heathland, Moorland and Parkland, which share common facilities and have the same green fees, Revenue Per Player is equally allocated.
(3) Gross Golf Revenue is defined as all revenues from a golf course, including green fees, golf cart rentals, range fees, membership dues, member initiation fees and transfer fees, but excluding food and beverage and merchandise revenue.
(4) Amounts for Northgate Country Club are for its fiscal year ended December 20, 1996.
(5) Participating Rent is calculated based on increases in the Gross Golf Revenue from a base year of 1996, as adjusted. Consequently, no Participating Rent is payable on a pro forma basis for 1996.
(6) The Heathland, Moorland and Parkland Initial Courses are subject to a single Participating Lease and the Base Rent is equally allocated among these Initial Courses.
(7) The Company acquired the fee simple interest in each of the Golf Courses except Oyster Bay, which is subject to a long-term ground lease with a lessor not affiliated with the Prior Owner thereof.
(8) Opened in August 1994.
(9) Opened in August of 1996.
(10) Opened in June of 1996.
(11) The Company expects to acquire, upon completion, an additional nine holes at this Golf Course.

DESCRIPTIONS OF THE INITIAL COURSES

Set forth below are brief descriptions of each of the Initial Courses. Unless otherwise noted, the Company owns fee title to the Initial Courses, free and clear of any material liens.

RESORT COURSES

Resort Courses are Daily Fee golf courses that draw a high percentage of players from outside the immediate area in which the course is located and generate a significant amount of revenue through golf vacation packages. Some Resort Courses are semi-private, meaning they offer membership packages that allow members special privileges at the golf course, but also allow public play.

HEATHLAND -- MYRTLE BEACH, SOUTH CAROLINA. Heathland, a Resort Course developed by The Legends Group, opened in 1990 and was named by GOLF MAGAZINE as one of the United States' Top 10 New Courses in 1990. The Heathland course has been molded in the image of the British Isles links courses and most of its holes are without trees or vegetation, providing a spectacular visual presentation. Along with the Moorland and Parkland courses described below, Heathland is part of the Legends Resort that consists of a 42,000 square foot clubhouse on a 1,300 acre development. This Scottish style resort includes various amenities such as a pub adorned with Scottish memorabilia and the sounds of Scottish bagpipes at sunset.

MOORLAND -- MYRTLE BEACH, SOUTH CAROLINA. Moorland, a Resort Course developed by The Legends Group, opened in 1990 and was named by GOLF DIGEST as one of the United States' Top 5 New Courses in 1990. Moorland is part of the Legends Resort and was designed by P.B. Dye. Moorland consists of large expanses of natural growth, sand and water that combine with undulations and bulkheaded areas to present a challenging "target style" course.

PARKLAND -- MYRTLE BEACH, SOUTH CAROLINA. Parkland, a Resort

Course developed by The Legends Group, opened in 1992 and is the last golf course that was opened at the Legends Resort. Parkland demonstrates the diversity and beauty of the local natural terrain by its combination of tree-lined fairways, vast natural areas, deep-faced bunkers and massive multi-level greens.

HERITAGE CLUB -- PAWLEYS ISLAND, SOUTH CAROLINA. Heritage Club was developed by The Legends Group and opened in 1986. Heritage Club was named to GOLF DIGEST'S Top 50 Public Courses in the United States in 1992. Heritage Club is a semi-private resort consisting of over 600 acres of giant magnolias and oaks, fresh water lakes and marshes. Heritage Club is built on the site of two plantations and retains an historic atmosphere with facilities designed in a traditional plantation architectural style, including the southern style Colonial Clubhouse.

OYSTER BAY -- SUNSET BEACH, NORTH CAROLINA. Oyster Bay, developed by The Legends Group, opened in 1983 and was named by GOLF DIGEST as its Best New Resort Course in the United States in 1983 and was named to GOLF DIGEST'S Top 50 Public Courses in the United States in 1992. Oyster Bay is operated pursuant to a ground lease with a remaining term of 35 years. The ground lessor is not affiliated with either the Company or the course's Initial Lessee. Oyster Bay consists of several marsh-oriented holes, two island greens and strategic fresh water lakes. Over half of the holes are situated so that water hazards add an additional challenge.

THE WOODLANDS -- GULF SHORES, ALABAMA. The Woodlands is a 6,600-yard par 72 course which opened in 1994. The course, featuring lakes, marshes and tree-lined fairways, was designed by Larry Nelson, former United States Open champion and two-time PGA Championship winner. Gulf Shores, Alabama, located near the Florida panhandle, is an emerging golf course destination area that includes 10 golf courses in the immediate area. Gulf Shores includes over 30 miles of white sand beaches and the historical Civil War outposts of Fort Morgan and Fort Gaines.

Subject to certain conditions, the Company has agreed to acquire a clubhouse to be constructed at the course by the Initial Lessee of The Woodlands. The Company believes that the construction of the clubhouse will permit the Initial Lessee to attract more group and tournament play and also permit an increase in green fees.

The Company has agreed to reconvey to the Prior Owner of The Woodlands the land on which a portion of certain of the existing holes are located at such time as the Prior

Owner is prepared to contribute comparable golf holes to the Company. All costs associated with such exchange shall be paid for by the Prior Owner.

HIGH-END DAILY FEE COURSES

The Company considers its Daily Fee courses to be high-end courses, reflected in the quality and maintenance standards of the golf courses, and the green fees, which are generally higher than other golf courses in their market.

STONEHOUSE GOLF CLUB -- WILLIAMSBURG, VIRGINIA. Stonehouse Golf Club, located within a 10,000 acre master planned community, was developed by The Legends Group. Stonehouse Golf Club opened in June 1996 and was named by GOLF DIGEST as the Best New Upscale Course for 1996. Stonehouse Golf Club was designed by Mike Strantz (formerly an understudy of Tom Fazio) and constructed in a densely forested area that includes tall hardwood trees and deep ravines. One of the holes at Stonehouse Golf Club features a spring-fed waterfall behind the green while another requires players to hit over a wide, plunging ravine to a green on a cliff-like setting. Stonehouse Golf Club features large greens and wide fairways despite the nearby trees. The Initial Lessee of this golf course is obligated to complete construction of a clubhouse at the course by December 31, 1997.

ROYAL NEW KENT -- PROVIDENCE FORGE, VIRGINIA. Located within a third-party-owned master-planned community just outside Williamsburg, Virginia, Royal New Kent was developed by The Legends Group. It opened in August, 1996. Royal New Kent is located adjacent to Colonial Downs, which is scheduled to open in 1997 and will be the only pari-mutual horse racing facility in Virginia. Royal New Kent also was designed by Mike Strantz and includes five sets of tees, including the "Invicta" (which is Latin for "unconquerable") to accommodate the nearly 7,300 yards of the course. Royal New Kent was fashioned after traditional links-style Irish courses. The Initial Lessee of this golf course is obligated to complete construction of a clubhouse at the course by December 31, 1997.

OLDE ATLANTA GOLF CLUB -- ATLANTA, GEORGIA. Olde Atlanta Golf Club ("Olde Atlanta") is open for public play as well as for member play. Olde Atlanta was designed by Arthur Hills and is located in Suwanee, Georgia (a northeast Atlanta suburb), in the foothills of north Georgia within a 594 acre master-planned community consisting of 645 homesites. This geographic setting allows for multiple changes in terrain and elevation throughout the course. Olde Atlanta's course layout includes three lakes, clustered mounds, grass and sand bunkers and grassy hollows. Olde Atlanta's facilities include a 6,000 square foot clubhouse, which includes a pro shop and a dining room that can seat up to 100 persons.

PRIVATE COUNTRY CLUB COURSES

Private country clubs are generally closed to the public and generate revenue principally through initiation fees and membership dues, golf cart rentals and guest green fees. Initiation fees and membership dues are determined according to the particular market segment in which the club operates.

Revenue and cash flows of private country clubs are generally more stable and predictable than those of public courses because the receipt of membership dues is independent of the level of course utilization.

NORTHGATE COUNTRY CLUB -- HOUSTON, TEXAS. Northgate Country Club ("Northgate") is a full service upscale country club with a championship golf course designed by Robert von Haggie and Bruce Devlin, which opened in 1984. An additional nine holes are expected to open at the course in 1998. The Company has agreed to acquire such additional holes, subject to certain conditions. This Initial Course is located in a forested area north of Houston within a 440 acre high-end master-planned community.

Northgate recently completed the construction of a tennis center building and a restaurant cafe. These improvements provide Northgate greater utilization of its facilities, which the Company believes has produced a sustainable increase in new membership sales. The adjacent country club community of Northgate Forest presently comprises 177 developed homesites with completed homes situated on 83 of these homesites. It is anticipated that 128 more homesites will be developed with approximately 80% of these new homesites to be situated on the additional nine hole expansion referred to above, which is expected to provide Northgate with a sustainable source of future members.

The following tables set forth certain information regarding the Initial Courses.

THE INITIAL COURSES -- RESORT COURSES

COURSE NAME	LOCATION CITY, STATE	NO. OF HOLES	YARDAGE	YEAR OPENED	FACILITIES AND SERVICE: DRIVING RANGE	CART RENTAL	CLUBHOUSE	FOOD & BEVERAGE	PRO SHOP
Heathland	Myrtle Beach, South Carolina	18	6,785	1990	Yes	Yes	Yes	Yes	Yes
Parkland	Myrtle Beach,na South Carolina	18	7,170	1992	Yes	Yes	Yes	Yes	Yes
Moorland	Myrtle Beach, South Carolina	18	6,799	1990	Yes	Yes	Yes	Yes	Yes
Heritage Club	Pawleys Island, South Carolina	18	7,040	1986	Yes	Yes	Yes	Yes	Yes
Oyster Bay	Sunset Beach, North Carolina	18	6,685	1983	Yes	Yes	Yes	Yes	Yes
The Woodlands	Gulf Shores, Alabama	18	6,584	1994	Yes	Yes	Yes(1)	Yes	Yes

- ------------------------------

(1) The Woodlands has a temporary clubhouse which the Company expects will be replaced with a permanent facility.

THE INITIAL COURSES -- HIGH-END DAILY FEE COURSES

COURSE NAME	LOCATION CITY, STATE	NO. OF HOLES	YARDAGE	YEAR OPENED	FACILITIES AND SERVICE: DRIVING RANGE	CART RENTAL	CLUBHOUSE	FOOD & BEVERAGE	PRO SHOP
Royal New Kent	Providence Forge, Virginia	18	7,291	1996	Yes	Yes	Yes(1)	Yes	Yes
Stonehouse Golf Club	Williamsburg, Virginia	18	6,963	1996	Yes	Yes	Yes(1)	Yes	Yes
Olde Atlanta	Atlanta, Georgia	18	6,789	1993	Yes	Yes	Yes	Yes	Yes

- ------------------------------

(1) These courses each have a temporary clubhouse which the prior owner is obligated to replace with a permanent facility by December, 1997. The construction of the permanent facilities will be at the election of the applicable Initial Lessee, and at the sole cost and expense of the applicable Initial Lessee.

THE INITIAL COURSES -- PRIVATE COUNTRY CLUB COURSE

COURSE NAME	LOCATION CITY, STATE	NO. OF HOLES	YARDAGE	YEAR OPENED	FACILITIES AND SERVICES: DRIVING RANGE	CART RENTAL	CLUBHOUSE	FOOD & BEVERAGE	PRO SHOP
Northgate Country Club	Houston, Texas	18(1)	6,540	1984	Yes	Yes	Yes	Yes	Yes

- ---------

(1) Nine additional holes are expected to open in 1998. The Company has agreed to acquire such additional holes subject to certain conditions.

THE PARTICIPATING LEASES

THE FOLLOWING SUMMARY OF THE PARTICIPATING LEASES BETWEEN THE COMPANY AND THE INITIAL LESSEES (THE "PARTICIPATING LEASES") IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PARTICIPATING LEASES, A FORM OF WHICH HAS BEEN FILED AS AN EXHIBIT. THE FOLLOWING DESCRIPTION OF THE PARTICIPATING LEASES DOES NOT PURPORT TO BE COMPLETE BUT CONTAINS A SUMMARY OF THE MATERIAL PROVISIONS THEREOF.

LEASE TERM. The Participating Leases, all of which contain the same basic provisions described below, were entered into upon the conveyance to the Company of the Initial Courses. The Company's interest in each Initial Course includes the land, buildings and improvements, related easements and rights, and fixtures (collectively, the "Leased Property"). Each Initial Course is leased to the respective Initial Lessee under a Participating Lease which has a primary term of 10 years ending on December 31, 2006 (the "Fixed Term"). In addition, each Initial Lessee has options to extend the term of each Participating Lease (the "Extended Terms") for six terms of five years each, subject to earlier termination upon the occurrence of certain contingencies described in the Participating Lease. (The term of the Participating Lease for Oyster Bay, which is leased pursuant to a ground lease with 35 years remaining, has four extension terms of five years each.) Any additional properties acquired will be leased pursuant to such terms and conditions as may be agreed upon between the lessee and the Company at the time of such acquisitions, and such terms and conditions may vary from the terms and conditions described herein with respect to the Participating Leases. The Company anticipates that any new leases will be with either existing Initial Lessees, affiliates of sellers of courses or unaffiliated third parties experienced in the operation of similar courses.

In addition, at the expiration of the Fixed Term and the Extended Terms, the Initial Lessee will have a right of first offer to continue to lease the Initial Course on the terms and conditions pursuant to which the Company intends to lease the Initial Course to a third party.

USE OF THE INITIAL COURSES. Each Participating Lease permits the Initial Lessee to operate the Leased Property as a golf course, along with a clubhouse and other activities customarily associated with or incidental to the operation of a golf course and other facilities located at the golf course, including, where applicable, swim and tennis operations. Operations may include sale or rental of golf-related merchandise, sale of memberships, furnishing of lessons, operation of a driving range, and sales of food and beverages, including liquor sales.

BASE RENT; PARTICIPATING RENT.

Certain information respecting each of the Initial Courses is set forth below:

NAME	LOCATION	INITIAL BASE RENT(1)
Heritage Club.	Pawleys Island, SC	$1,824,980
Heathland.	Myrtle Beach, SC	$1,556,635(2)
Moorland	Myrtle Beach, SC	$1,556,635(2)
Parkland	Myrtle Beach, SC	$1,556,635(2)
Oyster Bay	Sunset Beach, NC	$1,855,974
The Woodlands.	Gulf Shores, AL	$679,029
Royal New Kent	Providence Forge, VA	$1,816,501
Stonehouse Golf Club	Williamsburg, VA	$1,889,835
Olde Atlanta	Atlanta, GA	$845,058
Northgate Country Club	Houston, TX	$1,406,843
Total		$14,988,131

- ---------

(1) In addition to Base Rent, beginning in 1997 Participating Rent may be payable by the Initial Lessees. Participating Rent is calculated based on increases in the Gross Golf revenue from a base year of 1996 as

adjusted. Consequently, no calculation of Participating Rent is included above.

(2) The Heathland, Moorland and Parkland courses are subject to a single Participating Lease providing for gross Base Rent of $4,669,905, and the Base Rent is allocated equally among these three courses.

The Participating Leases provide for the Company to receive, with respect to each Initial Lessee, the greater of Base Rent or an amount equal to Participating Rent plus the Initial Base Rent payable under each Participating Lease. Participating Rent is equal to 33 1/3% of any increase in Gross Golf Revenue over Gross Golf Revenue for the 1996 base year, as adjusted in determining the initial Base Rent, which base year will be reset to the year immediately preceding the date on which the Prior Owner exercises the Lessee performance Option, if applicable. Base Rent will increase annually by the Base Rent Escalator (i.e. the lesser of (i) 3% or (ii) 200% of the change in CPI for the prior year) during the first five years of each Participating Lease term and, if the Lessee Performance Option is exercised, an additional five years thereafter from the date of exercise. Annual increases in Lease Payments are limited to 5% during the first five years of the initial lease terms. "Gross Golf Revenue" is generally defined as all revenues from a Golf Course including green fees, golf cart rentals, range fees, membership dues, membership initiation fees and transfer fees, excluding, however, food and beverage and merchandise revenue.

For the recently opened Golf Courses, the base year Gross Golf Revenue is based on an estimate by the Company and the Initial Lessee of such courses, which estimate was also the basis for the valuation of those Golf Courses. Increases in the Lease Payments under the participating Leases are limited to 5% during the first five years. Base Rent is required to be paid monthly in arrears on the first day of each calendar month and Participating Rent is payable quarterly in arrears. The Company believes that Gross Golf Revenue, and hence the amount of any Participating Rent, will be favorably impacted by any significant capital improvements undertaken by an Initial Lessee, such as the planned clubhouses at The Woodlands, Stonehouse Golf Club and Royal New Kent.

TRIPLE NET LEASES. The Participating Leases are structured as triple net leases under which each Initial Lessee is be required to pay all real estate and personal property taxes, insurance, utilities and services and other operating expenses. Out of the payment of Base Rent, the Company will reserve with respect to each Initial Course a capital replacement reserve (the "Capital Replacement Fund") of between 2% and 3% of the annual Gross Golf Revenue generated by such Initial Course (depending primarily on the condition of the structures and the age and condition of the Initial Course), which the Initial Lessee of such course may use for capital improvements or replacements pursuant to a capital replacement budget approved by the Company. The Company will not be required to make or pay for any capital improvements with respect to any Initial Course, except to the extent of such Capital Replacement Fund.

SECURITY DEPOSIT. As security for an Initial Lessee's obligations under the Participating Leases, the seller of each Initial Course has pledged, on behalf of the affiliated Initial Lessee, OP Units (or cash or other collateral acceptable to the Company) with a value initially equal to 15% of the purchase price for the applicable Initial Course, which approximates 16 months of the initial Base Rent (at the IPO Price). The OP Units will not be released for two years. Beginning in the third year and any time thereafter, one-third of the pledged OP Units will be released when the net operating income to lease payment coverage ratio (the "Coverage Ratio") from the applicable Initial Course for the two prior fiscal years equals or exceeds 120%, 130% and 140%, respectively. If the Coverage Ratio falls below 120% at any time following the release of pledged collateral, then the Initial Lessee shall be required to retain and not distribute profits until such time as six months of Base Rent at current levels has been retained. In addition, the Participating Leases with the Legends Lessees are cross-collateralized and cross-defaulted.

The security deposit will be increased following the exercise of any Lessee Performance Option to equal approximately 15% of the sum of the initial purchase price of such Initial Course and the value of any additional

OP Units issued in connection with the exercise of the Lessee Performance Option. If the Company acquires any Expansion Facility, the security deposit also will be increased by an amount equal to approximately 15% of the purchase price of the Expansion Facility.

ADVISORY ASSOCIATION. Each Initial Lessee will be a member of the Advisory Association, which will participate in cross-marketing of the Initial Courses and will identify each Initial Course as owned by the Company, thereby increasing the golfing consumer's

brand name awareness of the Company. Membership in the Advisory Association also is designed to provide the Initial Lessees as a group greater purchasing power with vendors than as individuals. Additionally, the Advisory Association is expected to provide a means of ensuring a consistent, high-quality product at each of the Initial Courses. In conjunction with management of the Company, the Advisory Association will review and analyze any disputes between the Company and an Initial Lessee concerning annual capital and operating budgets and will also, in conjunction with the Company, confirm each Initial Lessee's compliance with its repair and maintenance obligations under each Participating Lease.

MAINTENANCE AND MODIFICATIONS. Each Initial Lessee will, at its sole cost and expense, maintain and operate its respective Leased Property in good order, repair and appearance and will make structural and non-structural, interior and exterior foreseen and unforeseen, and ordinary and extraordinary repairs which may be necessary and appropriate to keep such Leased Property in good order, repair and appearance. Each Initial Lessee will also maintain each Initial Course it leases in accordance with the condition of the Initial Course at the commencement of the Participating Lease and otherwise in a condition comparable to other comparable golf courses in the vicinity of that Initial Course. If the Company, in consultation with the Advisory Association, determines that an Initial Lessee has failed to comply with its maintenance and operation obligations, then the Company shall provide a written list to the Initial Lessee setting forth the remedial work and/or steps to be performed. If the Initial Lessee disputes the Company's assertions, then the matter shall be handled by a committee composed of members of the Advisory Association and representatives of the Company. The Company will not be required to build or rebuild any improvements on any Leased Property, or to make any repairs, replacements, alterations, restorations or renewals of any nature or description to any Leased Property, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto, in connection with any Participating Lease, or to maintain any Leased Property in any way. In the event that the Company elects to make capital improvements on a Initial Course, the Company will generally condition such election on an increase in minimum rent under the Participating Lease with respect to such Initial Course to reflect such expenditures.

The Company will maintain with respect to each Initial Course a Capital Replacement Fund in an amount equal to between 2% and 3% of Gross Golf Revenues at such Initial Course, depending on certain factors, including the condition of the structures and the age and condition of the Initial Course. The Company and each Initial Lessee will agree on the use of funds in these reserves and the Company has the right to approve each Initial Lessee's annual and long-term capital expenditure budgets. Funds in the Capital Replacement Fund shall be paid to an Initial Lessee to reimburse such Initial Lessee for expenditures made in connection with capital replacements. Amounts in the Capital Replacement Fund will be deemed to accrue interest at a money market rate of interest. Any amounts in the Capital Replacement Fund at the expiration of the applicable Participating Lease will be retained by the Company.

During the Fixed Term and each Extended Term, each Initial Lessee, at its sole cost and expense, may make alterations, additions, changes and/or improvements ("Initial Lessee Improvements") to each Leased Property, without the Company's prior written consent, provided such alterations do not diminish the value or appearance of the

Initial Course. All such Initial Lessee Improvements will be subject to all the terms and provisions of each applicable Lease and will become the property of the Company upon termination of such Lease.

At the end of the Participating Lease, all remaining personal property on the Leased Property will become the property of the Company.

INSURANCE. Each Initial Lessee maintains insurance on each Leased Property it leases under insurance policies providing for all-risk, liability, flood (if carried by comparable golf course facilities in the area and otherwise available at commercially reasonable rates) and worker's compensation, of the type usual and commonly obtained in connection with the properties similar in building size and use to the Leased Property and located in the geographic area where the Leased Property is located. Each insurance policy names the Company as an additional insured or loss payee, as applicable.

ENVIRONMENTAL MATTERS. Each Initial Lessee has made various representations and warranties relating to environmental matters in respect of the applicable Leased Property in each Participating Lease.

ASSIGNMENT AND SUBLETTING. An Initial Lessee may not, without the prior written consent of the Company (which consent may be withheld by the Company in its sole discretion, except in limited instances), assign, mortgage, pledge, hypothecate, encumber or otherwise transfer any Participating Lease or any interest therein, all or any part of the Leased Property or suffer or permit any lease or the leasehold estate created thereby or any other rights arising under any Participating Lease to be assigned, transferred, mortgaged, pledged, hypothecated or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law. An assignment of a Participating Lease will be deemed to include any change of control of such Initial Lessee, as if such change of control were an assignment of the Participating Lease. Each Initial Lessee shall have the right to assign its Participating Lease to its affiliates.

Each Prior Owner shall retain the right to use the existing portion of any club house or other improvements on a Initial Course for its continued corporate operations not associated with the Initial Course.

Each Initial Lessee may, with the Company's prior approval, which approval the Company may withhold in its discretion, be permitted to sublease portions of any Leased Property to sublessees who will operate portions (but not the entirety) of the operations customarily associated with or incidental to the operation of a golf course (e.g, driving range, restaurant, etc.).

COMPANY'S RIGHT OF FIRST OFFER. In the event the Initial Lessee desires to sell its interest in its Participating Lease to an unaffiliated third party, it must first offer the Company or its designee the right to purchase such interest. The Initial Lessee must give the Company written notice of its intent to sell, which shall indicate the terms and conditions upon which such Initial Lessee intends to sell its interest in the Participating Lease. The Company or its designee shall thereafter have a period of 60 days to elect to purchase the leasehold interest on the terms and conditions at which such Initial Lessee proposes to sell its interest. If the Company or its designee elects not to purchase the interest of the Initial Lessee, then such Initial Lessee shall be free to sell its interest to a third party, subject to the Company's approval as described below. However, if the terms on which the Initial Lessee intends to sell its interest are reduced by 5% or more then such Initial Lessee shall again offer the Company the right to acquire its interest, provided the Company shall have only 15 days to accept such offer.

INITIAL LESSEE'S RIGHT OF FIRST OFFER. The Company may sell an Initial Course, but must first offer the Initial Lessee of such course the right to purchase the Initial Course. The Company must give the

relevant Initial Lessee written notice of its intent to sell, which shall indicate the terms and conditions upon which the Company intends to sell such Initial Course. Such Initial Lessee shall thereafter have a period of 60 days to elect to purchase the Initial Course on the terms and conditions at which the Company proposes to sell the Initial Course. If such Initial Lessee elects not to purchase the Initial Course, then the Company shall be free to sell the Initial Course to a third party. However, if the terms on which the Company intends to sell the Initial Course are reduced by 5% or more, then the Company shall again offer such Initial Lessee the right to acquire the Initial Course upon the same terms and conditions, provided that such Initial Lessee shall have only 15 days to accept such offer.

DAMAGE TO, OR CONDEMNATION OF, A LEASED PROPERTY. In the event of damage to or destruction of any Leased Property which is caused by an insured risk, the Initial Lessee will be obligated diligently to restore the Leased Property to substantially the same condition as existed immediately prior to such damage or destruction and, to the extent the insurance proceeds and the Capital Replacement Fund are insufficient to do so, such Initial Lessee will be obligated to contribute the excess funds needed to restore the Leased Property. Any excess insurance proceeds will be paid to the Company. Notwithstanding the foregoing, in the event the damage or destruction of the Leased Property renders the Leased Property unsuitable for use as a golf course for a period of 12 months or more, the Initial Lessee may terminate the Participating Lease.

INDEMNIFICATION GENERALLY. Under each Participating Lease, the applicable Initial Lessee will agree to indemnify, and is obligated to hold harmless, the Company from and against all liabilities, obligations, claims, actual or consequential damages, penalties, causes of action, costs and expenses (including reasonable attorneys' fees and expenses) imposed upon or asserted against the Company as owner of the applicable Leased Property on account of, among other things, (i) any accident, injury to or death of a person or loss of or damage to property on or about the Leased Property, (ii) any use, non-use, condition, maintenance or repair misuse, by such Initial Lessee of the Leased Property, (iii) any

impositions (which are the obligations of the relevant Initial Lessee to pay pursuant to the applicable provisions of such Participating Lease) or the operations thereon, (iv) any failure on the part of such Initial Lessee to perform or comply with any of the terms of the Participating Lease or any sublease, (v) any taxes levied against such Leased Property, and (vi) any liability the Company may incur or suffer as a result of any permitted contest by such Initial Lessee under any Participating Lease.

EVENTS OF DEFAULT. Events of Default are defined in each Participating Lease to include, among others, the following:

(i) if an Initial Lessee fails to make a rent payment when such payment becomes due and payable and such failure is not cured by such Initial Lessee within a period of 10 days after receipt of written notice thereof from the Company;

(ii) if an Initial Lessee fails to observe or perform any material term, covenant or condition of a Participating Lease and such failure is not cured by such Initial Lessee within a period of 30 days after receipt by such Initial Lessee of written notice thereof from the Company, unless such failure cannot with due diligence be cured within a period of 30 days, in which case such failure will not constitute an Event of Default if such Initial Lessee proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof, within 120 days;

(iii) if an Initial Lessee: (a) admits in writing its inability to pay its debts generally as they become due, (b) files a petition in bankruptcy or a petition to take advantage of any insolvency act, (c) makes an assignment for the benefit of its creditors, (d) is unable to pay its debts as they mature,

(e) consents to the appointment of a receive of itself or of the whole or any substantial part of its property, or (f) files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(iv) if such Initial Lessee is liquidated or dissolved;

(v) if such Initial Lessee voluntarily ceases operations on the Leased Property, except as a result of damage, destruction or a partial or complete condemnation or other unavoidable delays; or

(vi) if such Initial Lessee or an affiliate thereof is in default under any other Participating Lease with the Company.

If an Event of Default occurs and is continuing under a Participating Lease, then the Company may terminate the Participating Lease by giving such Initial Lessee not less than 10 days notice (only if required by the Participating Lease) of such termination and upon the expiration of such time, the Fixed or Extended Term, as the case may be, will terminate and all rights of such Initial Lessee under such Participating Lease shall cease.

GOVERNING LAW. The Participating Leases will be governed by and construed in accordance with the law of the state where the Initial Course is located. Because the Initial Courses are located in various states, the Participating Leases may be subject to restrictions imposed by applicable local law.

ITEM 3. LEGAL PROCEEDINGS

Owners and operators of golf courses are subject to a variety of legal proceedings arising in the ordinary course of operating a golf course, including proceedings relating to personal injury and property damage. Such proceedings are generally brought against the operator of a golf course, but may also be brought against the owner. Each of the Prior Owners represented to the Company that at the time of the IPO, no Initial Course contributed by it was subject to any material legal proceedings. Since the IPO, no material legal proceedings have been commenced or threatened against the Company, the Operating Partnership, or, to the Company's knowledge, any Initial Lessee. The Participating Leases provide that each Initial Lessee is responsible for claims based on personal injury and property damage occurring at the Initial Courses leased by such Initial Lessee and require each Initial Lessee to maintain insurance for such purposes.

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

On December 5, 1996, the Company's sole shareholder approved the Company's election of Subchapter S status under the tax code. (Such election was subsequently revoked immediately prior to the completion of the Company's IPO.)

No other matters were submitted to a vote of the security holders of the Company during the year ended December 31, 1996.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The Company's sole class of common stock is traded on the American Stock Exchange (the "AMEX"). Trading of the Company's stock commenced on the AMEX on February 7, 1997. Since then, and through

March 24, 1997, the highest reported sale price was $26.125 on March 14, 1997 and the lowest reported sale price was $22.750 on February 7, 1997.

SHAREHOLDER INFORMATION

As of March 24, 1997, the number of holders of record of Common Stock of the Company was approximately 31 and there were 3,910,000 shares outstanding. On that date a total of 8,045,356 units of limited partnership interest in the Operating Partnership ("OP Units") were held by twelve entities, including the Company's two subsidiaries.

DIVIDENDS

The Company intends to make regular quarterly distributions to its stockholders. The Board of Directors, in its sole discretion, will determine the actual distribution rate based on the Company's actual results of operations, economic conditions, tax considerations (including those related to REITs) and other factors. The Company's first distribution, for the period from the completion of the IPO to March 31, 1997, is expected to equal a pro rata share of the estimated initial quarterly distribution of $0.40625 per share of Common Stock, which, on an annualized basis, will represent a distribution rate of $1.625 per share, or 7.74% of the IPO Price. On a pro forma basis for the twelve months ended December 31, 1996, the estimated initial distribution represents 105.57% of estimated Cash Available for Distribution. Holders of OP Units will receive distributions on a per unit basis equal to the per share distributions to owners of Common Stock.

The Company expects to maintain its initial distribution rate unless actual results of operations, economic conditions or other factors differ from the pro forma results for the twelve months ended December 31, 1996. The Company's actual Cash Available for Distribution will be affected by a number of factors, including Gross Golf Revenues generated at the Initial Courses. The Company anticipates that Cash Available for Distribution will exceed earnings and profits due to non-cash expenses, primarily depreciation and amortization, to be incurred by the Company. Distributions by the Company to the extent of its current or accumulated earnings and profits for federal income tax purposes, other than capital gain dividends, will be taxable to stockholders as ordinary dividend income. Any dividends designated by the Company as capital gain dividends generally will give rise to capital gain for stockholders. Distributions in excess of the Company's current or accumulated earnings and profits generally will be treated as a non-taxable reduction of a stockholder's basis in the Common Stock to the extent thereof, and thereafter as capital gain. Distributions treated as non-taxable reduction in basis will have the effect of deferring taxation until the sale of a stockholder's Common Stock or future distributions in excess of the stockholder's basis in the Common Stock. Based upon the total estimated Cash Available for Distribution, the Company estimates that none of the Company's expected annual distribution would represent a return of capital for federal income tax purposes. If actual Cash Available for Distribution or taxable income vary from these amounts, or if the Company is not treated as the owner of one or more of the Initial Courses, the percentage of distributions which represents a return of capital may be materially different.

In order to maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 95% of its taxable income (excluding net capital

gains). Based on the Company's pro forma results of operations for the twelve months ended September 30, 1996, the Company would have been required to distribute approximately $4.5 million, or approximately $1.32 per share, in

order to maintain its status as a REIT. Under certain circumstances, the Company may be required to make distributions in excess of Cash Available for Distribution in order to meet such distribution requirements. In such event, the Company would seek to borrow the amount of the deficiency or sell assets to obtain the cash necessary to make distributions to retain its qualification as a REIT for federal income tax purposes.

The Board of Directors, in its sole discretion, will determine the actual distribution rate based on a number of factors, including the amount of Cash Available for Distribution, the Company's financial condition, capital expenditure requirements for the Company's properties, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Directors deems relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following tables set forth (i) unaudited selected consolidated pro forma financial information for the Company and (ii) selected historical financial information for Legends Golf. The pro forma operating information is presented as if the Formation Transactions had occurred as of January 1, 1995 and therefore incorporates certain assumptions that are included in the Notes to Unaudited Pro Forma Condensed Statements of Operations (see F-3). The pro forma balance sheet information is presented as if the Formation Transactions had occurred on December 31, 1996. The pro forma information does not purport to represent what the Company's or the Initial Lessees' financial position or results of operations actually would have been had the Formation Transactions, in fact, occurred on such date or at the beginning of the period indicated, or to project the Company's or the Initial Lessees' financial position or results of operations at any future date or any future period.

GOLF TRUST OF AMERICA, INC.
UNAUDITED SUMMARY CONSOLIDATED PRO FORMA FINANCIAL DATA
(in thousands, except per share and footnote data)

	YEAR ENDED DECEMBER 31,	
	1995	1996
OPERATING DATA:		
Participating lease revenue (1)	$11,282	$13,142
Depreciation and amortization (1)	2,536	3,080
General and administrative (2)	1,639	1,639
Interest expense	366	366
Total expenses	4,541	5,085
Income before minority interest	6,741	8,057
Minority interest (3)	3,202	3,988
Net income applicable to common shareholders (1)	$ 3,539	$ 4,069
Net income per share of Common Stock	$ 0.91	$ 1.04
Shares of Common Stock outstanding	3,910	3,910
CASH FLOW DATA:		
Cash flows from operating activities (4)	$ 9,277	$11,137
Cash flows used in investing activities (5)	479	544
Cash flows used in financing activities (6)	8,821	13,074
OTHER DATA:		
Cash Available for Distribution (7)	$12,374	$12,384
Common Stock and OP Units outstanding	8,045	8,045

	DECEMBER 31, 1996

BALANCE SHEET DATA:	
Investment in Initial Courses	$ 62,876
Mortgages and notes payable	$ 4,325
Minority interest in Operating Partnership	$ 42,333
Total stockholders' equity	$ 40,026

ITEM 6

LEGENDS GOLF
SUMMARY COMBINED HISTORICAL FINANCIAL INFORMATION

	YEAR ENDED DECEMBER 31,				
	1992	1993	1994	1995	1996
FINANCIAL DATA:					
Revenue from golf course operations.	$11,724	$13,455	$14,371	$14,619	$15,199
Other revenue.	2,931	3,438	4,725	3,823	4,214
Total revenue.	14,655	16,893	19,096	18,442	19,413
Operating expenses	8,895	9,882	10,083	10,322	13,556
Depreciation and amortization. .	1,406	1,564	1,830	1,791	2,400
Interest expense	648	619	998	1,017	1,589
Net income	$ 3,706	$ 4,828	$ 6,185	$ 5,312	$ 1,868
BALANCE SHEET DATA:					
Investment in golf courses and related equipment	$17,425	$16,663	$19,301	$33,099	$35,060
Total assets	20,484	22,719	24,649	$42,300	49,804
Mortgages, notes payable, and advances from affiliates and stockholders . .	16,293	19,285	18,638	35,163	40,480
Capital lease obligations. . . .	332	-	-	-	-
Total owners' equity	2,086	2,263	3,772	6,328	7,174

(1) Represents payments of Base Rent from the Initial Lessees to the Company calculated on a pro forma basis as if the beginning of the period presented was the beginning of a lease year, except for Legends of Virginia, the Initial Lessee of Stonehouse Golf Club and Royal New Kent, which courses opened in June 1996 and August 1996, respectively. Pro forma Participating Lease revenue payable by Legends of Virginia reflects only the periods during which such Golf Courses were actually operating.

If Stonehouse and Royal New Kent had been operating during the entire period presented, (i) Participating Lease revenue would have been $3,706 and $1,846 higher for the years ended December 31, 1995 and 1996, respectively, for a total of $14,988, (ii) depreciation and amortization would have been $1,180 and $580 higher for the years ended December 31, 1995 and 1996, respectively, for a total of $3,716 and $3,660, respectively, and (iii) net income would have been $2,526 and $1,266 higher, respectively, for a total of $9,267 and $9,323, respectively.

(2) Represents legal, audit, office, franchise taxes, salaries and other general and administrative expenses to be paid by the Company.

(3) Calculated as approximately 47.5% and 49.5% of the Operating Partnership's net income for the years ended December 31, 1995 and 1996, respectively, based on the weighted average OP Units outstanding.

(4) Represents the Company's income before minority interest adjusted for non-cash depreciation and amortization. Estimated pro forma cash flows from operating activities excludes cash provided by (used in) operating activities due to changes in working capital resulting from changes in current assets and current liabilities. The Company does not believe these excluded items are material to cash flows from operating activities.

(5) Represents the amount of the reserve which the Company will be required to make available annually under the Participating Leases to fund capital expenditures, calculated as 2.0% to 3.0% of Gross Golf Revenue of the Initial Courses. In addition to increases resulting from the Base Rent Escalator and payments of Participating Rent, the Initial Lessees are generally obligated to increase their lease payments each year in an amount equal to the increase in the capital expenditure reserve from the prior year.

If Stonehouse and Royal New Kent were operating during the entire period, cash flows used in investing activities would have been $130 and $65 higher for the years ended December 31, 1995 and 1996, respectively.

(6) Represents estimated initial distributions to be paid based on the anticipated initial annual dividend rate of $1.625 per share of Common Stock and OP Unit and an aggregate of 8,045,356 shares of Common Stock and OP Units outstanding and initial debt of $4,253,000, net of loan costs.

(7) Estimated Cash Available for Distribution is calculated as follows:

	YEAR ENDED DECEMBER 31,	
	1995	1996
Pro forma income before minority interest	$ 6,741	$ 8,057
Pro forma depreciation	2,536	3,080
Pro forma funds from operations	9,277	11,137
Adjustments:		
Additional base rent for courses not operational during entire period	3,706	1,856
Estimated capital expenditures	(609)	(609)
Cash available for distribution	$12,374	$12,384

In accordance with the resolution adopted by the Board of Governors of the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), Funds From Operations represents net income (loss) (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring or sales of property, plus depreciation of real property, and after adjustments for unconsolidated partnerships and joint ventures. Funds From Operations should not be considered as an alternative to net income or other measurements under generally accepted accounting principles as an indicator of operating performance or to cash flows from operating, investing or financial activities as a measure of liquidity. Funds From Operations does not reflect working capital changes, cash expenditures for capital improvements or principal payments on indebtedness. The Company believes that Funds From Operations is helpful to investors as a measure of the performance of an equity REIT, because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of the ability of the Company to incur and service debt and make capital expenditures. Compliance with the NAREIT definition of Funds From Operations is voluntary. Accordingly, the Company's calculation of Funds From Operations in accordance with the NAREIT definition may be different than similarly titled measures used by other REITs.

Pro forma income before minority interest for the years ended December 31, 1996 reflects base rent from Legends of Virginia for the period during which the Golf Courses it is contributing to the Company, Stonehouse Golf Club and Royal New Kent, were actually operating (Stonehouse opened in June 1996 and Royal New Kent opened in August 1996). The adjustment reflects additional Base Rent which will be payable during the Golf Courses' initial year of operations (i.e., to reflect a full year's Base Rent) and is provided to arrive at estimated Cash Available for Distribution.

The Participating Leases require the Company to reserve annually between 2% and 3% of the Gross Golf Revenues of the Golf Courses to fund capital expenditures. Any capital expenditures in excess of such amounts will be funded by the Initial Lessees.

(8) Represents the Initial Lessees' pro forma income adjusted for noncash depreciation and amortization. Estimated pro forma cash flows from operating activities excludes cash provided by (used in) operating activities due to changes in working capital resulting from changes in current assets and current liabilities. The Initial Lessees are newly formed entities, and the Company does not believe these excluded items are material to cash flows from operational activities.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Concurrently with the Company's successful initial public offering in February 1997, the Operating Partnership acquired the ten Initial Courses, and the Company, through its wholly-owned subsidiaries, GTA GP and GTA LP, acquired an approximate 48.6% interest in the Operating Partnership. GTA GP is the sole general partner of the Operating Partnership. The Company's primary source of revenue is the Lease Payments under the Participating Leases. Each Initial Lessee has only nominal capitalization and an Initial Lessee's ability to make the Lease Payments to the Company under its Participating Lease is dependent upon the Initial Lessee's ability to generate sufficient cash flow from the operation of the Initial Course(s) leased by it. Each Initial Course is leased by a separate Initial Lessee except for the Heathland, Moorland and Parkland courses (collectively, the "Legends Resort Courses"), which share a common clubhouse, driving range, golf carts and other facilities, and Royal New Kent and Stonehouse Golf Club, both of which were recently opened and are located in close proximity to each other. The Legends Resort Courses are leased to a Legends Lessee under a single Participating Lease. A separate Legends Lessee leases both Royal New Kent and Stonehouse Golf Club under separate Participating Leases. The Participating Leases provide for the Company to receive the greater of Base Rent or an amount equal to Participating Rent plus the initial Base Rent payable under each Participating Lease. Participating Rent is equal to 33 1/3% of the increase in Gross Golf Revenues over the Gross Golf Revenues for the Initial Course for the year ended December 31, 1996, as adjusted by the Company in determining the initial Base Rent. Base Rent will increase each year by the Base Rent Escalator during the first five years of the lease term (and for an additional five years thereafter following an exercise of the Lessee Performance Option). The Base

Rent Escalator for a given year equals the lesser of (i) 3% or (ii) 200% of the change in the CPI over the prior year. Annual increases in Lease Payments are limited to a maximum of 5% for the first five years of the lease terms.

The Company expects the Initial Lessees' results of operations to differ significantly from the historical results of the Prior Owners at each course. During the acquisition of the Initial Courses (concurrent with the closing of the IPO), substantially all of the indebtedness of the Prior Owners related to the Initial Courses was repaid by the Company. The Initial Courses were contributed to the Company and the Company entered into Participating Leases with the Initial Lessees providing for Lease Payments to the Company. Going forward, depreciation of the Initial Courses will be reflected in the results of operations of the Company. In addition to the repayment of debt, the Initial Lessees are expected to benefit from economies of scale resulting from their affiliation with the Company and their participation in the Advisory Association.

Management believes the principal source of growth in Gross Golf

Revenues at the Initial Courses will be increased green fees, cart fees and other related fees (revenues per player). In order to achieve higher revenues per player, management believes the Initial Lessees will need to continue to offer golfers a high quality golf experience regarding the pace of play, condition of the Initial Course and overall quality of the facilities.

The Company intends to acquire additional golf courses that meet one or more of its investment criteria. The Company believes its multiple independent lessee structure, together with the industry knowledge, experience and relationships of management of the Company and the Initial Lessees will permit the Company to acquire high quality golf courses. The Company expects to have access to a variety of debt and equity financing sources to fund acquisitions, including the Line of Credit and the ability to issue OP Units. OP Units represent limited partnership interests in the Operating Partnership. When a golf course owner contributes a golf course in exchange for OP Units, the owner does not recognize ordinary income or capital gain (or loss) for federal income tax purposes until the exercise of the OP Units' Redemption Rights. The Company believes its ability to issue OP Units will facilitate the acquisition of quality golf courses that might not otherwise be available for purchase.

The following discussion and analysis of financial condition and pro forma results of operations of the Company, and certain Prior Owners and Initial Lessees is based upon the Company's financial statements as of December 31, 1996, the pro forma consolidated balance sheet and income statement of the Company and the Legends Lessees, and the historical combined financial statements of The Legends Group, the accounting acquiror, with respect to seven of the Initial Courses. In establishing the amount of Base Rent for the Initial Courses, the Company and the Initial Lessees considered, in addition to actual historical results of operations, a number of other factors which under the accounting rules of the Securities and Exchange Commission cannot be reflected in the pro forma financial information for the Initial Lessees. Such factors include (i) declines in revenues at certain of the Initial Courses as a result of unusually severe weather conditions (affecting Olde Atlanta and The Woodlands), (ii) cost savings expected to be achieved by the Initial

Lessees as a result of operational changes following completion of the Formation Transactions (affecting The Legends Group courses and Olde Atlanta), (iii) revenue enhancing programs which certain Initial Lessees intend to implement following completion of the Formation Transactions (affecting Legends Resort Courses, Oyster Bay and Heritage Golf Club), and (iv) estimated revenues and expenses at the two recently opened Initial Courses (Royal New Kent and Stonehouse Golf Club). The pro forma financial information for the Company and the Initial Lessees reflects initial Base Rent and no Participating Rent.

PRO FORMA RESULTS OF OPERATIONS OF THE COMPANY

On a pro forma basis for the years ended December 31, 1995, and December 31, 1996, the Company would have received $11,282,000 and $13,142,000, respectively, in revenue from the Participating Leases for the Initial Courses. This amount does not include $3,706,000 and $1,846,000 in rent from Legends of Virginia LC for the years ended December 31, 1995 and December 31, 1996, respectively, related to its two courses, Stonehouse Golf Club and Royal New Kent, because such courses opened in July 1996 and August 1996 respectively. As these golf courses are now fully operational, the Company is contractually entitled to receive rent of approximately $14,988,000 in its first full year of operation.

Total pro forma expenses before minority interest, totaling $4,541,000 and $5,085,000 for the years ended December 31, 1995 and December 31, 1996, respectively, reflect depreciation and amortization, general and administrative expenses and interest expense. Depreciation expense is based on the Company's cost of acquiring the Initial Courses, except for the seven Initial Courses acquired by the Company from The Legends Group. The contribution of

these seven Initial Courses is treated for accounting purposes as a reorganization of the interests of The Legends Group in the contributed courses as has been accounted for at historical cost. Pro forma expenses for the years ended December 31, 1995 and December 31, 1996 do not include depreciation related to the Legends of Virginia Golf Courses totaling $1,180,000 and $580,000, respectively, related to periods these courses were not operational in 1995 and 1996. If these courses had been operational in 1995 and all of 1996, total pro forma expenses for the years ended December 31, 1995 and December 31, 1996 would have been $5,721,000 and $5,665,000, respectively.

Minority interest, totaling $3,202,000 for the year ended December 31, 1995 ($4,402,000 if the Legends of Virginia Initial Courses had been fully operational) and $3,988,000 for the year ended December 31, 1996 ($4,615,000 if the Legends of Virginia Initial Courses had been fully operational) reflects the 47.5% and 49.5% weighted average outstanding interest, respectively, of the Prior Owners and management in the pro forma net income of the Operating Partnership.

Pro forma net income for the year ended December 31, 1995 is $3,540,000 ($4,504,000 if the Legends of Virginia Initial Courses had been fully operational). Pro forma net income for the year ended December 31, 1996 is $4,069,000 ($4,531,000 if the Legends of Virginia Initial Courses had been fully operational).

PRO FORMA LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

On a pro forma basis, cash flow from operating activities for the years ended December 31, 1995 and 1996, excluding changes in working capital, would have been $9,277,000 and $11,137,000 ($12,983,000 and $12,993,000 if the Legends of Virginia Initial Courses had been fully operational). This reflects net income before minority interest, plus non-cash charges to income for depreciation and loan fee amortization. Cash flows used in investing activities reflects capital expenditures of $479,000 and $544,000, calculated based upon the Company's capital expenditure reserves required by the terms of the Participating Leases. Cash flows used in financing activities, totaling $8,821,000 and $13,074,000, represents distributions (based upon an initial estimated per share and OP Unit distribution rate of $1.625) to holders of the Common Stock and OP Units and the amount of the initial borrowing of $4,325,000 in 1995.

The Company's principal source of cash to meet its cash requirements, including distributions to its stockholders, is its share of the Operating Partnership's cash flow. The Operating Partnership's sole source of revenue is Lease Payments under the Participating Leases. The Initial Lessees have nominal capitalization and the ability of the Initial Lessees to make Lease Payments to the Operating Partnership and, therefore, the Company's liquidity, including the ability to make distributions to its stockholders, will depend upon the Initial Lessees' ability to generate sufficient cash flow from their operations at their respective Initial Courses.

Concurrent with the closing of the IPO, the Company borrowed approximately $4,325,000 which, together with the net proceeds of the IPO, was used to retire mortgage indebtedness and other debt of the Prior Owners, to fund the cash portion of the purchase of the Initial Courses and to provide approximately $24,119,700 in initial working capital. The Company has agreed to maintain approximately $4,325,000 of indebtedness for up to 10 years to accommodate a Prior Owner's efforts to seek to minimize certain adverse tax consequences from its contribution of one of the Initial Courses to the Company. Additionally, the Company has signed a term sheet and is finalizing the documentation for a Line of Credit to be used primarily for the acquisition of additional golf courses, but a portion of which may also be used for acquisition of the Expansion Facilities, for capital expenditures or for general working capital purposes. The Company has not, however, finalized the Line of Credit and there can be no assurance that the Company will have access to sufficient debt and equity financing to pursue its acquisition strategy. The Company anticipates that the Line of Credit lender, NationsBank, N.A., will impose certain conditions on the Company's ability to draw on the Line of Credit. If the Company is not able successfully to finalize the Line of Credit, the Company anticipates that

future acquisitions would be funded with debt financing to be secured by the particular acquisition property or with proceeds of additional equity offerings. In the future, the Company may negotiate additional credit facilities or issue corporate debt instruments. Any debt issued or incurred by the Company may be secured or unsecured, long-term or short-term, fixed or

variable interest rate and may be subject to such other terms as the Board of Directors deems prudent.

The Company believes its acquisition capabilities are enhanced by its initial capital structure. The Company intends to maintain a capital structure with consolidated indebtedness representing no more than 50% of its total market capitalization.

The Company intends to invest in additional golf courses as suitable opportunities arise, but the Company will not undertake investments unless adequate sources of financing are available. Future acquisitions of golf courses will be financed, in whole or in part, with proceeds from the Line of Credit, additional issuances of OP Units or shares of Common Stock, borrowings under financing arrangements or other securities issuances. The Company currently has no agreement to acquire any additional golf courses, and there can be no assurance that the Company will acquire any more golf courses.

Pursuant to the Participating Leases, the Company is obligated to reserve annually from rental payments an amount equal to between 2% and 3% of Gross Golf Revenue at each Initial Course to fund capital expenditures approved by the Company, including the periodic replacement or refurbishment of improvements and equipment. Capital expenditures in excess of that reserve will be funded by the Initial Lessees. The Company anticipates entering into similar arrangements with respect to golf courses it acquires in the future.

THE LEGENDS GROUP PRIOR OWNERS

As part of the Formation Transactions, the Company acquired the following seven Initial Courses from The Legends Group: Heritage Golf Club, Heathland, Moorland, Parkland, Oyster Bay, Royal New Kent and Stonehouse Golf Club. These seven Initial Courses are operated by four Legends Lessees. The Legends Resort Courses -- Heathland, Moorland and Parkland -- share a common clubhouse, driving range, golf carts and other facilities and are leased by a single Legends Lessee pursuant to a single Participating Lease. The newly-opened Initial Courses -- Royal New Kent and Stonehouse Golf Club -- are in similar stages of operation and are leased by a single Legends Lessee pursuant to separate Participating Leases. Each of the other two Legends Initial Courses are leased by separate Legends Lessees. Aggregate Base Rent under the Participating Leases with the Legends Lessees represents approximately 80.4% of the Company's pro forma revenue under the Participating Leases for the year ended December 31, 1996. The Legends Group Prior Owners received OP Units representing an approximate 46.5% interest in the Operating Partnership upon completion of the Formation Transactions.

The following discussion and analysis addresses the combined historical results of operations of the Initial Courses contributed by The Legends Group. However, the results

of operations of such courses do not purport to represent the pro forma results of operations of the Legends Lessees or the Company and should not be used to assess the operating performance of the Legends Lessees or the Company. Two of the Initial Courses contributed by The Legends Group, Stonehouse Golf Club and Royal New Kent, opened in June and August 1996, respectively.

The Legends Group markets its courses through media advertising (primarily in golf publications) and various other promotional arrangements (generally discounted green fees) provided to guests of local hotels in the markets where its golf courses are located. In addition, in 1995, affiliated entities began constructing, selling and renting golf villas as part of a

resort/residential development at the Legends Resort, site of the three Legends Resort Coures, Heathland, Moorland and Parkland. This development eventually is expected to include 204 golf villas with over 800 beds. The Company believes that this resort/residential development helped contribute to the number of rounds played at the Legends Resort Courses in 1995 and 1996 and is expected to continue to be an increasing source of rounds played as the development is completed.

For purposes of financial presentations, the term "Legends Golf" refers to the combined operations of all seven Initial Courses contributed by The Legends Group, and the term "Golf Legends" refers to operations of the three Initial Courses located at the Legends Resort.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1996 AND 1995

Revenue from golf operations increased 4.0% from $14,619,000 to $15,199,000 as well as the revenue per player (principally as a result of increased green fees and golf cart rentals) from $55.65 to $56.21, while the total rounds played increased 2.9% from 262,700 to 270,400. The increase in total number of rounds is primarily due to the opening of the two Legends of Virginia courses in mid-1996. The increase in total revenues in 1996 due to the two new courses approximated $690,000. In January and February 1996, management reduced available tee times and increased green and cart fees over the prior period's winter rates in an effort to enhance the quality of the golf experience during the slower time of the year. The Company believes that the late, harsh winter of 1996 in the midwest and northeastern United States reduced vacation golfers' travel from these areas and contributed to the decrease in the number of rounds played. Rounds played were also adversely affected by two hurricanes during the summer of 1996 that resulted in minimal damage to the Golf Courses but reduced vacation golf travel to the area.

Other revenue sources, including food and beverage and merchandise sales are significantly influenced by the number of rounds played. While the number of rounds increased 2.9%, other revenue increased 10.2% to $4,214,000 from $3,823,000 principally due to a 22.6% increase in food and beverage sales resulting from additional demand created by occupants of the newly constructed golf villas at the Legends Resort. The rental units recently opened and additional units are being developed. Management is unable to estimate the future impact on food and beverage sales. However, food and

beverage revenues are not included in the calculation of Gross Golf Revenue and therefore do not affect Participating Rent payments.

Operating expenses increased 31.7% to $15,956,000 from $12,113,000. Principal components of the $3,843,000 increase were (i) initial operating costs of approximately $3,178,000 associated with the two Legends of Virginia courses opened in mid-1996, (ii) a one time increase in chemicals and fertilizer expense of approximately $90,000, (iii) periodic resurfacing of cart paths totaling $50,000, (iv) food and beverage operations of approximately $352,000 attributed to an increase in revenues and (v) an increase in repairs and maintenance expense.

Interest expense increased 56.2% to $1,589,000 from $1,017,000 as a result of higher borrowings incurred in connection with the completion and pre-opening costs of the two recently opened Initial Courses.

Net income decreased 64.8% from $5,312,000 to $1,868,000 primarily as a result of additional $3,178,000 of expenses associated with the two recently opened Initial Courses.

YEAR ENDED DECEMBER 31, 1995 AND 1994

Revenue from golf operations increased 1.7% to $14,619,000 from $14,371,000. The increase resulted primarily from a 9.5% increase in revenues per player (principally as a result of increased green fees and golf cart rentals) from $50.82 to $55.65. During this same period rounds played decreased 7.1% from 282,800 to 262,700 as a result of the Company's focus on increasing green fees.

Other revenue decreased 19.1% from $4,725,000 to $3,823,000 principally due to a contribution of land in 1994 totaling $1,000,000 which was partially offset by increased food and beverage and merchandise sales as a result of improved merchandising efforts in the pro shop.

Operating expenses increased 1.7% to $12,113,000 from $11,913,000, primarily as a result of normal wage and other operating cost increases.

Interest expense increased 1.9% to $1,017,000 from $998,000 primarily due to financing costs incurred in connection with the purchase of maintenance equipment.

Net income decreased 14.1% to $5,312,000 from $6,185,000.

LEGENDS LESSEES

On a pro forma basis, assuming the Formation Transactions had occurred as of the beginning of the respective periods, the pro forma results of operations of the Legends Lessees for the years ended December 31, 1995 and December 31, 1996 were as follows:

	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996
LEGENDS GOLF (1)		
Total revenue.	$18,442	$19,413
Participating Lease payment.	8,351	10,210
Net income (loss).	231	(3,966)
Cash flows from operating activities (2) .	514	(3,618)
Cash flows from investing activities (3) .	--	--
Cash flows from financing activities (4) .	--	--
EBITDA (5)	595	(3,568)

- ----------

(1) Reflects seven months of operations for the Stonehouse Golf Club and five months of operations for Royal New Kent for the year ended December 31, 1996. Stonehouse and Royal New Kent Golf Club opened in June and August 1996, respectively.

(2) Represents the applicable Initial Lessee's pro forma income adjusted for non-cash depreciation and amortization. Estimated pro forma cash flows from operating activities excludes cash provided by (used in) operating activities due to changes in working capital resulting from changes in current assets liabilities. The Initial Lessees are newly formed entities, and the Company does not believe these excluded items are material to cash flows from operating activities.

(3) Cash flows from investing activities would consist principally of capital improvements to the Golf Courses. As such improvements are expected to be funded through a capital expenditure reserve funded by the Company, cash flows from investing activities funded by the Initial Lessees are not expected to be material.

(4) Cash flows from financing activities would primarily included transactions with the Initial Lessees' owners and borrowings and repayments on loans. Such cash flows have been excluded in the determination of cash flows from financing activities as the Company does not believe these excluded items are material to cash flows from financing activities.

(5) EBITDA is defined as operating income before interest, income taxes, depreciation and amortization. Management considers EBITDA to be an important measure of the cash flows from operations of the Initial Lessees (before payment of debt service obligations and non-cash depreciation charges). EBITDA does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not to be considered as an alternative to net income as an indication of financial performance or to cash flows from operating activities as a measure of liquidity.

INFLATION

All of the Participating Leases provide for initial terms of 10 years with Base Rent and Participating Rent features. Base Rent will increase by the Base Rent Escalator for each year during the first five years of the term of each Participating Lease (and for an

additional five years if the Lessee Performance Option is exercised). All of such leases are triple net leases requiring the Initial Lessees to pay for all maintenance and repair, insurance, utilities and services, thereby minimizing the effect of inflation on the Company.

SEASONALITY

The golf industry is seasonal in nature based on weather conditions and fewer available tee times in the rainy season and the winter months. Each of the Initial Lessees operating a Daily Fee course may vary green fees based on changes in demand.

FORWARD-LOOKING STATEMENTS

The preceding sections "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Annual Report contain various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events, including, without limitation, statements containing the words "believes," "anticipates," "expects" and words of similar import; and also including, without limitation, the following: statements regarding the Company's continuing ability to target and acquire high quality golf courses; the expected availability of the Line of Credit and other debt and equity financing; the sufficiency of the Company's working capital, cash flow and financing to support the Company's future operating and capital requirements; the Initial Lessees' future cash flows, results of operations and overall financial performance; the Company's planned strategic alliance with Troon Golf; the planned acquisition and/or financing of certain golf courses; the expected completion and acquisition of the Expansion Facilities; the expected dividend distribution rate; the intended limit on the Company's level of consolidated indebtedness; the expected tax treatment of the Company's operations; the Company's beliefs about continued growth in the golf industry; statements regarding the possible redemption of OP Units and exercise of the Lessee Performance Options; and the expected completion of real estate developments near the Initial Courses. Such forward-looking statements relate to future events and the future financial performance of the Company and the industry and involve known and unknown risks, uncertainties and other important factors which could cause actual results, performance or achievements of the Company or industry to differ materially from the future results, performance or achievements expressed or implied by such forward-looking statements.

Investors should carefully consider the various factors identified under the headings "Business," "Properties" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" and elsewhere in this Annual Report that could cause actual results to differ materially from the results predicted in the forward-looking statements. Further, the Company specifically cautions investors to consider the following important

factors in conjunction with the forward-looking statements: the possible decline in the Company's ability to locate and acquire quality golf courses and to negotiate acceptable lease terms; the possibility that negotiations regarding the Line of Credit and the alliance with Troon Golf will fail; the possibility that Company management lacks the skill to manage the Company's

planned process of acquisitions and expansions; the possible adverse effect of changing economic conditions, including interest rate movements and changes in the real estate market both locally and nationally; the effect of severe weather or natural disasters; and the effect of competitive pressures from other golf course acquirors and other golf course lessors. Because of the foregoing factors, the actual results achieved by the Company in the future may differ materially from the expected results described in the forward-looking statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Regulation S-X are included in this Annual Report on Form 10-K commencing on page F-1.

ITEM 9. CHANGES IN THE COMPANY'S CERTIFYING ACCOUNTANT

(a) On February 26, 1997, the Company dismissed Price Waterhouse LLP as independent accountants. Effective February 26, 1997, the Company engaged BDO Seidman, LLP as principal accountants. The decision to change accountants was approved by the Audit Committee and ratified by the Board of Directors of the Company.

(b) The Company was formed on November 8, 1996. Its balance sheet as of November 8, 1996 was audited by Price Waterhouse LLP. The balance sheet and the report of Price Waterhouse LLP thereon were included in the Company's Registration Statement on Form S-11 which was declared effective on February 6, 1997. In connection with its audit of the November 8, 1996 balance sheet and through February 26, 1997, there were no disagreements with Price Waterhouse LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Price Waterhouse LLP would have cause them to make reference thereto in their report on the November 8, 1996 balance sheet and there were no reportable events (as defined in Regulation S-K Item 304(a)(1)(v)).

(c) The report of Price Waterhouse LLP on the Registrant's November 8, 1996 balance sheet did not contain an adverse opinion or a disclaimer of opinion and the report was not qualified or modified as to uncertainty, audit scope or accounting principles.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Board of Directors consists of seven members. The directors include W. Bradley Blair II, Chairman, Chief Executive Officer and President of the Company, David J. Dick, the Company's Executive Vice President and Larry D. Young, founder of The Legends Group, the Prior Owner of seven of the Initial Courses. The remaining directors are Independent Directors (the "Independent Directors"). Subject to rights pursuant to any employment agreements, officers of the Company serve at the pleasure of the Board of Directors.

Set forth below is information with respect to the directors and executive officers of the Company as of March 24, 1997.

NAME	AGE	POSITION

W. Bradley Blair, II	53	Chairman of the Board of Directors, Chief Executive Officer and President of the Company
David J. Dick	37	Executive Vice President, Director
Scott D. Peters	39	Senior Vice President and Chief Financial Officer
Larry D. Young	55	Director
Roy C. Chapman	56	Director
Raymond V. Jones	49	Director
Fred W. Reams	54	Director
Edward L. Wax	60	Director

W. Bradley Blair, II is the Chairman of the Board, Chief Executive Officer and President of the Company. From 1993 until the completion of the IPO Mr. Blair served as Executive Vice President, Chief Operating Officer and General Counsel for The Legends Group. As an officer of Legends Group Ltd., Mr. Blair was responsible for all aspects of operations, including acquisitions, development and marketing. From 1978 to 1993, Mr. Blair was the managing partner and currently is of counsel at Blair, Conaway Bograd & Martin, P.A., a law firm, specializing in real estate, finance, taxation and acquisitions. Several clients of Blair, Conaway Bograd & Martin are golf course owners, operators and developers as well as companies involved in golf course financing. Mr. Blair received a Bachelor of Science Degree in Business from Indiana University and a Juris Doctorate from University of North Carolina at Chapel Hill Law School.

David J. Dick is Executive Vice President of the Company. Since 1993 Mr. Dick has worked with the Inland Group, Inc. as a consultant specializing in real estate investment banking and golf course finance. From 1983 to 1992 Mr. Dick served as Vice President of Development and Asset/Portfolio Management for Thoner & Birmingham Development Corporation, a golf and country club community developer that is affiliated with the owner of Northgate Country Club. While with Thoner & Birmingham Development Corporation, Mr. Dick's responsibilities included many aspects of golf course and country club development, finance operations and management. Mr. Dick received a Bachelor of Science in Business Administration from Central Missouri State University. Mr. Dick is a Certified Commercial Investment Member.

Scott D. Peters is Senior Vice President and Chief Financial Officer of the Company. From 1992 to 1996, Mr. Peters served as Senior Vice President and Chief Financial Officer of the Pacific Holding Company in Los Angeles, where he participated in the management of a 4,000 acre real estate portfolio consisting of residential, commercial and country club properties focusing on master-planned golf communities. From 1988 to 1992, Mr. Peters served as Senior Vice President and Chief Financial Officer of Castle Cooke Homes, Inc; and during 1990 and 1991 lectured on Real Estate Finance and Asset Management at California State University at Bakersfield. Mr. Peters is a certified public accountant and worked with Arthur Andersen & Co. and Laventhol & Horwath from 1981 to 1985. From

1986 to 1988, Mr. Peters worked with a general partnership that managed the construction of the Scotsdale Princess Resort. He received a Bachelor of Arts degree in Accounting and Finance with honors from Kent State University and a Masters Degree in Taxation from the University of Akron, Ohio.

Larry D. Young is a director of the Company and is the founder of The Legends Group. Mr. Young has been involved in the golf business for 25 years, and for 21 of those years in Myrtle Beach. In 1975 he moved to Myrtle Beach, South Carolina, where he started what became The Legends Group, a leading golf course owner, developer and operator in the southeast and Mid-Atlantic regions of the United States. Mr. Young has developed ten courses during that time, three of which were rated the best new course in their respective category in the year developed by GOLF DIGEST. Mr. Young has served in numerous capacities in golf industry related non-profit organizations.

Roy C. Chapman is a director of the Company. He is the Chairman, Chief Executive Officer and principal shareholder of Human Capital Resources, Inc., which was formed to assist students to finance higher

education. From 1987 until his retirement in February of 1993, he was Chairman and Chief Executive Officer of Cache, Inc., the owner and operator of a nationwide chain of upscale women's apparel stores. He has served as the Chief Financial and Administrative Officer of Brooks Fashion Stores and was a partner in the international accounting and consulting firm of Coopers & Lybrand LLP. Mr. Chapman has also served as a member of the staff of the Division of Market Regulation of the Securities and Exchange Commission and acted as a consultant to the Special Task Force to Overhaul the Securities Investors Protection Act.

Raymond V. Jones is a director of the Company. Mr. Jones is the Executive Vice President of Summit Properties Inc., where he has been employed since 1984. Summit Properties Inc. is a publicly traded REIT listed on the New York Stock Exchange and is one of the largest developers and operators of luxury garden multifamily apartment communities in the southeastern United States. While at Summit Properties Inc., Mr. Jones has overseen the development of twenty-six communities comprising nearly 6,500 apartment homes in Georgia, North Carolina, South Carolina and Ohio. Prior to 1984, Mr. Jones served as General Operations Manager for both the Charlotte and Houston divisions of Ryan Homes, Inc. Mr. Jones earned a B.A. in Political Science from George Washington University.

Fred W. Reams is a director of the Company. Since 1981 he has served as the President of Reams Asset Management Company, LLC ("Reams Management"), an independent private investment firm which he co-founded. Reams Management employs a staff of 20 persons and manages approximately $2.5 billion in assets. In addition, Mr. Reams has served as President of the Board of Directors of the Otter Creek Initial Course since 1981. Otter Creek, located in Indiana and rated in the top 25 public courses by GOLF DIGEST in 1990, recently expanded to 27 holes and has hosted several noteworthy tournaments including multiple U.S. Open and U.S. Senior Open qualifiers and four American Junior Golf Association Championships.

Edward L. Wax is a director of the Company. Since 1992 he has served as Chairman and Chief Executive Officer of Saatchi & Saatchi Advertising Worldwide. There, Mr. Wax is responsible for the operations of 143 offices, in 87 countries. Mr. Wax has been employed by Saatchi & Saatchi since 1982. Mr. Wax was formerly Chairman of The American Association of Advertising Agencies as well as a director of both the Ad Council and the Advertising Educational Foundation. Mr. Wax holds an M.B.A. from the Wharton Graduate School of Business and an undergraduate degree from Northeastern University.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The Form 3 initial report under Section 16(a) of the Securities Exchange Act of 1934 ("Section 16(a)") was submitted on behalf of Larry D. Young, a director of the Company, on February 12, 1997, six days after it was due. Form 4 reports of changes in beneficial ownership of the Company's securities under Section 16(a) were submitted on behalf of W. Bradley Blair, II, Roy C. Chapman, Edward L. Wax, Raymond V. Jones and David J. Dick, on or around April 1, 1997, one month after they were due. There were no other late reports, reportable transactions, or failures to file a required form to the Company's knowledge.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth the estimated 1997 compensation, on an annualized basis, expected to be paid to the most highly compensated executive officers of the Company whose cash compensation from the Company in 1997 on an annualized basis is expected to exceed $100,000. The Company paid no compensation to its executives in fiscal year 1996.

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION	
	YEAR	SALARY (1)

W. Bradley Blair, II Chairman of the Board of Directors/Chief Executive Officer/President	1997	$250,000
David J. Dick Executive Vice President	1997	$150,000
Scott D. Peters Senior Vice President/Chief Financial Officer	1997	$125,000

- ----------

(1) Amounts given are annualized projections for the year ending December 31, 1997.

OPTION/SAR GRANTS

During fiscal year 1996, no stock options or stock appreciation rights ("SARs") were granted by the Company. Upon completion of the IPO, the Company granted options to Messrs. Blair, Dick and Peters to purchase up to 150,000, 125,000 and 40,000 shares of Common Stock, respectively. These options will become exercisable in three equal installments, commencing upon the first anniversary of the date of grant and each of the two years thereafter. The options will be exercisable for 10 years from the date of grant at the IPO price.

COMPENSATION OF DIRECTORS

The Company intends to pay its Independent Directors fees for their services as directors. Directors will receive annual compensation of $10,000 plus a fee of $1,000 for attendance at each meeting of the Board of Directors, but not for committee meetings. Directors who are not Independent Directors will not be paid any director fees. The Company will reimburse directors for their out-of-pocket travel expenses. Upon completion of the IPO, the four Independent Directors were each awarded options to purchase 5,000 shares of Common Stock. The Company's Directors' Plan provides that any newly-elected directors will also be awarded options to purchase 5,000 shares of Common Stock. See "Directors' Plan."

DIRECTORS AND OFFICERS INSURANCE

The Company maintains directors and officers liability insurance. Directors and officers liability insurance insures (i) the officers and directors of the Company from any claim arising out of an alleged wrongful act by such persons while acting as directors and officers of the Company, and (ii) the Company to the extent that it has indemnified the directors and officers for such loss.

INDEMNIFICATION

The Charter provides for the indemnification of the Company's officers and directors against certain liabilities to the fullest extent permitted under applicable law. The Charter also provides that the directors and officers of the Company be exculpated from monetary damages to the fullest extent permitted under applicable law. In addition, in connection with the IPO the officers, directors and controlling persons of the Company are indemnified against certain liabilities by the Underwriters, and the Underwriters are indemnified against certain liabilities by the Company.

STOCK INCENTIVE PLAN

The Company has established a stock incentive plan (the "Plan") to enable executive officers and other key employees of the Company to participate in the ownership of the

Company. The Plan is designed to attract and retain executive officers and

other key employees of the Company and to provide incentive to such persons to maximize the Company's cash flow available for distribution. The Plan provides for the award to executive officers and other key employees of the Company of a broad variety of stock-based compensation alternatives such as nonqualified stock options, incentive stock options, restricted stock and performance awards.

The Plan will be administered by the Compensation Committee, which is authorized to select from among the eligible employees of the Company the individuals to whom options, restricted stock purchase rights and performance awards are to be granted and to determine the number of shares to be subject thereto and the terms and conditions thereof. The Compensation Committee will select the individuals to whom nonqualified stock options are to be granted and will determine the number of shares to be subject thereto and the terms and conditions thereof. The Compensation Committee is also authorized to adopt, amend and rescind rules relating to the administration of the Plan. No member of the Compensation Committee is eligible to participate in the Plan.

AWARDS UNDER THE PLAN

NONQUALIFIED STOCK OPTIONS provide for the right to purchase Common Stock at a specified price which may be less than fair market value on the date of grant (but not less than par value), and usually become exercisable in installments after the grant date. Nonqualified stock options may be granted for any reasonable term.

INCENTIVE STOCK OPTIONS are designed to comply with the provisions of the Code and will be subject to restrictions contained in the Code, including exercise prices equal to at least 100% of fair market value of the Common Stock on the grant date and a ten year restriction on their term, but may be subsequently modified to disqualify them from treatment as an incentive stock option.

RESTRICTED STOCK may be sold to participants at various prices (but not below par value) and made subject to such restrictions as may be determined by the Compensation Committee. Restricted stock, typically, may be repurchased by the Company at the original purchase price if the conditions or restrictions are not met. In general, restricted stock may not be sold, or otherwise transferred or hypothecated, until restrictions are removed or expire. Purchasers of restricted stock, unlike recipients of options, have voting rights and receive dividends prior to the time when the restrictions lapse.

PERFORMANCE AWARDS may be granted by the Compensation Committee on an individual or group basis. Generally, these awards are based upon specific agreements and may be paid in cash or in Common Stock or in a combination of cash and Common Stock. Performance awards may include "phantom" stock awards that provide for payments based upon increases in the price of the Company's Common Stock over a predetermined period. Performance awards may also include bonuses which may be granted by the Compensation Committee on an individual or group basis and which may be payable in cash or in Common Stock or in a combination of cash and Common Stock.

DIRECTORS' PLAN

SHARE AUTHORIZATION. A maximum of 100,000 shares of Common Stock may be issued under the Company's Non-Employee Directors' Plan (the "Directors' Plan"). The share limitation and terms of outstanding awards shall be adjusted, as the Compensation Committee deems appropriate, in the event of a stock dividend, stock split, combination, reclassification, recapitalization or other similar event.

ELIGIBILITY. The Directors' Plan provides for the grant of options to purchase Common Stock to each eligible director of the Company. No director who is an employee of the Company or a Prior Owner is eligible to participate in the Directors' Plan.

OPTIONS. Pursuant to the Directors' Plan, each eligible director who was a member of the Board of Directors as of the date that the registration statement relating to the IPO was declared effective by the SEC was awarded nonqualified options to purchase 5,000 shares of Common Stock on that date (each such director, a "Founding Director"). Each eligible director who is not a Founding Director (a "Non-Founding Director") will receive nonqualified options to purchase 5,000 shares of Common Stock on the date of the meeting of the Company's stockholders at which the Non-Founding Director is first elected to the Board of Directors. The options granted to Founding Directors upon effectiveness of the registration statement relating to the IPO have an exercise price equal to the initial public offering price and vest on the date of grant. The exercise price of options under future grants will be 100% of the fair market value of the Common Stock on the date of grant and will vest in the same manner. The exercise price may be paid in cash, cash equivalents, Common Stock or a combination thereof acceptable to the Compensation Committee. Options granted under the Directors' Plan are exercisable for 10 years from the date of grant.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES RELATING TO OPTIONS. Generally, an eligible director does not recognize any taxable income, and the Company is not entitled to a deduction upon the grant of an option. Upon the exercise of an option the eligible director recognizes ordinary income equal to the excess of the fair market value of the shares acquired over the option exercise price, if any. Special rules may apply as a result of Section 16 of the Exchange Act. The Company is generally entitled to a deduction equal to the compensation taxable to the eligible director as ordinary income. Eligible directors may be subject to backup withholding requirements for federal income tax.

AMENDMENT AND TERMINATION. The Directors' Plan provides that the Board may amend or terminate the Plan, but the terms of the Plan relating to the amount, price and timing of awards under the Plan may not be amended more than once every six months other than to comport with changes in the Code, or the rules and regulations thereunder. An amendment will not become effective without stockholder approval if the amendment materially (i) increases the number of shares that may be issued under the Directors' Plan, (ii) changes the eligibility requirements, or (iii) increases the benefits that may be provided under the Directors' Plan. No options may be granted under the Directors' Plan after December 31, 2006.

DEFERRED COMPENSATION PLAN

The Company intends to establish a deferred compensation plan under which executive officers of the Company may elect to defer receiving a portion of their cash compensation otherwise payable in one tax year until a later tax year and thereby postpone payment of tax on the deferred amount. Prior to the beginning of any taxable year, such executive officers may elect to defer receipt of such amount of cash compensation until a future date or until an event selected by such persons pursuant to the terms of the plan. Deferred compensation will be invested in a separate trust account.

EMPLOYMENT AGREEMENTS

The Company has entered into written employment agreements with W. Bradley Blair, II, David J. Dick and Scott D. Peters. The employment agreement for Mr. Blair has a term of four years, the employment agreement for Mr. Dick has a term of three years and the employment agreement with Mr. Peters has a term of one year. The employment agreements provides for an annual salary of $250,000, $150,000 and $125,000 for Messrs. Blair, Dick and Peters, respectively, with annual performance bonuses determined by the Compensation Committee in connection with the achievement of performance criteria to be determined by the Compensation Committee. In addition, each of Messrs. Blair, Dick and Peters have received options to purchase shares of Common Stock as described above under the heading "Stock Incentive Plan." Each of Messrs. Blair, Dick and

Peters shall receive severance payments upon the death, disability, termination or resignation of such executive, unless such executive resigns without "good cause" or unless the Company terminates such executive with "good reason," i.e. as a result of gross negligence, willful misconduct, fraud or a material breach of the employment agreement. Each such executive will have "good cause" to terminate his employment with the Company in the event of any reduction in his compensation or benefits, material breach or material default by the Company under his employment agreement or following a merger or change in control of the Company. The severance payments of Messrs. Blair and Dick would be equal to base compensation plus bonus at the most recent annual amount for the longer of the balance of the employment term or two years. The severance payments of Mr. Peters would be equal to base compensation for a period which varies from four months to one year depending upon the time and cause of termination.

The Compensation Committee may establish additional incentive compensation arrangements for the executive officers and certain key employees.

COVENANTS NOT TO COMPETE. Messrs. Blair, Dick and Peters have agreed to devote substantially full time to the business of the Company and not to engage in any competitive business. Messrs. Blair, Dick and Peters have agreed not to compete directly with the Company in a business similar to that of the Company for a period of one year following any termination of employment. Mr. Blair may continue to invest with Mr. Young and his affiliates in certain residential real estate developments and resort operations.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Since the first Board meeting following the IPO, the Compensation Committee has been comprised exclusively of Independent Directors. Prior to the IPO, decisions regarding executive officer compensation were made by the three-member Board of Directors. Consequently, Messrs. Blair and Dick participated in the Board's deliberations concerning executive compensation prior to the IPO.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL SHAREHOLDERS OF THE COMPANY AND PRINCIPAL PARTNERS IN THE OPERATING PARTNERSHIP

The following table sets forth certain information regarding the beneficial ownership of Common Stock and OP Units by each director, by each named executive officer of the Company, by all directors and officers of the Company as a group and by each person known to the Company to be the beneficial owner of 5% or more of the outstanding Common Stock as of March 24, 1997. Each person named in the table has sole voting and investment power with respect to all of the shares of Common Stock or OP Units shown as beneficially owned by such person, except as otherwise set forth in the notes to the table.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES OF COMMON STOCK	PERCENTAGE OF SHARES OF COMMON STOCK OUTSTANDING	NUMBER OF OP UNITS(2)	PERCENTAGE INTEREST IN OPERATING PARTNERSHIP
W. Bradley Blair II.	14,000	*	12,500(3)	*
David J. Dick.	2300	*	12,500	*
Scott D. Peters.	___	___	___	___
Larry D. Young (1)	___	___	3,738,556	46.5%
Roy C. Chapman	500	*	___	___
Raymond V. Jones	2000	*	___	___
Fred W. Reams.	25,000	*	___	___
Edward L. Wax.	1250	*	___	___

Directors and officers as a group (8 persons) . . .	45,050	1.2%	3,763,556	46.8%

- ----------
* Less than 1%.

(1) Address is c/o The Legends Group, 1500 Legends Drive, Myrtle Beach, South Carolina 29577.

(2) The Operating Partnership has 8,045,356 OP Units outstanding as of March 24, 1997, of which 3,910,000 are owned by the Company. The numbers and percentages set forth in this table assumed that all outstanding OP Units are redeemed for shares of Common Stock. The OP Units (other than those owned by the Company) may be redeemed as follows: 50% after the first anniversary of the completion of the IPO and 50% after the second anniversary of the completion of the IPO.

(3) Mr. Blair is a co-trustee of, but has no equity in, the managing member of Legends of Virginia, L.C., which holds 598,187 OP Units. Mr. Blair disclaims any beneficial interest in such OP Units. These OP Units are included in the OP Units of which Mr. Young has beneficial ownership.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RELATIONSHIPS AMONG OFFICERS AND DIRECTORS

Larry Young is a director of the Company and the majority owner of The Legends Group and the Legends Lessees. Prior to the completion of the IPO, Mr. Blair was the Executive Vice President and Chief Operating Officer of Legends Group, Ltd. Upon completion of the IPO, Mr. Blair resigned from Legends Group, Ltd. and no longer holds any interest in the golf operations of The Legends Group.

ACQUISITION OF INTERESTS IN CERTAIN OF THE INITIAL COURSES

Mr. Young and his affiliates received 3,738,556 OP Units in exchange for their interests in seven of the Initial Courses. Upon exercise of their right to redeem such OP Units (which rights are not exercisable until beginning one year after the completion of the IPO), such persons and entities may receive an aggregate of 3,738,556 shares of Common Stock or, at the Company's option, cash.

REPAYMENT OF INDEBTEDNESS

In connection with the acquisition of the Initial courses, the Company repaid approximately $26.3 million of indebtedness guaranteed by Mr. Young. The Company also paid Mr. Young's affiliates approximately $8.4 million in repayment of a loan made to The Legends Group in connection with the development of the two recently opened Initial Courses. Additionally, the Company reimbursed Mr. Dick $62,000 for direct out-of-pocket expenses incurred in connection with the Formation Transactions.

EMPLOYMENT AGREEMENTS

The Company has entered into employment agreements with W. Bradley Blair, II, David J. Dick and Scott D. Peters, pursuant to which Mr. Blair will serve as Chairman of the Board, Chief Executive Officer and President, Mr. Dick will serve as Executive Vice President and Mr. Peters will serve as Senior Vice President and Chief Financial Officer of the Company for a term of four years, three years and one years, respectively, at an initial annual base compensation of $250,000, $150,000 and $125,000, respectively, subject to any increases in base compensation approved by the Compensation Committee. Upon termination of the employments other than for cause, Messrs. Blair, Dick and Peters will be entitled to receive severance benefits. See "Item 11 -- Executive Compensation -- Employment Agreements."

OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL

The Legends Group currently owns a golf course that is not being contributed to the Company because it is subject to a ground lease with a short remaining term and The Legends Group may acquire or develop additional golf courses in the future. The Company

has an option and right of first refusal to acquire all such golf courses, pursuant to the Option to Purchase and Right of First Refusal Agreement (the "Option Agreement"). Commencing four years after the public opening of a golf course developed by The Legends Group, or 24 months after the acquisition of an established operating golf course, the Company may purchase the applicable golf course under the Option Agreement for a purchase price based on the net operating income of the golf course, subject to adjustments agreed upon by the parties, divided by a capitalization rate equal to the Company's cost of equity capital plus 200 basis points. For purpose of this calculation, the Company's cost of equity capital is deemed to equal the Company's Funds From Operations yield for the then current fiscal year as published by First Call, less reserves for capital expenditures. In the event The Legends Group receives a bona fide third party offer to acquire a developed golf course, the option will not be effective pending the acquisition by the third party, in which case the Company shall have the right to purchase the developed golf course pursuant to the right of first refusal described below. The Company anticipates that any such developed golf course will have achieved stabilized operating revenues before the Company would consider purchasing such developed golf course from The Legends Group or any affiliate of The Legends Group.

If the Company does not elect to exercise its option to acquire a golf course owned, acquired or developed by The Legends Group, or if the parties are unable to agree on the adjustments to net operating income for purposes of the pricing formula, then the Company will have a right of first refusal under the Option Agreement with respect to such golf course. The right of first refusal will obligate The Legends Group to offer the Company the right to buy any such golf course on the same terms and conditions as The Legends Group intends to offer to any third party. If the Company does not exercise its right to acquire such golf course, The Legends Group will be free to sell to a third party, provided if The Legends Group either opts not to sell the golf course within nine months or reduces the purchase price by 5% or more, The Legends Group must again offer the golf course to the Company. The Option Agreement shall generally run for a period of 10 years after the IPO.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

FINANCIAL STATEMENTS

The financial statements and schedules filed as part of this Annual Report on form 10-K are listed on page F-1.

REPORTS ON FORM 8-K

A Current Report on Form 8-K dated February 26, 1997, was filed on March 4, 1997 and amended on March 17, 1997. It contained disclosure under Items 4 and 7 regarding the Company's change in its certifying accountant (see Item 9 of this Annual Report).

EXHIBITS

The following exhibits are part of this Annual Report on Form 10-K for fiscal year 1996 (and are numbered in accordance with Item 601 of Regulation S-K). Items marked with an asterisk (*) are filed herewith.

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Amendment and Restatement of the Company, as filed with the State Department of Assessments and Taxation of Maryland on January 31, 1997, (previously

	filed as Exhibit 3.1A to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 2 (filed January 30, 1997) and incorporated herein by reference).
3.2	Bylaws of the Company as currently in effect (previously filed as Exhibit 3.2 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.1*	First Amended and Restated Agreement of Limited Partnership of the Operating Partnership (including Exhibit A (schedule of partners and partnership interests) as of March 24, 1997).
10.2.0	Form of Participating Lease between the Operating Partnership and the Initial Lessees relating to the Initial Courses (previously filed as Exhibit 10.2 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.2.1*	Schedule of material differences among the Participating Leases for the Initial Courses (included in lieu of the full text of each lease pursuant to Instruction 2 to Item 601 of Regulation S-K).
10.3	Option to Purchase and Right of First Refusal Agreement between (i) the Company and the Operating Partnership and (ii) Larry D. Young dated as of February 6, 1997 (previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 2 (filed January 30, 1997) and incorporated herein by reference).
10.4.0	Form of Contribution and Leaseback Agreement between the Operating Partnership and the Prior Owners relating to the Initial Courses (previously filed as Exhibit 10.4 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) (filed November 12, 1996) and incorporated herein by reference).

10.4.1*	Schedule of material differences among the Contribution and Leaseback Agreements relating to the Initial Courses (included in lieu of the full text of each agreement pursuant to Instruction 2 to Item 601 of Regulation S-K).
10.5	1997 Stock Incentive Plan of the Company (previously filed as Exhibit 10.6 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.6	1997 Non-Employee Directors' Plan (previously filed as Exhibit 10.7 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.7*	Employment Agreement between the Company and W. Bradley Blair, II dated February 7, 1997.
10.8*	Employment Agreement between the Company and David J. Dick dated February 7, 1997.
10.9*	Employment Agreement between the Company and Scott D. Peters dated February 7, 1997.

16.1	Letter of Price Waterhouse LLP, former independent accountants of the Company (previously filed as Exhibit 16.1 to the Company's amended Current Report on Form 8-K dated February 26, 1997 (filed March 17, 1997) and incorporated herein by reference).
21.1	List of Subsidiaries of the Company (previously filed as Exhibit 22.1 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
24.1	Powers of Attorney. See the "Signatures" section of this Annual Report.
27.1	Financial Data Schedule.

---

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Charleston, South Carolina, on March 31, 1997.

GOLF TRUST OF AMERICA, INC.

By: /s/ W. Bradley Blair II

W. Bradley Blair, II
PRESIDENT, CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD OF DIRECTORS

POWER OF ATTORNEY

We, the undersigned officers and directors of Golf Trust of America, Inc., do hereby constitute and appoint W. Bradley Blair, II and David J. Dick, and each of them, our true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby, ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

SIGNATURE	TITLE	DATE
/s/ W. Bradley Blair II W. Bradley Blair, II	President, Chief Executive Officer and Chairman of the Board of Directors	March 31, 1997
/s/ David J. Dick David J. Dick	Executive Vice President and Director	March 31, 1997
/s/ Scott D. Peters Scott D. Peters	Senior Vice President and Chief Financial Officer	March 31, 1997
/s/ Larry D. Young		March 31, 1997

_____	Director	_____
Larry D. Young		
_____	Director	_____
Roy C. Chapman		
/s/ Raymond V. Jones		March 31, 1997
_____	Director	_____
Raymond V. Jones		
_____	Director	_____
Fred W. Reams		
_____	Director	_____
Edward L. Wax		

GOLF TRUST OF AMERICA, INC.

INDEX TO FINANCIAL STATEMENTS

GOLF TRUST OF AMERICA, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company's unaudited Pro Forma Condensed Consolidated Statements of Operations for the years ended December 31, 1995 and 1996 are presented as if the completion of the Formation Transactions had occurred as of January 1, 1995, and carried forward through each period presented. The Company was formed in November 1996 and has no operating history. In management's opinion, all adjustments necessary to reflect the effects of the Formation Transactions have been made.

The following unaudited Pro Forma Condensed Consolidated Statements of Operations are not necessarily indicative of what actual results of operations of the Company would have been assuming such Formation Transactions had been completed as of the beginning of the periods presented, nor do they purport to represent the results of operations for future periods.

	HISTORICAL	ADJUSTMENTS	(F) PRO FORMA
FOR THE YEAR ENDED DECEMBER 31, 1995			
Participating lease revenue	$ -	$11,282(A)	$11,282
Depreciation and amortization	-	2,536(B)	2,536
General and administrative	-	1,639(C)	1,639
Interest expense	-	366(D)	366
Total expenses	-	4,541	4,541
Income before minority interest	-	6,741	6,741
Minority interest	-	3,202(E)	3,202
Net income applicable to common shareholders	$ -	$ 3,539	$ 3,539
Net income per share of common stock			$ 0.91
Shares of common stock outstanding			3,910
FOR THE YEAR ENDED DECEMBER 31, 1996			
Participating lease revenue	$ -	$13,142(A)	$13,142
Depreciation and amortization	-	3,080(B)	3,080
General and administrative	-	1,639(C)	1,639
Interest expense	-	366(D)	366
Total expenses	-	5,085	5,085
Income before minority interest	-	8,057	8,057
Minority interest	-	3,988(E)	3,988
Net income applicable to common shareholders	$ -	$ 4,069	$ 4,069
Net income per share of common stock			$ 1.04
Shares of common stock outstanding			$ 3,910

See accompanying notes to unaudited pro forma condensed consolidated financial Statements.

GOLF TRUST OF AMERICA, INC.
NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS)

(A) Represents payments of Base Rent from the Initial Lessees to the Company calculated on a pro forma basis as if the beginning of the period presented was the beginning of a lease year, except for Legends of Virginia, the Initial Lessee of Stonehouse Golf Club and Royal New Kent, which courses opened in June 1996 and August 1996, respectively. Pro forma Participating Lease revenue payable by Legends of Virginia reflects only the periods during which such Golf Courses were actually operating. If Stonehouse and Royal New Kent had been operating during the entire year presented, Participating Lease revenue would have been $3,706 and $1,846 higher for the years ended December 31, 1995 and 1996, for a total of $14,988.

(B) Represents depreciation on buildings, improvements, and furniture and equipment and amortization. Depreciation is computed using the straight-line method and is based upon the estimated useful lives of 30 years for buildings, 15 years for improvements and 3 to 10 years for furniture and equipment. If Stonehouse and Royal New Kent had been

operating during the entire period presented, depreciation expense would have been $1,180 and $580 higher for the years ended December 31, 1995 and 1996, respectively, for a total of $3,716 and $3,660, respectively.

(C) Represents legal, audit, office costs, salaries and other general and administrative expenses to be paid by the Company as follows:

	YEAR ENDED DECEMBER 31	
	1995	1996
Salaries and benefits--executive offers	$ 697	$ 697
Other salaries and benefits	121	121
Directors and officers insurance	200	200
Legal and accounting	185	185
Directors fees and travel	77	77
SEC reporting and other stockholder costs	110	110
Office rent, telephone, supplies and other administrative costs	165	165
Other	84	84
	$1,639	$1,639

Salaries and benefits for executive officers are based upon agreements with the respective officers. Other amounts are based upon management's estimates of expenses to be incurred given the Company's estimated level of operations and related administrative requirements.

(D) Reflects interest expense at 7.5% per annum to be paid on the initial borrowing of $4,325 and loan costs amortized as interest expense. Loan costs, aggregating $72, include estimated fees and legal costs of obtaining the Company's initial borrowing and are amortized over the expected two year term of the initial borrowing.

(E) Calculated as approximately 47.5% and 49.5% of the Operating Partnership's net income for the years ended December 31, 1995 and 1996, respectively, based on the weighted average of OP Units outstanding.

(F) The Company, as sole general partner of the Operating Partnership, will have, subject to certain protective rights of the Limited Partners, full, exclusive and complete responsibility and discretion in the management and unilateral control of the Operating Partnership. Such responsibilities permit the Company to enter into certain major transactions including acquisitions, dispositions, refinancings and selection of golf course operators and to cause changes in the Operating Partnership's line of business and distribution policies. Further, the Company may not be replaced as general partner by the Limited Partners, except in certain limited circumstances. Accordingly, for accounting purposes, the Company is considered to control the Operating Partnership and the accompanying unaudited Pro Forma Condensed Consolidated Statement of Operations consolidates the accounts of the Company and the Operating Partnership.

GOLF TRUST OF AMERICA, INC.

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)
(IN THOUSANDS)

The unaudited Pro Forma Condensed Consolidated Balance Sheet is presented as if the completion of the Formation Transactions and the application of the net proceeds of the Offering had occurred on December 31, 1996. The contribution of the interest in the Golf Courses to the Operating Partnership by The Legends Group represents a reorganization of the interests of The Legends Group in the contributed Golf Courses and has been accounted for at historical cost as a transfer between parties under common control in accordance with APB No. 16, the contribution of the Golf Courses by the other

Prior Owners to the Operating Partnership (Other Acquired Golf Courses) has been accounted for using the purchase method. In management's opinion, all adjustments necessary to reflect the effects of the Formation Transactions have been made.

This unaudited Pro Forma Condensed Consolidated Balance Sheet is not necessarily indicative of what the Company's actual financial position would have been assuming formation such transactions had been completed as of December 31, 1996, nor does it purport to represent the future financial position of the Company.

	Legends Historical	Adjustments	(F) Pro Forma Consolidated
ASSETS			
Properties, net	$ 34,060	$ 13,910	$ 47,970
Land	1,000	13,906	14,906
Cash	841	22,895	23,736
Advances to affiliates.	11,673	(11,673)	-
Other assets	2,230	(2,158)	72
Total assets	$ 49,804	$ 36,880	$ 86,684
LIABILITIES AND EQUITY			
Due to affiliates	$ 13,167	$ (13,167)	$ -
Notes payable	27,313	(22,988)	4,325
Accounts payable and accrued expenses	2,150	(2,150)	-
Minority interest	-	42,333	42,333
Common stock	4	35	39
Additional paid-in capital	300	39,687	39,987
Retained earnings	6,870	(6,870)	-
Total liabilities and equity	$ 49,804	$ 36,880	$ 86,684

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

GOLF TRUST OF AMERICA, INC.

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
(UNAUDITED)

(IN THOUSANDS)

	Assets--Dr.(Cr.)				
Adjustments - ----------	Properties	Land	Cash	Advances to Affiliates	Other Assets
Eliminate Legends Group assets and liabilities not acquired (A)	$(1,925)		$ (841)	$(11,673)	$(2,230)
Contribution of additional Legends land (A)		$ 3,532			
Record acquisition of acquired courses (B)	15,835	10,374	(6,252)		
Initial borrowing (C)			4,253		72
Repayment of outstanding mortgages			(47,482)		
Sales of shares by the Company (D)			73,217		
Record minority interest (E).					

(IN THOUSANDS)

Total adjustments	$13,910	$13,906	$22,895	$(11,673)	$(2,158)

Adjustments -	Liabilities--(Dr.)Cr. Due To Affiliates	Notes Payable	Accounts Payable	Minority Interest	Common Stock	Additional Paid-In Capital	Retained Earnings
Eliminate Legends Group assets and liabilities not acquired (A)	$ (4,734)	$ (860)	$(2,150)		$ (4)	$ (2,051)	$(6,870)
Contribution of additional Legends land (A)							3,532
Record acquisition of acquired courses (B)		12,596				7,361	
Initial borrowing (C)		4,325					
Repayment of outstanding mortgages	(8,433)	(39,049)					
Sales of shares by the Company (D)					39	73,178	
Record minority interest (E).				$42,333		(42,333)	
Total adjustments	$(13,167)	$(22,988)	$(2,150)	$42,333	$ 35	$ 39,687	$(6,870)

(A) The Legends Group Prior Owners are contributing the following Golf Courses and related facilities and equipment (except golf carts) to the Operating Partnership: Parkland, Heathland and Moorland (Golf Legends), Oyster Bay (Seaside Resorts), Heritage Golf Club, and Stonehouse Golf Club and Royal New Kent (Legends of Virginia LC). The contribution of Stonehouse and Royal New Kent includes land owned by Legends of Virginia on which the two Golf Courses are situated. An affiliate of the Prior Owners of Golf Legends and Heritage is separately contributing to the Operating Partnership the land on which these Golf Courses are situated. The land on which Oyster Bay is situated is subject to a ground lease for which the Oyster Bay Initial Lessee will have the payment obligation.

(B) Reflects the acquisition of property and equipment from Northgate Country Club, Bright's Creek Development and Olde Atlanta Golf Club which includes, but is not limited to, the Golf Courses and related land, buildings, improvements, fixed assets and equipment (except golf carts) as follows:

Cash	$ 6,252
Assumption of debt	12,596
Issuance of 368,050 OP Units	7,361
Consideration paid for acquired Golf Courses and land .	$26,209

The increase in basis has been allocated to the assets of the Other Acquired Golf Courses as summarized below. The allocation is preliminary and is based upon management's best estimate of the fair value of the assets acquired. The contribution of the Golf Courses by The Legends Group is reflected at the net book value of the assets plus $3,532 of land contributed to Legends Golf, by the prior owner concurrent with the Formation Transactions.

Other Acquired

	Legends	Golf Courses	Pro Forma
Land	$ 4,532	$10,374	$14,906
Golf course improvements	26,429	8,290	34,719
Buildings	3,219	5,908	9,127
Furniture and equipment	2,487	1,637	4,124
Total properties	$36,667	$26,209	$62,876

(C) Reflects initial borrowing obtained by the Company and related loan costs ($72).

(D) Reflects the following proposed transaction

Gross proceeds from sale of 3,910,000 shares of common stock net of underwriting discount	$76,362
Expenses of the offering	(3,145)
	$73,217

(E) Reflects the following:

Legends Golf equity as of December 31, 1996	$ 7,174
Legends Golf equity not acquired by the Company	(8,925)
Deficit upon contribution to Operating Partnership of properties and debt of Legends Golf	(1,751)
Contributions of land subsequent to December 31, 1996, by Legends Golf's Prior Owner	3,532
Issuance of 368,050 OP Units to Prior Owners for acquisition of Golf Courses	7,361
Contributions of capital to Operating Partnership by Company	73,217
	82,359
Minority interest percentage	51.4%
	$42,333

(F) The Company, as sole general partner of the Operating Partnership, will have, subject to certain protective rights of the Limited Partners, full, exclusive and complete responsibility and discretion in the management and unilateral control of the Operating Partnership. Such responsibilities permit the Company to enter into certain major transactions including acquisitions, dispositions, refinancings and selection of golf course operators and to cause changes in the Operating Partnership's line of business and distribution policies. Further, the Company may not be replaced by as general partner by the Limited Partners, except in certain limited circumstances.

REPORT OF INDEPENDENT CERTIFIED ACCOUNTANTS

To the Board of Directors and
Shareholders of Golf Trust of America, Inc.

We have audited the accompanying balance sheet of GOLF TRUST AMERICA, INC. as of December 31, 1996. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of GOLF TRUST AMERICA, INC. at December 31, 1996, in conformity with generally accepted accounting principles.

BDO Seidman, LLP
Charlotte, North Carolina

March 26, 1997

GOLF TRUST OF AMERICA, INC.
BALANCE SHEET
DECEMBER 31, 1996

ASSETS	
Cash	$100
STOCKHOLDERS' EQUITY	
Preferred stock, $.01 par value, 10,000,000 shares authorized, no shares issued	$ -
Common stock, $.01 par value, 90,000,000 shares authorized, 1 share issued and outstanding	-
Additional paid-in capital	100
Total stockholders' equity	$100

NOTES TO BALANCE SHEET

1. ORGANIZATION

Golf Trust of America, Inc. (the "Company") was incorporated in Maryland on November 8, 1996. The authorized capital stock of the Company consists of 90,000,000 shares of Common Stock having a par value of $.01 per share and 10,000,000 shares of Preferred Stock having a par value of $.0l per share.

The Company is a self-administered real estate investment trust ("REIT") formed to capitalize upon consolidation opportunities in the ownership of golf courses in the United States. The principal business strategy of the Company is to acquire high quality golf courses and to lease the golf courses to qualified third party operators, including affiliates of the sellers. Title to the acquired courses is held by Golf Trust of America, L.P., a Delaware limited partnership (the "Operating Partnership"), in which the Company is the sole general partner.

Golf Trust of America, Inc., through its wholly owned subsidiaries GTA GP, Inc. ("GTA GP") and GTA LP, Inc. ("GTA LP"), holds a 48.6% interest in the Operating Partnership. GTA GP is the sole general partner of the Operating Partnership and owns a 0.2% interest therein. GTA LP is a limited partner in the Operating Partnership and owns a 48.4% interest therein.

In February 1997, the Company raised net proceeds of approximately $73 million in its initial public offering ("the IPO"). In the IPO the Company sold 3,910,000 shares of common stock at $21.00 per share (including 510,000 shares sold pursuant to the underwriters' over-allotment option, which was exercised in full). The Company contributed the net proceeds of the IPO to the Operating Partnership in exchange for 48.6% interest in the Operating Partnership. Concurrently with the closing of the IPO, the Operating

Partnership acquired ten golf courses (the "Initial Courses") from their prior owners (the "Prior Owners").

The Prior Owners were paid an aggregate of approximately $6.2 million in cash and approximately $43.1 million in repayment of mortgage and other indebtedness and were issued approximately 4.1 million OP units which represents a 51% limited partnership interest in the Operating Partnership. Control of the Operating Partnership remains in the Company as the sole general partner.

The Company as sole general partner of the Operating Partnership has, subject to certain protective rights of the Limited Partner, full, exclusive and complete responsibility and discretion in the management and unilateral control of the Operating Partnership. Such responsibilities permit the Company to enter into certain major transactions including acquisitions, dispositions, refinancings and selection of golf course operators and to cause changes in the Operating Partnership's line of business and distribution policies'. Further, the Company may not be replaced as general partner by the Limited Partners, except in certain limited circumstances. Accordingly, the Company is considered to control the Operating Partnership and intends to present its accounts on a consolidated basis with the Operating Partnership.

Holders of limited partnership interests in the Operating Partnership ("OP Units") will have the opportunity after one year following the receipt of such OP Units, subject to certain restrictions, to have their OP Units exchanged for cash in an amount equal to the fair market value of an equivalent number of shares of Common Stock or, at the election of the Company, for Common Stock on a one-for-one basis. The Company currently expects that it will elect to issue Common Stock in connection with such exchange, unless it is prohibited from doing so because of the ownership restrictions in its Charter.

2. INCOME TAXES

Commencing with the year beginning January 1, 1997, the Company intends to make an election to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Code. As a REIT, the Company generally will not be subject to federal income tax if it distributes at least 95% of its REIT taxable income to its stockholders. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to state and local taxes on its income and property and to federal income and excise taxes on its undistributed income.

3. INCENTIVE PLANS AND EMPLOYMENT AGREEMENTS

The Company has established a stock incentive plan (the "Plan") to enable executive officers and other key employees of the Company to participate in the ownership of the Company. The Plan is designed to attract and retain executive officers and other key employees of the Company and to provide incentive to such persons to maximize the Company's cash flow available for distribution. The Plan provides for the award to executive officers and other key employees of the Company of a broad variety of stock-based compensation alternatives such as nonqualified stock options, incentive stock options, restricted stock, and performance awards.

AWARDS UNDER THE PLAN

NONQUALIFIED STOCK OPTIONS provide for the right to purchase common stock at a specified price which may be less than the fair market value on the date of grant (but not less than par value) and usually become exercisable in installments after the grant date. Nonqualified stock options may be granted for any reasonable term.

INCENTIVE STOCK OPTIONS are designed to comply with the provisions of the Code and will be subject to restrictions contained in the Code, including exercise prices equal to at least 100% of fair market value of the common stock on the grant date and a ten year restriction on their term, but may be

subsequently modified to disqualify them from treatment as an incentive stock option.

RESTRICTED STOCK may be sold to participants at various prices but not below par value and made subject to such restrictions as may be determined by the Compensation Committee. Restricted stock, typically, may be repurchased by the Company at the original purchase price if the conditions or restrictions are not met. In general, restricted stock may not be sold, or otherwise transferred or hypothecated, until restrictions are removed or expire. Purchasers of restricted stock, unlike recipients of options, have voting rights and receive dividends prior to the time when the restrictions lapse.

PERFORMANCE AWARDS may be granted by the Compensation Committee on an individual or group basis. Generally, these awards are based upon specific agreements and may be paid in cash or in common stock or in a combination of cash and common stock. Performance awards may include "phantom" stock awards that provide for payments based upon increases in the price of the Company's common stock over a predetermined period. Performance awards may include bonuses which may be granted by the Compensation Committee on an individual or group basis and which may be payable in cash or in common stock or in a combination of cash and common stock.

In addition, a maximum of 100,000 shares of Common Stock may be issued under the Company's Non-Employee Directors' Plan.

In accordance with Statement of Financial Accounting Standards No. 123, the Company intends to adopt the intrinsic value based approach to accounting for stock-based compensation, supplemented by footnote disclosure of pro forma net income and earnings per share using a fair value based method of accounting for stock-based compensation.

The Company has entered into employment agreements with the officers concurrent with the formation transactions that expire through 2001. The agreements provide basic compensation in addition to other incentives and bonuses upon certain conditions as defined in the agreements.

4. COMMITMENT

The Company and NationsBank, N.A. have signed a term sheet relating to a $75 million line of credit (the "Line of Credit") which will be used primarily for acquisitions. Definitive documentation on the Line of Credit is currently being finalized. The Company expects the Line of Credit facility to be available in the second quarter of 1997. However, the Company has not consummated the Line of Credit and there can be no assurance that such credit will be extended to the Company.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Legends Golf
Myrtle Beach, South Carolina

We have audited the accompanying combined balance sheets of LEGENDS GOLF (as defined in Note 1) as of December 31, 1996 and 1995, and the related combined statements of income, owners' equity, and cash flows for each of the three years in the period ended December 31, 1996. These combined financial statements are the responsibility of LEGENDS GOLF'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.

As more fully described in the notes to the combined financial statements, LEGENDS GOLF has material transactions with its majority stockholder and affiliates.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of LEGENDS GOLF at December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

March 21, 1997

LEGENDS GOLF
COMBINED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31,	
	1995	1996
ASSETS (Note 6)		
CURRENT:		
Cash.	$ 400	$ 841
Accounts receivable (Note 3):		
Golf packages.	580	984
Related parties.	45	246
Stockholder.	-	1
Other.	37	59
Inventories	294	498
Prepaid assets.	2	4
Total current assets.	1,358	2,633
Property and equipment, less accumulated depreciation and amortization (Notes 4 and 6). . .	33,099	35,060
Other assets:		
Advances to affiliates (Note 3)	7,803	11,673
Other	40	438
Total other assets.	7,843	12,111
	$42,300	$49,804
LIABILITIES AND OWNERS' EQUITY:		
CURRENT LIABILITIES:		
Accounts payable.	$ 430	$ 1,417
Accrued expenses:		
Land lease (Note 7).	-	5
Retirement plan (Note 5).	71	95
Other.	308	633
Current maturities of long-term debt (Note 6) . .	1,710	26,697

Total current liabilities	2,519	28,847
Advances from affiliates (Note 3)	8,787	13,167
Long-term debt, less current maturities (Note 6)	24,666	616
Total liabilities	35,972	42,630
Commitments and contingencies (Notes 5 and 7)		
Owners' equity:		
Common stock, $1 par--shares authorized, 300,000; outstanding, 1,000	3	3
Members' contributions	1	1
Additional paid-in capital	300	300
Members' accumulated deficit	956	(1,970)
Retained earnings (Note 6)	5,068	8,840
Total owners' equity	6,328	7,174
	$42,300	$49,804

See accompanying notes to combined financial statements.

LEGENDS GOLF
COMBINED STATEMENTS OF INCOME
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1994	1995	1996
REVENUES:			
Green fees	$ 9,931	$10,147	$10,476
Cart rentals	4,364	4,373	4,564
Membership dues	76	99	159
Food and beverage sales	1,652	1,708	2,095
Pro shop merchandise sales	1,857	2,021	2,089
Other income (Note 8)	1,216	94	30
Total revenues	19,096	18,442	19,413
COSTS AND EXPENSES:			
General and administrative (Note 3)	4,150	3,998	5,171
Repairs and maintenance	2,319	2,386	3,642
Depreciation and amortization	1,830	1,791	2,400
Cost of merchandise sold	911	983	1,053
Rents (Note 6)	956	982	1,098
Pro shop operations	765	857	1,107
Cost of food and beverage sold	565	604	817
Food and beverage operations	417	512	668
Total costs and expenses	11,913	12,113	15,956
Operating income	7,183	6,329	3,457
Interest expense	998	1,017	1,589
Net income	$ 6,185	$ 5,312	$ 1,868

See accompanying notes to combined financial statements.

LEGENDS GOLF
COMBINED STATEMENTS OF OWNERS' EQUITY
(IN THOUSANDS)

	SHARES	AMOUNT	MEMBERS' CONTRIBUTIONS	PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED DEFICIT
BALANCE, January 1, 1994.....	3	$ 3	$ -	$ 300	$ 1,960	$ -
Net income.....	-	-	-	-	5,185	1,000
Cash dividends.....	-	-	-	-	(4,677)	-
Members' contributions.....	-	-	1	-	-	-
BALANCE, December 31, 1994....	3	3	1	300	2,468	1,000
Net income (loss).....	-	-	-	-	5,357	(44)
Cash dividends.....	-	-	-	-	(2,757)	-
BALANCE, December 31, 1995....	3	3	1	300	5,068	956
Net income (loss).....	-	-	-	-	4,794	(2,926)
Cash dividends.....	-	-	-	-	(1,022)	-
BALANCE, December 31, 1996....	3	$ 3	$ 1	$ 300	$ 8,840	$(1,970)

See accompanying notes to combined financial statements.

LEGENDS GOLF
COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1994	1995	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	$ 6,185	$ 5,312	$ 1,868
Contribution of land (Note 8).....	(1,000)	-	-
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	1,830	1,791	2,400
Loss on disposal of property and equipment.....	-	5	78
Decrease (increase) in:			
Accounts receivable.....	374	(135)	(627)
Inventories.....	(98)	135	(204)
Prepaid expenses/other assets.....	(16)	7	(182)
Increase (decrease) in:			
Accounts payable.....	293	(87)	987
Accrued expenses.....	777	(458)	355
Net cash provided by operating activities.....	8,345	6,570	4,675
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and equipment additions.....	(1,049)	(12,213)	(5,271)
Proceeds from sale of property and equipment.....	-	124	612
Increase in advances to affiliates.....	(698)	(4,843)	(3,920)
Net cash used in investing activities.....	(1,747)	(16,932)	(8,579)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments of dividends.....	(3,599)	(2,757)	(1,021)
Proceeds from long-term debt.....	1,175	11,448	2,497
Payments on long-term debt.....	(1,660)	(812)	(1,560)
Increase (decrease) in advances from affiliates.....	(2,526)	2,903	4,429
Decrease in advances from stockholder.....	-	(525)	-
Net cash provided by (used in) financing activities..	(6,610)	10,257	4,345
Net increase (decrease) in cash.....	(12)	(105)	441

Cash, beginning of period.....	517	505	400
Cash, end of period.....	$ 505	$ 400	$ 841

See accompanying notes to combined financial statements.

LEGENDS GOLF
NOTES TO COMBINED FINANCIAL STATEMENTS
(IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying combined financial statements include the accounts of three S-Corporations (Seaside Resorts, Ltd. d/b/a Oyster Bay Golf Club; Heritage Golf Club, Ltd.; and Golf Legends, Ltd.) and one limited liability company (Legends of Virginia, LC). The entities, referred to collectively as Legends Golf, are engaged in the operation of golf courses in North Carolina, South Carolina, and Virginia.

The accompanying combined financial statements of Legends Golf have been presented on a historical cost basis since the Legends Golf is to be the subject of a business combination upon the contribution of real estate and other properties in exchange for interest in a limited partnership to be formed by the operating partnership for inclusion in a public offering (see Note 9). All significant intercompany balances and transactions have been eliminated. Additionally, certain classifications may vary from those of the individual companies' financial statements.

Minority interest attributed to the minority shareholder of Legends of Virginia, LC is not reflected as the company is in a capital deficit position. Therefore, the total deficit is attributed to the majority owner.

The Companies financial statements are being presented on a combined basis as under the terms of the operating leases to be implemented under the Formation Transactions, the lease obligations are cross-collateralized among all four Legends lessees. This presentation better presents the ability of the lessees to service the leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVENTORIES

Inventories are valued at the lower-of-cost (first-in, first-out) or market and consist primarily of food, beverages, golf equipment, and clothing.

REVENUE RECOGNITION

Revenue from green fees, cart rentals, food and beverage sales, merchandise sales, and range income are generally recognized at the time of sale.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using straight-line methods for financial reporting and accelerated methods for income tax purposes.

Estimated useful lives for major asset categories approximate:

DESCRIPTION	YEARS
Golf course improvements.	15
Buildings	40
Machinery and equipment	3-8
Furniture	8
Golf carts.	5

Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, related cost and accumulated depreciation are removed from the accounts.

INCOME TAXES

For the S-Corporations, the absence of a provision for income taxes is due to the election by the companies, and consent by their sole stockholder, to include the taxable income or loss of the companies in his individual tax returns. As a result, no federal or state income taxes are imposed on the companies. For the limited liability company, no provision has been made for income taxes or related credits as under the Internal Revenue Code as a limited liability company is treated as a partnership for income tax purposes. Therefore, the results of operations are includable in the income tax returns of the members.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject Legends Golf to concentration of credit risk consist primarily of trade receivables.

Concentration of credit risk with respect to trade receivables, which consists primarily of golf packages from hotels and charges, is limited due to the large number of hotels comprising Legends Golf's customer base. The trade receivables are billed and due monthly, and all probable bad debt losses have been appropriately considered in establishing an allowance for doubtful accounts. As of December 31, 1994, 1995, and 1996, Legends Golf had no significant concentration of credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 121, "ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF" (Statement No. 121). Statement No. 121 requires that long-lived assets and certain intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Legends Golf periodically reevaluates the carrying amounts of its long-lived assets and the related depreciation and amortization periods, and that the adoption of Statement No. 121 did not have a material effect on its combined financial statements. This statement is effective for fiscal years beginning after December 15, 1995.

ADVERTISING

Legends Golf expenses advertising costs as incurred. Advertising costs included in general and administrative costs in the amounts of $446, $403, and $672 for December 31, 1994, 1995, and 1996, respectively.

(IN THOUSANDS)

3. RELATED PARTY TRANSACTIONS

The Legends' Golf sole stockholder (majority member) also owns and operates Marsh Harbour, Ltd.; Heritage Plantation, Ltd.; Legends Golf Development, Ltd.; The Legends Group, Ltd.; Legends Scottish Village, LLC; Legends Properties, LLC; Legends Golf Resorts, LLC; and other related businesses.

The Legends Group, Ltd. provides various management and administrative services including reservations, advertising, accounting, payroll and related benefits, and telephone for all affiliated companies. These expenses are allocated to the businesses using procedures deemed appropriate to the nature of the expenses involved. The procedures utilize various allocation bases such as relative investment and number of employees and direct effort expended. Interest on allocated external debt is charged as incurred. Legends Golf's management believes the allocations are reasonable, but they are not necessarily indicative of the costs that would have been incurred if the businesses had operated as separate companies. Administrative fees paid by the Legends Golf for such services are as follows.

YEAR ENDED DECEMBER 31,	AMOUNT
1994.	$ 934
1995.	$1,065
1996.	$1,185

Advances to and from affiliated companies, stockholder receivable and accrued land lease (Note 7), as shown on the combined balance sheets, have no fixed payment/repayment provisions.

Interest income and expense on advances to and from affiliates is not recorded for financial statement purposes.

Legends Golf paid an affiliate approximately $18,221 for construction of two golf courses which represented cost plus 7 percent.

4. PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	DECEMBER 31,	
	1995	1996
Land.	$ 1,000	$ 1,000
Golf course improvements.	15,297	36,005
Buildings	3,835	4,789
Machinery and equipment	3,549	2,830
Furniture	727	558
Golf carts.	1,439	1,373
Construction-in-progress.	16,821	332
	41,668	45,888
Less accumulated depreciation	9,569	10,828
Net property and equipment.	$33,099	$35,060

5. RETIREMENT PLAN

The Legends Group, Ltd. sponsors a defined-contribution retirement plan for all eligible employees of Legends Golf and other affiliated companies including officers. The plan provides for contributions by Legends Golf equal to the level funding amount as calculated and defined in the plan

(IN THOUSANDS)

agreement. The actual benefit, at any point in time for each participant, is the actual value of the participant's account based on the earnings or losses experienced by the plan. Retirement plan expense was:

YEAR ENDED DECEMBER 31,	AMOUNT
1994.	$93
1995.	$71
1996.	$99

6. LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31, 1995	DECEMBER 31, 1996
6.25% note payable to bank, collateralized by substantially all assets (1). . . .	$14,152	$13,917
Note payable to bank at prime (8.25% as of December 31, 1996) (2)	11,048	12,537
Payable to bank, due in monthly installments of principal and interest of $20, calculated by multiplying the capitalized cost by a rental factor, which is adjusted by a percentage of each basis point change in the 30-day LIBOR rate; due in 2000; collateralized by golf carts having a net book value of $1,000 at December 31, 1996	687	781
Note payable to bank, due in monthly installments of principal and interest at 9.25% to October 10, 1998; collateralized by golf carts having a book value of $76 at December 31, 1996.	-	78
Paid in 1996.	519	-
	26,376	27,313
Less current maturities	1,710	26,697
	$24,666	$ 616

- ----------

(1) Legends Golf, along with certain affiliated companies (The Legends Group, Ltd. and Marsh Harbour, Ltd.), participates in a debt agreement with a bank consisting of two term notes totaling $17,547 as of December 31, 1996. The aforementioned companies are jointly liable for the debt and the sole stockholder has guaranteed the loans.

Effective October 26, 1996, the rate was adjusted to the bank's prime rate.

(2) On April 19, 1995, Legends of Virginia, LC obtained a loan with a bank totaling $13,925. In addition, on this date, the affiliated entities amended an existing loan agreement of which the Legends of Virginia, LC is jointly liable. These loans are guaranteed by the majority member and collateralized by two new golf courses, New Kent and Stonehouse, and existing affiliated courses and clubhouses and other assets of the majority member.

The loan agreements provide, among other covenants, restrictions on certain financial ratios, a minimum aggregate cash balance of $250, payments to the sole stockholder, capital expenditures, indebtedness, liens, changes

(IN THOUSANDS)

in the nature of the business and significant other limitations as to the use of funds. The Company has obtained a waiver of certain of the covenants as of December 31, 1995 and 1996.

These $13,917 and $12,537 notes were transferred to Gulf Trust of America, Inc. (Note 9). The portion related to the affiliates was repaid.

6. LONG-TERM DEBT (CONTINUED)

Legends Golf is jointly liable as a guarantor, along with the sole stockholder, and other affiliated entities for additional amounts totaling $3,035.

Total debt of all affiliated entities of which the Company is jointly liable is approximately $33,118 at December 31, 1996.

The aggregate annual maturities for the above mortgage notes payable at December 31, 1996, are as follows:

DECEMBER 31,	AMOUNT
1997	$26,698
1998	240
1999	220
2000	156
Total	$27,314

7. COMMITMENTS AND CONTINGENCIES

LEASES

Legends Golf leases the land for two entities included in the combined financials from the sole stockholder. Legends has four leases from the sole stockholder one expiring in 2006, two expiring in 2009, and one in 2012. An additional lease from a third party expires in 2032. The leases require rental payments of 10 percent of monthly green fees as defined in the lease agreements. The leases do not contain an option to purchase the land. Total rental expense approximated the following:

YEAR ENDED DECEMBER 31,	STOCKHOLDER	THIRD PARTY
1994	$ 728	$ 228
1995	$ 734	$ 248
1996	$ 726	$ 231

Minimum lease commitments for noncancelable operating leases for various equipment and golf carts in effect at December 31, 1996, are as follows:

YEAR ENDING DECEMBER 31.	AMOUNT
1997	$ 531
1998	531
1999	494
2000	86
Total	$1,642

(IN THOUSANDS)

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

SELF-INSURANCE

Legends Golf along with its affiliates maintain a self-insurance program for that portion of health care costs not covered by insurance. Legends Golf is liable for claims up to $15 per employee annually with an annual aggregate maximum liability under the program for all companies of $225. Cumulative amounts estimated to be payable by Legends Golf with respect to pending and potential claims have been accrued as liabilities.

8. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest:

YEAR ENDED DECEMBER 31,	AMOUNT
1994	$ 1,016
1995	$ 1,574
1996	$ 2,012

During 1994, equipment having a net book value of $827 and cash of $333 was exchanged for similar new equipment having a value of $1,159.

During 1994, $1,078 of receivables from the sole stockholder were settled through the declaration of a dividend.

During 1994, the Company acquired $2,365 of construction costs through advances from an unaffiliated company.

On May 11, 1994, the Company received contributed land on which to build two golf courses. The value of the land has been estimated at $1,000,000 based on management's estimates of the relationship of assessed value to fair value. The $1,000,000 has been recognized as revenue in the period in which the Company entered into the contract.

During 1995, the Company acquired $14,895 of property and equipment through advances from an affiliated company.

During 1995, $898 of land lease payable to stockholder were netted against receivables from the stockholder.

During 1996, equipment having a net book value of $711 and cash of $399 was exchanged for similar new equipment having a value of $1,110.

9. SUBSEQUENT EVENT

On February 12, 1997, the Companies contributed the land and improvements, buildings and certain equipment with a net book value of $33,136 net of related debt of $26,385 to Golf Trust of America, LP (GTA, LP). The contribution was concurrent with an initial public offering of the common stock of Golf Trust of America, Inc. (GTA, Inc.), its general partner. The Companies received limited partnership units convertible to common shares of GTA, Inc. and cash of $8.4 million.

Concurrent with the contribution of assets, the Companies transferred the operations of the golf courses along with related assets and liabilities to four newly formed affiliated lessee companies (Legends Lessees) which have

entered into lease agreements with GTA, LP. Under the terms of the leases, the Legends Lessees will pay annual base rent of approximately $12,057,000 plus percentage rent based on the increase in gross golf revenues as defined. The Legends Lessees are responsible for all expense related to the operations of the courses.

The remaining assets of the Companies consist of limited partnership units in GTA, LP and receivables and payables from affiliates.

LIST OF EXHIBITS

The following exhibits are part of this Annual Report on Form 10-K for fiscal year 1996 (and are numbered in accordance with Item 601 of Regulation S-K). Items marked with an asterisk (*) are filed herewith.

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Amendment and Restatement of the Company, as filed with the State Department of Assessments and Taxation of Maryland on January 31, 1997, (previously filed as Exhibit 3.1A to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 2 (filed January 30, 1997) and incorporated herein by reference).
3.2	Bylaws of the Company as currently in effect (previously filed as Exhibit 3.2 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.1*	First Amended and Restated Agreement of Limited Partnership of the Operating Partnership (including Exhibit A (schedule of partners and partnership interests) as of March 24, 1997).
10.2.0	Form of Participating Lease between the Operating Partnership and the Initial Lessees relating to the Initial Courses (previously filed as Exhibit 10.2 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.2.1*	Schedule of material differences among the Participating Leases for the Initial Courses (included in lieu of the full text of each lease pursuant to Instruction 2 to Item 601 of Regulation S-K).
10.3	Option to Purchase and Right of First Refusal Agreement between (i) the Company and the Operating Partnership and (ii) Larry D. Young dated as of February 6, 1997 (previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 2 (filed January 30, 1997) and incorporated herein by reference).
10.4.0	Form of Contribution and Leaseback Agreement between the Operating Partnership and the Prior Owners relating to the Initial Courses (previously filed as Exhibit 10.4 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) (filed November 12, 1996) and incorporated herein by reference).
10.4.1*	Schedule of material differences among the Contribution and Leaseback Agreements relating to the Initial

	Courses (included in lieu of the full text of each agreement pursuant to Instruction 2 to Item 601 of Regulation S-K).
10.5	1997 Stock Incentive Plan of the Company (previously filed as Exhibit 10.6 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.6	1997 Non-Employee Directors' Plan (previously filed as Exhibit 10.7 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
10.7*	Employment Agreement between the Company and W. Bradley Blair, II dated February 7, 1997.
10.8*	Employment Agreement between the Company and David J. Dick dated February 7, 1997.
10.9*	Employment Agreement between the Company and Scott D. Peters dated February 7, 1997.
16.1	Letter of Price Waterhouse LLP, former independent accountants of the Company (previously filed as Exhibit 16.1 to the Company's amended Current Report on Form 8-K dated February 26, 1997 (filed March 17, 1997) and incorporated herein by reference).
21.1	List of Subsidiaries of the Company (previously filed as Exhibit 22.1 to the Company's Registration Statement on Form S-11 (Commission File No. 333-15965) Amendment No. 1 (filed January 15, 1997) and incorporated herein by reference).
24.1	Powers of Attorney. See the "Signatures" section of this Annual Report.
27.1	Financial Data Schedule.

---

* Filed herewith.

FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

OF

GOLF TRUST OF AMERICA, L.P.

TABLE OF CONTENTS

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

GOLF TRUST OF AMERICA, L.P.

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF GOLF TRUST OF AMERICA, L.P. (this "Agreement"), dated as of February 12, 1997, is entered into by and between GTA GP, Inc., a Maryland corporation (in its capacity as General Partner, the "General Partner"), and each of the Limited Partners signatory hereto.

THE PARTIES ENTER THIS AGREEMENT on the basis of the following facts, understandings and intentions:

A. Golf Trust of America, L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of Delaware by a Certificate of Limited Partnership filed with the Secretary of State of Delaware on November 8, 1996. The Partnership is governed by a Limited Partnership Agreement dated October 31, 1996, as amended on February 4, 1997, maintained at the offices of the Partnership (the "Original Agreement"). The current parties to the Original Agreement are the General Partner, GTA LP, Inc., David J. Dick, W. Bradley Blair, II, and James Hoppenrath as original limited partners (the "Original Limited Partners").

B. The General Partner and the Original Limited Partners desire to (i) admit additional Limited Partners to the Partnership and (ii) restate the Original Agreement in its entirety.

NOW, THEREFORE, in consideration of the foregoing, and the covenants and agreements between the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend the Original Agreement to read in its entirety as follows:

ARTICLE I
DEFINED TERMS

The following defined terms used in this Agreement shall have the meanings specified below:

"ACT" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

"ADDITIONAL LIMITED PARTNER" means a Person admitted to this Partnership as a Limited Partner pursuant to Section 4.02 hereof.

"ADMINISTRATIVE EXPENSES" means (i) all administrative and operating costs and expenses incurred by the Partnership, (ii) all administrative and operating costs and expenses of the General Partner, including any salaries or other payments to directors, officers and/or employees of the General Partner, and any accounting and legal expenses of the General Partner, all of which costs and expenses, the Partners have agreed, are expenses of the Partnership and not the General Partner, and (iii) to the extent not included in clause (ii) above, REIT Expenses.

"AFFILIATE" means, (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 5% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, partnership interests or other equity interests.

"AGREED VALUE" means the fair market value of a Partner's non-cash Capital Contribution as of the date hereof as agreed to by the Partners. For purposes of this Partnership Agreement, the Agreed Value of a Partner's non-cash Capital Contribution shall be equal to the number of Partnership Units received by such Partner in exchange for an Initial Golf Course or an interest therein or in connection with the merger of a partnership of which such person is a partner with and into the Partnership, or for any other non-cash asset so contributed, multiplied by the Public Offering Price or, if the contribution is made after the date hereof, the "Market Price" on the date of the contribution calculated in accordance with the second and third sentences of the definition of "Cash Amount." The names and addresses of the Partners, number of Partnership Units issued to each Partner, and the Agreed Value of non-cash Capital Contributions is set forth on EXHIBIT A.

"AGREEMENT" means this First Amended and Restated Agreement of Limited Partnership of the Partnership.

"CAPITAL ACCOUNT" has the meaning provided in Section 4.04 hereof.

"CAPITAL CONTRIBUTION" means the total amount of capital initially contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of the Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of

such Partner. The paid-in Capital Contribution shall mean the cash amount or the Agreed Value of other assets actually contributed by each Partner to the capital of the Partnership.

"CAPITAL TRANSACTION" means the refinancing, sale, exchange, condemnation, recovery of a damage award or insurance proceeds (other than business or rental interruption insurance proceeds not reinvested in the repair or reconstruction of Properties), or other disposition of any Property (or the Partnership's interest therein).

"CASH AMOUNT" means an amount of cash per Partnership Unit equal to the value of the REIT Shares Amount on the date of receipt by the General Partner of a Notice of Redemption. The value of the REIT Shares Amount shall be based on the average of the daily market price of REIT Shares for the ten consecutive trading days immediately preceding the date of receipt by the General Partner of a Notice of Redemption. The market price for each such trading day shall be: (i) if the REIT Shares are listed or admitted to trading on any securities exchange or the NYSE, the sale price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on such day, (ii) if the REIT Shares are not listed or admitted to trading on any securities exchange or the NYSE, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or (iii) if the REIT Shares are not listed or admitted to trading on any securities exchange or the NYSE and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 10 days prior to the date in question) for which prices have been so reported; PROVIDED THAT if there are no bid and asked prices reported during the ten days prior to the date in question, the value of the REIT Shares shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the REIT Shares Amount includes rights that a holder of REIT Shares would be entitled to receive, then the value of such rights shall be determined by the Company acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

"CERTIFICATE" means any instrument or document that is required under the laws of the State of Delaware, or any other jurisdiction in which the Partnership conducts business, to be signed and sworn to by the Partners of the Partnership (either by themselves or pursuant to the power-of-attorney granted to the General Partner in Section 8.02 hereof) and filed for recording in the appropriate public offices within the State of Delaware or such other jurisdiction to perfect or maintain the Partnership as a limited partnership, to effect the admission, withdrawal, or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware or such other jurisdiction.

"CHARTER" means the Charter of the Company filed with the Secretary of State of the State of Maryland, as amended or restated from time to time.

"CODE" means the Internal Revenue Code of 1986, as amended, and as hereafter amended from time to time. Reference to any particular provision of the Code shall mean that provision in the Code at the date hereof and any succeeding provision of the Code.

"COMMISSION" means the U.S. Securities and Exchange Commission.

"COMPANY" means Golf Trust of America, Inc., a Maryland corporation.

"CONTRIBUTION AND LEASEBACK AGREEMENT" means, as to each Limited Partner contributing interests in an Initial Golf Course, that certain Contribution and Leaseback Agreement by and between the Partnership and such Limited Partner.

"CONVERSION FACTOR" means 1.0, PROVIDED THAT in the event that the Company (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares, or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event; PROVIDED, HOWEVER, that if the Company receives a Notice of Redemption after the record date, but prior to the effective date of such dividend, distribution, subdivision or combination, the Conversion Factor shall be determined as if the Company had received the Notice of Redemption immediately prior to the record date for such dividend, distribution, subdivision or combination.

"DEFAULTING LIMITED PARTNER" has the meaning provided in Section 5.02(b) hereof.

"EFFECTIVE DATE" means the date of closing of the Initial Offering.

"EVENT OF BANKRUPTCY" as to any Person means the filing of a petition for relief as to such Person as debtor or bankrupt under the Bankruptcy Code of 1978 or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); insolvency or bankruptcy of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any

jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

"FUNDING LOAN" has the meaning provided in Section 4.03 hereof.

"GAAP" means generally accepted accounting principles, consistently applied.

"GENERAL PARTNER" means GTA GP, Inc., a Maryland corporation, a wholly-owned subsidiary of the Company, and any Person who becomes a substitute or additional General Partner as provided herein, and any of their successors as General Partner.

"GENERAL PARTNERSHIP INTEREST" means the Partnership Interest held by the General Partner.

"GTA GP" means GTA GP, Inc., a Maryland corporation and wholly-owned subsidiary of the Company.

"GTA LP" means GTA LP, Inc., a Maryland corporation and wholly-owned subsidiary of the Company.

"INCENTIVE RIGHTS" has the meaning set forth in Section 4.02 hereof.

"INDEMNITEE" means (i) any Person made a party to a proceeding by reason of his status as the General Partner or an affiliate of the General Partner or a director or officer of the Partnership or the General Partner or an affiliate of the General Partner or the Partnership and (ii) such other Persons as the General Partner may designate in good faith from time to time, in its reasonable discretion., giving consideration to the interest of the Partnership.

"INDEPENDENT DIRECTOR" shall mean those individuals, who shall comprise a majority of the Board of Directors of the Company, who are not officers or employees of the Company or Affiliates of (i) any lessee of any property of the Company or the Partnership, (ii) any subsidiary of the Company or (iii) any partnership which is an Affiliate of the Company, including the Partnership.

"INITIAL GOLF COURSES" means those properties listed on EXHIBIT B attached hereto.

"INITIAL OFFERING" means the initial offer and sale by the Company and the purchase by the Underwriters (as defined in the Prospectus) of the common shares of the Company for sale to the public.

"LIMITED PARTNER" means any Person named as a Limited Partner on EXHIBIT A attached hereto, and any Person who becomes a Substitute or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"LIMITED PARTNERSHIP INTEREST" means the ownership interest of a Limited Partner in the Partnership at any particular time, including the right of such Limited Partner to any and all benefits to which such Limited Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of such Act.

"LOSS" has the meaning provided in Section 5.01(f) hereof.

"MINIMUM LIMITED PARTNERSHIP INTEREST" means the lesser of (i) 1% or (ii) if the total Capital Contributions to the Partnership exceed $50 million, 1% divided by the ratio of the total Capital Contributions to the Partnership to $50 million; provided, however, that the Minimum Limited Partnership Interest shall not be less than 0.2% at any time.

"NEW SECURITIES" has the meaning set forth in Section 4.02(a)(ii) hereof.

"NOTICE OF REDEMPTION" means the Notice of Exercise of Redemption Right substantially in the form attached as EXHIBIT C hereto.

"NYSE" means the New York Stock Exchange.

"ORIGINAL LIMITED PARTNERS" has the meaning set forth in Recital A hereof.

"PARTNER" means any General Partner or Limited Partner.

"PARTNER NONRECOURSE DEBT MINIMUM GAIN" has the meaning set forth in Regulations Section 1.704-2(i). A Partner's share of Partner Nonrecourse Debt Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(i)(5).

"PARTNERSHIP INTEREST" means an ownership interest in the Partnership by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as

provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"PARTNERSHIP MINIMUM GAIN" has the meaning set forth in Regulations Section 1.704-2(d). In accordance with Regulations Section 1.704-2(d), the amount of Partnership Minimum Gain is determined by first computing, for each Partnership nonrecourse liability, any gain the Partnership would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. A Partner's share of Partnership Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(g)(1).

"PARTNERSHIP RECORD DATE" means the record date established by the General Partner for the distribution of cash pursuant to Section 5.02 hereof, which record date shall be the same as the record date established by the Company for a distribution to its shareholders of some or all of its portion of such distribution.

"PARTNERSHIP UNIT" means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder. The initial allocation of Partnership Units among the Partners is as set forth on EXHIBIT A, as may be amended from time to time.

"PERCENTAGE INTEREST" means the percentage ownership interest in the Partnership of each Partner, as determined by dividing the Partnership Units owned by a Partner by the total number of Partnership Units then outstanding. The initial Percentage Interest of each Partner is as set forth opposite its respective name on EXHIBIT A, as may be amended from time to time.

"PERSON" means any individual, partnership, corporation, joint venture, trust or other entity.

"PLEDGE AGREEMENT" means a Pledge Agreement executed by a Limited Partner contributing an Initial Golf Course to the Partnership, substantially in the form of EXHIBIT E attached hereto.

"PROFIT" has the meaning provided in Section 5.01(f) hereof.

"PROPERTY" means any golf course property or other investment in which the Partnership holds an ownership interest.

"PROSPECTUS" means the final prospectus delivered to purchasers of the Company's common stock in the Initial Offering.

"PUBLIC OFFERING PRICE" shall mean the initial public offering price set forth in the Prospectus.

"REDEEMING PARTNER" has the meaning provided in Section 8.05(a) hereof.

"REDEMPTION AMOUNT" means either the Cash Amount or the REIT Shares Amount, as determined pursuant to Section 8.05(b) hereof.

"REDEMPTION RIGHT" has the meaning provided in Section 8.05(a) hereof.

"REDEMPTION SHARES" has the meaning provided in Section 8.06(a) hereof.

"REGULATIONS" means the Federal Income Tax Regulations issued under the Code, as amended and as hereafter amended from time to time. Reference to any particular provision of the Regulations shall mean that provision of the Regulations on the date hereof and any succeeding provision of the Regulations.

"REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

"REIT EXPENSES" means (i) costs and expenses relating to the formation and continuity of existence of the Company and any Subsidiaries thereof including GTA GP and GTA LP (which Subsidiaries shall, for purposes of this definition, be included within the definition of Company), including taxes, fees and assessments associated therewith, any and all costs, expenses or fees payable to any Director, officer, or employee of the Company, (ii) costs and expenses relating to the public offering and registration of securities by the, Company and all statements, reports, fees and expenses incidental thereto, including underwriting discounts and selling commissions applicable to any such offering of securities, (iii) costs and expenses associated with the preparation and filing of any periodic reports by the Company under federal, state or local laws or regulations, including filings with the Commission, (iv) costs and expenses associated with compliance by the Company with laws, rules and regulations promulgated by any regulatory body, including the Commission, and (v) all other operating or administrative costs of the Company incurred in the ordinary course of its business on behalf of the Partnership.

"REIT SHARE" means a share of common stock of the Company.

"REIT SHARES AMOUNT" shall mean a number of REIT Shares equal to the number of Partnership Units offered for redemption by a Redeeming Partner, multiplied by the Conversion Factor; PROVIDED THAT in the event the Company issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the shareholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "rights"), then the REIT Shares Amount shall also include such rights that a holder of that number of REIT Shares would be entitled to receive.

"RULE 144" has the meaning set forth in Section 8.06(a) hereof.

"SEC" means the United States Securities and Exchange Commission.

"SECURITIES ACT" has the meaning set forth in Section 8.05(b) hereof.

"SERVICE" means the Internal Revenue Service.

"STOCK INCENTIVE PLANS" means the Golf Trust of America, Inc. Incentive Plan and the Golf Trust of America, Inc. Directors' Incentive Plan, as either such plan may be amended from time to time, or any stock incentive plan adopted in the future by the Company.

"SPECIFIED REDEMPTION DATE" means 30 days after the receipt by the Company of the Notice of Redemption.

"SUBSIDIARY" means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"SUBSTITUTE LIMITED PARTNER" means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.03 hereof.

"TRANSACTION" has the meaning set forth in Section 7.01(c) hereof.

"TRANSFER" has the meaning set forth in Section 9.02(a) hereof.

ARTICLE II
PARTNERSHIP CONTINUATION AND IDENTIFICATION

2.01 CONTINUATION. The Partners hereby agree to continue the Partnership pursuant to the Act and upon the terms and conditions set forth in this Agreement.

2.02 NAME, OFFICE AND REGISTERED AGENT. The name of the Partnership shall be Golf Trust of America, L.P. The specified office and place of business of the Partnership shall be 190 King Street, Charleston, South Carolina 29401. The General Partner may at any time change the location of such office, provided the General Partner gives notice to the Partners of any such change. The name and

address of the Partnership's registered agent is Paracorp Incorporated, 15 East North Street, Dover, Kent County, Delaware 19901. The sole duty of the registered agent as such is to forward to the Partnership any notice that is served on him as registered agent.

2.03 PARTNERS.

(a) As of the date hereof, the General Partner of the Partnership is GTA GP, Inc., a Maryland corporation. Its principal place of business shall be the same as that of the Partnership.

(b) The Limited Partners shall be those Persons identified as Limited Partners in EXHIBIT A hereto, as amended from time to time. The Limited Partners (other than the Original Limited Partner) hereby are admitted as Limited Partners.

2.04 TERM AND DISSOLUTION.

(a) The term of the Partnership shall continue in full force and effect until December 31, 2071 except that the Partnership shall be dissolved upon the happening of any of the following events:

(i) The occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death or withdrawal of a General Partner unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof; provided that if a General Partner is on the date of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement;

(ii) The passage of 90 days after the sale or other disposition of all or substantially all the assets of the Partnership; (provided that if the Partnership receives an installment obligation as consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as such note or notes are paid in full);

(iii) The redemption of all Limited Partnership Interests (other than any of such interests held by GTA LP); or

(iv) The election by the General Partner that the Partnership should be dissolved.

(b) Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof), the General Partner (or its trustee, receiver, successor or legal representative) shall amend or cancel the Certificate and liquidate the Partnership's assets and apply and distribute the proceeds thereof in accordance with Section 5.06 hereof. Notwithstanding the foregoing, the liquidating General Partner may either (i) defer liquidation of, or withhold from distribution, for a reasonable time, any assets of the Partnership (including those necessary to satisfy the Partnership's debts and obligations), or (ii) distribute the assets to the Partners in kind.

2.05 FILING OF CERTIFICATE AND PERFECTION OF LIMITED PARTNERSHIP. The General Partner shall execute, acknowledge, record and file at the expense of the Partnership, the Certificate and any and all amendments thereto and all requisite fictitious name statements and notices in such places and jurisdictions as may be necessary to cause the Partnership to be treated as a limited partnership under, and otherwise to comply with, the laws of each state or other jurisdiction in which the Partnership conducts business.

ARTICLE III
BUSINESS OF THE PARTNERSHIP

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided, however, that such business shall be limited to and conducted in such a manner as to permit the Company at all times to qualify as a REIT, unless the Company otherwise ceases to qualify as a REIT, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. The General Partner shall also be empowered to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code.

ARTICLE IV
CAPITAL CONTRIBUTIONS AND ACCOUNTS

4.01 CAPITAL CONTRIBUTIONS. The General Partner and GTA LP shall each contribute to the capital of the Partnership cash in an amount set forth opposite their names on EXHIBIT A, which shall represent the gross proceeds of the Initial Offering. The Limited Partners, other than GTA LP, shall contribute to the capital of the Partnership certain real and personal property interests in one or more of the Initial Golf Courses as set forth opposite their names on EXHIBIT A. The Agreed Values of the Limited Partners' ownership interests in the Initial Golf Courses that are contributed to the Partnership are as set forth opposite their names on EXHIBIT A.

4.02 ADDITIONAL CAPITAL CONTRIBUTIONS AND ISSUANCES OF ADDITIONAL PARTNERSHIP INTERESTS. Except as provided in Sections 4.02 or 4.03, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The General Partner may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Interests in respect thereof, in the manner contemplated in this Section 4.02.

(a) Issuances of Additional Partnership Interests.

(i) General. The General Partner is hereby authorized to cause the Partnership to issue such additional Partnership Interests in the form of Partnership Units for any Partnership purpose at any time or from time to time, to the Partners (including the General Partner and GTA LP) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Any additional Partnership Interests issued thereby may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including

rights, powers and duties senior to Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law, including, without limitation, (i) the allocation of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; PROVIDED, HOWEVER, that no additional Partnership Interests shall be issued to the General Partner or GTA LP unless either:

(1) the additional Partnership Interests are issued in connection with an issuance of shares of or other interests in the Company, which shares or interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner or GTA LP by the Partnership in accordance with this Section 4.02 and (B) except as provided in Section 4.02(a)(ii) hereof, the General Partner or GTA LP shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of or other interests in the Company, or

(2) the additional Partnership Interests are issued to all Partners in proportion to their respective Percentage Interests.

Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the General Partner, the Company and the Partnership.

(ii) Upon Issuance of New Securities. After the Initial Offering, the Company shall not issue any additional REIT Shares (other than REIT Shares issued in connection with a redemption pursuant to Section 8.05 hereof) or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase REIT Shares (collectively, "New Securities") other than to all holders of REIT Shares, unless (A) the General Partner shall cause the Partnership to issue to the General Partner and GTA LP, as the Company designate, Partnership Interests or rights, options, warrants or convertible or exchangeable securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the New Securities, and (B) the Company, through the General Partner and GTA LP, contributes the proceeds from the issuance of such New Securities and from the exercise of rights contained in

such New Securities to the Partnership; provided, however, that the Company is allowed to issue New Securities in connection with an acquisition of a property to be held directly by the Company, but if and only if, such direct acquisition and issuance of New Securities have been approved and determined to be in the best interests of the Company and the Partnership by a majority of the Independent Directors. Without limiting the foregoing, the Company is expressly authorized to issue New Securities for less than fair market value, and to cause the Partnership to issue to the General Partner corresponding Partnership Interests, so long as (x) the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership (for example, and not by way of limitation, the issuance of REIT Shares and corresponding Partnership Units pursuant to an employee stock purchase plan providing for employee purchases of REIT Shares at a discount from fair market value or employee stock options that have an exercise price that is less than the fair market value of the REIT Shares, either at the time of issuance or at the time of exercise), and (y) the Company contributes all proceeds from such issuance, through the General Partner and GTA LP, as the Company may so designate to the Partnership. By way of example, in the event the Company issues REIT Shares for a cash purchase price and contributes all of the proceeds of such issuance, through the General Partner and GTA LP, to the Partnership as required hereunder, the General Partner and GTA LP, as the Company may so designate, shall be issued a number of additional Partnership Units equal to the product of (A) the number of such REIT Shares issued by the Company the proceeds of which were so contributed, multiplied by (B) a fraction, the numerator of which is one hundred percent (100%), and the denominator of which is the Conversion Factor in effect on the date of such contribution.

(b) Certain Deemed Contributions of Proceeds of Issuance of Shares. In connection with any and all issuances of REIT Shares, the Company shall contribute all of the proceeds raised in connection with such issuance to the General Partner and GTA LP, as the Company determines and in turn, the General Partner and GTA LP shall make capital contributions to the Partnership of such proceeds, provided that if the proceeds actually received by and contributed by the Company to the General Partner are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner and GTA LP shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have paid such offering expenses in connection with the required issuance of additional Partnership Units to General Partner and GTA LP for such Capital Contribution pursuant to Section 4.02(a) hereof.

(c) Minimum Limited Partnership Interest. In the event that either a redemption pursuant to Section 8.05 hereof or an additional Capital Contribution by the General Partner or GTA LP would result in the Limited Partners (other than GTA LP), in

the aggregate, owning less than the Minimum Limited Partnership Interest, the General Partner and the Limited Partners shall form another partnership and contribute sufficient Limited Partnership Interests together with such other Limited Partners so that the Limited Partners (other than GTA LP) own at least the Minimum Limited Partnership Interest.

4.03 GENERAL PARTNER LOANS. The General Partner may from time to time advance funds to the Partnership for any proper Partnership purpose as a loan ("Funding Loan"), provided that any such funds must first be obtained by the General Partner from a third party lender, and then all of such funds must be loaned by the General Partner to the Partnership on the same terms and conditions, including principal amount, interest rate, repayment schedule and costs and expenses, as shall be applicable with respect to or incurred in connection with such loan with such third party lender. Except for Funding Loans, the General Partner shall not incur any indebtedness for borrowed funds; provided, however, that any loan proceeds received by the General Partner may be distributed to the Company and, in turn, to the Company's shareholders or other equity holders if such loan and distribution have been approved and determined to be necessary to enable the Company to maintain its status as a REIT under Sections 856-860 of the Code by a majority of the Independent Directors.

4.04 CAPITAL ACCOUNTS. A separate capital account (a "Capital Account") shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2)(iv). If (i) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a DE MINIMIS Capital Contribution, (ii) the Partnership distributes to a Partner more than a DE MINIMIS amount of Partnership property as consideration for a Partnership Interest, or (iii) the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), the General Partner shall revalue the property of the Partnership to its fair market value (as determined by the General Partner and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). When the Partnership's property is revalued by the General Partner, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Sections 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected in the Capital Accounts previously) would be allocated among the Partners pursuant to Section 5.01 if there were a taxable disposition of such property for its fair market value (as determined by the General Partner and taking into account Section 7701(g) of the Code) on the date of the revaluation.

4.05 PERCENTAGE INTERESTS. If the number of outstanding Partnership Units increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted to a percentage equal to the number of Partnership Units held by such Partner divided by the aggregate number of Partnership Units outstanding after giving effect to such increase or decrease. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.05, the Profits and Losses for the taxable year in which the adjustment occurs shall be allocated between the

part of the year ending on the day of the adjustment and the part of the year beginning on the following day either (i) as if the taxable year had ended on the date of the

adjustment or (ii) based on the number of days in each part. The General Partner, in its sole discretion, shall determine which method shall be used to allocate Profits and Losses for the taxable year in which the adjustment occurs. The allocation of Profits and Losses for the earlier part of the year shall be based on the Percentage Interests before adjustment, and the allocation of Profits and Losses for the later part shall be based on the adjusted Percentage Interests.

4.06 NO INTEREST ON CONTRIBUTIONS. No Partner shall be entitled to interest on its Capital Contribution.

4.07 RETURN OF CAPITAL CONTRIBUTIONS. No Partner shall be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. Except as otherwise provided herein, there shall be no obligation to return to any Partner or withdrawn Partner any part of such Partner's Capital Contribution for so long as the Partnership continues in existence.

4.08 NO THIRD PARTY BENEFICIARY. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act.

4.09 STOCK INCENTIVE PLANS.

(a) If grants of REIT Shares are made in connection with a Stock Incentive Plan:

(i) The Company, through the General Partner and GTA LP, shall contribute, as soon as practicable after such grant, to the Partnership (to be thereafter taken into account for the purposes of calculating any cash distributable to the Partners), an amount equal to the price, if any, paid to the Company by the party receiving such REIT Shares;

(ii) The Partnership shall issue to the General Partner and GTA LP an aggregate number of additional Partnership Units equal to the product of (1) the number of such REIT Shares issued by the Company, MULTIPLIED BY (2) a fraction, the numerator of which is 100%, and the denominator of which is the Conversion Factor in effect on the date of such contribution; and

(iii) The General Partner's and GTA LP's Percentage Interest and the Percentage Interests of the other Limited Partners shall be adjusted as set forth in Section 4.02.

(b) If stock options or warrants granted in connection with a Stock Incentive Plan are exercised:

(i) The Company, through the General Partner and GTA LP, shall contribute, as soon as practicable after such exercise, to the Partnership (to be thereafter taken into account for purposes of calculating any cash distributable to the Partners), an amount equal to the exercise price, if any, paid to the Company by the exercising party in connection with the exercise of the option or warrant;

(ii) The Partnership shall issue to the General Partner and GTA LP an aggregate number of additional Partnership Units equal to the product of (1) the number of REIT Shares issued by the Company in satisfaction of such exercised option or warrant, MULTIPLIED BY (2) a fraction, the numerator of which is 100%, and the denominator of which is the Conversion Factor in effect on the date of such contribution; and

(iii) The General Partner's and GTA LP's Percentage Interest and the Percentage Interests of the other Limited Partners shall be adjusted as set forth in Section 4.02.

(c) If the Company grants any director, officer or employee share appreciation rights, performance share awards or other similar rights ("Incentive Rights"), then simultaneously, the Partnership shall grant the General Partner and GTA LP corresponding and economically equivalent rights with respect to their Partnership Units. Consequently, upon the cash payment by the Company to its directors, officers or employees pursuant to such Incentive Rights, the Partnership shall make an equal cash payment to the General Partner and GTA LP.

ARTICLE V
PROFITS AND LOSSES; DISTRIBUTIONS

5.01 ALLOCATION OF PROFIT AND LOSS.

(a) GENERAL. Except as otherwise provided in this Section 5.01, Profit and Loss of the Partnership for each fiscal year of the Partnership shall be allocated among the Partners in accordance with their respective Percentage Interests.

(b) MINIMUM GAIN CHARGEBACK. Notwithstanding any provision to the contrary, (i) any expense of the Partnership that is a "nonrecourse deduction" within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners' respective Percentage Interests, (ii) any expense of the Partnership that is a "partner nonrecourse deduction" within the meaning of Regulations Section 1.704-2(i)(2) shall be

allocated in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations Section 1.704-2(i)(4) for any Partnership taxable year, items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). A Partner's "interest in partnership profits" for purposes of determining its share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a)(3) shall be such Partner's Percentage Interest.

(c) QUALIFIED INCOME OFFSET. If a Limited Partner receives in any taxable year an adjustment, allocation, or distribution described in subparagraphs (4), (5), or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a negative balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such negative Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). After the occurrence of an allocation of income or gain to

a Limited Partner in accordance with this Section 5.01(c), to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(c).

(d) CAPITAL ACCOUNT DEFICITS. Loss shall not be allocated to a Limited Partner to the extent that such allocation would cause a deficit in such Partner's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain. Any Loss in excess of that limitation shall be allocated to the General Partner. After the occurrence of an allocation of Loss to the General Partner in accordance with this Section 5.01(d), to the extent permitted by Regulations Section 1.704-1(b), Profit shall be allocated to such Partner in an amount necessary to offset the Loss previously allocated to such Partner under this Section 5.01(d).

(e) ALLOCATIONS BETWEEN TRANSFEROR AND TRANSFEREE. If a Partner transfers any part or all of its Partnership Interest, and the transferee is admitted as a substitute Partner as provided herein, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the substitute Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer, or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole discretion, shall determine which method shall be used to allocate

the distributive shares of the various items of Profit and Loss between the transferor and the substitute Partner.

(f) DEFINITION OF PROFIT AND LOSS. "Profit" and "Loss" and any items of income, gain, expense, or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Section 5.01(b), 5.01(c), or 5.01(d). All allocations of income, Profit, gain, Loss, and expense (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). The General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income, gain, and expense as required by Section 704(c) of the Code and such election shall be binding on all Partners.

5.02 DISTRIBUTION OF CASH.

(a) The General Partner shall distribute cash on a quarterly (or, at the election of the General Partner, more frequent) basis, in an amount determined by the General Partner in its sole discretion, to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period) in accordance with their respective Percentage Interests on the Partnership Record Date; PROVIDED, HOWEVER, that if a new or existing Partner acquires an additional Partnership Interest in exchange for a Capital Contribution on any date other than a Partnership Record Date, the cash distribution attributable to such additional Partnership Interest relating to the Partnership Record Date next following the issuance of such additional Partnership Interest shall be reduced in the proportion to (i) the number of days that such additional Partnership Interest is held by such Partner bears to (ii) the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date.

(b) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay

over to any taxing authority any amount resulting from the allocation or distribution of income to a Partner or assignee (including by reason of Section 1446 of the Code), either (i) if the actual amount to be distributed to the Partner or assignee equals or exceeds the amount required to be withheld by the Partnership, the amount withheld shall be treated as a distribution of cash in the amount of such withholding to such Partner or assignee, or (ii) if the actual amount to be distributed to the Partner or assignee is less than the amount required to be withheld by the Partnership, the amount required to be withheld shall be treated as a loan (a "Partnership Loan") from the Partnership to the Partner on the day the Partnership pays over such amount to the applicable taxing authority. A Partnership Loan shall be repaid through withholding by the Partnership with respect to

subsequent distributions to the applicable Partner or assignee. In the event that a Limited Partner or assignee (either, a "Defaulting Limited Partner") fails to pay any amount owed to the Partnership with respect to a Partnership Loan within 15 days after demand for payment thereof is made by the Partnership on the Defaulting Limited Partner, the General Partner, in its sole discretion, may elect to make the payment to the Partnership on behalf of such Defaulting Limited Partner. In such event, on the date of payment, the General Partner shall be deemed to have extended a loan (a "General Partner Loan") to the Defaulting Limited Partner in the amount of the payment made by the General Partner and shall succeed to all rights and remedies of the Partnership against the Defaulting Limited Partner as to that amount. Without limitation, the General Partner shall have the right to receive any distributions that otherwise would be made by the Partnership to the Defaulting Limited Partner until such time as the General Partner Loan has been paid in full, and any such distributions so received by the General Partner shall be treated as having been received by the Defaulting Limited Partner and immediately paid to the General Partner.

Any amounts treated as a Partnership Loan or a General Partner Loan pursuant to this Section 5.02(b) shall bear interest at the lesser of (i) the base rate on corporate loans at large United States money center commercial banks, as published from time to time in THE WALL STREET JOURNAL, or (ii) the maximum lawful rate of interest on such obligation, such interest to accrue from the date the Partnership or the General Partner, as applicable, is deemed to extend the loan until such loan is repaid in full.

(c) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a dividend with respect to a REIT Share for which all or part of such Partnership Unit has been or will be exchanged.

5.03 REIT DISTRIBUTION REQUIREMENTS. The General Partner shall use its reasonable efforts to cause the Partnership to distribute amounts sufficient to enable the Company (i) to meet its distribution requirement for qualification as a REIT as set forth in Section 857(a)(1) of the Code and (ii) to avoid any federal income or excise tax liability imposed by the Code.

5.04 NO RIGHT TO DISTRIBUTIONS IN KIND. No Partner shall be entitled to demand property other than cash in connection with any distributions by the Partnership.

5.05 LIMITATIONS ON RETURN OF CAPITAL CONTRIBUTIONS. Notwithstanding any of the provisions of this Article V, no Partner shall have the right to receive and the General Partner shall not have the right to make, a distribution which includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all liabilities of the Partnership, other than the liabilities to a Partner for the return of his Capital Contribution, does not exceed the fair market value of the Partnership's assets.

5.06 DISTRIBUTIONS UPON LIQUIDATION.

(a) Upon liquidation of the Partnership, after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, any remaining assets of the Partnership shall be distributed to all Partners with positive Capital Accounts in accordance with their respective positive Capital Account balances. For purposes of the preceding sentence, the Capital Account of each Partner shall be determined after all adjustments made in accordance with Sections 5.01 and 5.02 resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets. Any distributions pursuant to this Section 5.06 should be made by the end of the Partnership's taxable year in which the liquidation occurs (or, if later, within 90 days after the date of the liquidation). To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations.

(b) If the General Partner has a negative balance in its Capital Account following a liquidation of the Partnership, as determined after taking into account all Capital Account adjustments in accordance with Sections 5.01 and 5.02 resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets, the General Partner shall contribute to the Partnership an amount of cash equal to the negative balance in its Capital Account and such cash shall be paid or distributed by the Partnership to creditors, if any, and then to the Limited Partners in accordance with Section 5.06(a). Such contribution by the General Partner shall be made by the end of the Partnership's taxable year in which the liquidation occurs (or, if later, within 90 days after the date of the liquidation).

5.07 SUBSTANTIAL ECONOMIC EFFECT. It is the intent of the Partners that the allocations of Profit and Loss under the Agreement have substantial economic effect (or be consistent with the Partners' interests in the Partnership in the case of the allocation of losses attributable to nonrecourse debt) within the meaning of Section 704(b) of the Code as interpreted by the Regulations promulgated pursuant thereto. Article V and other relevant provisions of this Agreement shall be interpreted in a manner consistent with such intent.

ARTICLE VI
RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

6.01 MANAGEMENT OF THE PARTNERSHIP.

(a) Except as otherwise expressly provided in this Agreement, the General Partner shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes herein stated, and shall make all decisions affecting the business and assets of the Partnership. Subject to the restrictions specifically contained in this Agreement, the powers of the General Partner shall include, without limitation, the authority to take the following actions on behalf of the Partnership:

(i) to acquire, purchase, own, lease and dispose of any real property and any other property or assets that the General Partner determines are necessary or appropriate or in the best interests of the business of the Partnership;

(ii) subject to the terms of any applicable lease, to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to borrow money for the Partnership, issue evidences of indebtedness in connection therewith, refinance, guarantee, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any indebtedness or obligation to the Partnership, and secure such indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(iv) to pay, either directly or by reimbursement, for all operating costs and general administrative expenses of the Company,

the General Partner, GTA LP or the Partnership, to third parties or to the General Partner as set forth in this Agreement;

(v) to lease all or any portion of any of the Partnership's assets, whether or not the terms of such leases extend beyond the termination date of the Partnership and whether or not any portion of the Partnership's assets so leased are to be occupied by the lessee, or, in turn, subleased in whole or in part to others, for such consideration and on such terms as the General Partner may determine;

(vi) to prosecute, defend, arbitrate, or compromise any and all claims or Liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may reasonably determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership, or the Partnership's assets; PROVIDED, HOWEVER, that the General Partner may not, without the consent of all of the Partners, confess a judgment against the Partnership;

(vii) to file applications, communicate, and otherwise deal with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership business;

(viii) to make or revoke any election permitted or required of the Partnership by any taxing authority;

(ix) to maintain such insurance coverage for public liability, fire and casualty, and any and all other insurance for the protection of the Partnership, for the conservation of Partnership assets, or for any other purpose convenient or beneficial to the Partnership, in such amounts and such types, as it shall determine from time to time;

(x) to determine whether or not to apply any insurance proceeds for any property to the restoration of such property or to distribute the same;

(xi) to retain legal counsel, accountants, consultants, real estate brokers, and such other persons, as the General Partner may deem necessary or appropriate in connection with the Partnership business and to pay therefor such reasonable remuneration as the General Partner may deem reasonable and proper;

(xii) to retain other services of any kind or nature in connection with the Partnership business, and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xiii) to negotiate and conclude agreements on behalf of the Partnership with respect to any of the rights, powers and authority conferred upon the General Partner;

(xiv) to maintain accurate accounting records and to file promptly all federal, state and local income tax returns on behalf of the Partnership;

(xv) to distribute Partnership cash or other Partnership assets in accordance with this Agreement;

(xvi) to form or acquire an interest in, and contribute property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, its Subsidiaries and any other Person in which it has an equity interest from time to time);

(xvii) to establish Partnership reserves for working capital, capital expenditures, contingent liabilities, or any other valid Partnership purpose; and

(xviii) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts the General Partner deems necessary or appropriate for the formation, continuation and conduct of the business and affairs of the Partnership (including, without limitation, all actions consistent with allowing the Company at all times to qualify as a REIT unless the Company voluntarily

terminates its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

(c) Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

6.02 DELEGATION OF AUTHORITY. The General Partner may delegate any or all of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

6.03 INDEMNIFICATION AND EXCULPATION OF INDEMNITEES.

(a) The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 6.03(a). The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 6.03(a). Any indemnification pursuant to this Section 6.03 shall be made only out of the assets of the Partnership.

(b) The Partnership may reimburse an Indemnitee for reasonable expenses incurred by an Indemnitee who is a party to a proceeding in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 6.03 has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 6.03 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter

of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.03, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 6.03; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.03 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.03 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

6.04 LIABILITY OF THE GENERAL PARTNER.

(a) Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if the General Partner acted in good faith. Additionally, the General Partner shall not be in breach of any duty that the General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity, provided the General Partner, acting in good faith, abides by the terms of this Agreement.

(b) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, the Company and the Company's shareholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of the shareholders of the Company on one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either the shareholders of the Company or the Limited Partners; provided the General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

(c) Subject to its obligations and duties as General Partner set forth in Section 6.01 hereof, the General Partner may exercise any of the powers granted to it under this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the Company to continue to qualify as a REIT or (ii) to prevent the Company from incurring any taxes under Section 857, Section 4981, or any other provision of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

(e) Any amendment, modification or repeal of this Section 6.04 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 6.04 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.05 EXPENDITURES BY THE PARTNERSHIP. The General Partner is hereby authorized to pay compensation for accounting, administrative, legal, technical, management and other services rendered to the Partnership. All of the aforesaid expenditures (including Administrative Expenses) shall be obligations of the Partnership, and the General Partner shall be entitled to reimbursement by the Partnership for any expenditure (including Administrative Expenses) incurred by it on behalf of the Partnership which shall be made other than out of the funds of the Partnership. The Partnership shall also assume, and pay when due, all Administrative Expenses.

6.06 OUTSIDE ACTIVITIES. Subject to Section 6.08 hereof, the Charter and any agreements entered into by the General Partner or its Affiliates with the Partnership or a Subsidiary, any officer, director, employee, agent, trustee, Affiliate or shareholder of the General Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities substantially similar or identical to those of the Partnership. Neither the Partnership nor any of the Limited Partners shall have any rights by virtue of this Agreement in any such business ventures, interests or activities. None of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any such business ventures, interests or activities, and the General Partner shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures, interests and activities to the Partnership or any Limited Partner, even if such opportunity is of a character which, if presented to the Partnership or any Limited Partner, could be taken by such Person.

6.07 EMPLOYMENT OR RETENTION OF AFFILIATES.

(a) Any Affiliate of the General Partner may be employed or retained by the Partnership and may otherwise deal with the Partnership (whether as a buyer, lessor, lessee, manager, furnisher of goods or services, broker, agent, lender or otherwise) and may receive from the Partnership any compensation, price, or other payment therefor which the General Partner determines to be fair and reasonable.

(b) The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(c) The Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as the General Partner deems are consistent with this Agreement and applicable law.

(d) Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are on terms that are fair and

reasonable to the Partnership.

6.08 GENERAL PARTNER PARTICIPATION. The General Partner agrees that all business activities of the General Partner, including activities pertaining to the acquisition, development and/or ownership of property, shall be conducted through the Partnership or one or more subsidiary partnerships; provided, however, that the Company is allowed to make a direct acquisition, but if and only if, such acquisition is made in connection with the issuance of New Securities, which direct acquisition and issuance have been approved and determined

to be in the best interests of the Company and the Partnership by a majority of the Independent Directors. The General Partner also agrees that all loans from the General Partner to the Partnership shall constitute Funding Loans, subject to the exception set forth in Section 4.03 hereof.

6.09 TITLE TO PARTNERSHIP ASSETS. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; PROVIDED, HOWEVER, that the General Partner shall use its best efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

6.10 MISCELLANEOUS. In the event the Company redeems any REIT Shares, then the General Partner shall cause the Partnership to purchase from the General Partner and GTA LP a number of Partnership Units as determined based on the application of the Conversion Factor on the same terms that the Company redeemed such REIT Shares. Moreover, if the Company makes a cash tender offer or other offer to acquire REIT Shares, then the General Partner shall cause the Partnership to make a corresponding offer to the General Partner and GTA LP to acquire an equal number of Partnership Units held by the General Partner and GTA LP. In the event any REIT Shares are redeemed by the Company pursuant to such offer, the Partnership shall redeem an equivalent number of the General Partner's and GTA's Partnership Units for an equivalent purchase price based on the application of the Conversion Factor.

6.11 MAINTENANCE OF INDEBTEDNESS. For a period of ten years following the date hereof, the Partnership shall maintain indebtedness (the "Required Indebtedness") in an amount equal to the lesser of approximately: (A) $4,300,000 or (B) the aggregate negative capital account balances of the contributor of Northgate Country Club (the "Northgate Partner") at the time of the contribution of such Golf Course (the "Initial Negative Capital Account"); and the Northgate Partner shall be permitted to guaranty such indebtedness. The Required Indebtedness shall be reduced to the extent that the Northgate Partner (or its partners, if the Northgate Partner distributes its Partnership Units to its partners) redeem in whole or in part, their Partnership Units in exchange for REIT Shares, redeem their Partnership Units in full for cash or otherwise dispose of their Partnership Units or dies (the Partnership Units that are so redeemed, disposed of, or held by transferees of deceased holders are referred to as "Stepped-Up Basis Units"). In such a case, the Required Indebtedness shall be reduced by an amount equal to the original Required Indebtedness prior

to any reduction multiplied by a fraction equal to (i) the Initial Negative Capital Account, minus the aggregate negative capital account balances associated with the Stepped-Up Basis Units redeemed or transferred immediately prior to the reduction of the Required Indebtedness, divided by (ii) the Initial Negative Capital Account. If the Partnership fails to maintain such level of debt, then the Partnership shall pay to the Northgate Partner (or its partners, if the Northgate Partner distributes its Partnership Units to its partners) the amount of federal and state income taxes (together with interest and penalties) of that Partner, which are associated with the reduction in debt. To the extent at the end of the ten (10) year period the Partnership has debt not otherwise guaranteed, the Partnership, to the extent permitted by the lender, will permit the Northgate Partner (or its partners, if the Northgate Partner distributes its Partnership Units to its partners) to guarantee such debt (or to enter into reimbursement agreements with the Partnership or any Affiliate of the Partnership to whom such debt is recourse, if any); provided, however, that nothing contained herein shall prevent the Partnership or any such affiliate from incurring, retiring, repaying, or prepaying such debt at any time after such ten year period.

ARTICLE VII
CHANGES IN GENERAL PARTNER

7.01 TRANSFER OF THE GENERAL PARTNER'S PARTNERSHIP INTEREST.

(a) The General Partner may not transfer any of its General Partnership Interest or withdraw as General Partner except as provided in Section 7.01(c) or in connection with a transaction described in Section 7.01(d).

(b) The General Partner agrees that it and GTA LP will at all times own in the aggregate at least a 20% Percentage Interest.

(c) Except as otherwise provided in Section 6.07(c) or Section 7.01(d) hereof, the Company shall not engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets, or any reclassification, or any recapitalization or change of outstanding REIT Shares (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination of REIT Shares) (a "Transaction"), unless (i) the Transaction also includes a merger of the Partnership or sale of substantially all of the assets of the Partnership as a result of which all Limited Partners will receive for each Partnership Unit an amount of cash, securities, or other property equal to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid in the Transaction to a holder of one REIT Share in consideration of one REIT Share, PROVIDED THAT if, in connection with the Transaction, a purchase, tender or exchange offer ("Offer") shall have been made to and accepted by the holders of more than 50% of the outstanding REIT Shares, each holder of Partnership Units shall be given the option to exchange its Partnership Units for the greatest amount of cash, securities, or other property which a Limited Partner would have received had it (A) exercised its Redemption Right and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Redemption Right immediately prior

to the expiration of the Offer; and (ii) no more than 75% of the equity securities of the acquiring Person in such Transaction shall be owned, after consummation of such Transaction, by the General Partner or Persons who were Affiliates of the Partnership or the General Partner immediately prior to the date on which the Transaction is consummated.

(d) Notwithstanding Section 7.01(c), the Company may merge into or consolidate with another entity if immediately after such merger or consolidation (i) substantially all of the assets of the successor or surviving entity (the "Surviving Entity"), other than Partnership Units held by the General Partner, are contributed to the Partnership as a Capital Contribution in exchange for Partnership Units with a fair market value equal to the value of the assets so contributed as determined by the Surviving Entity in good faith and (ii) the Surviving Entity expressly agrees to assume, or acknowledge and ratify, all obligations of the General Partner hereunder. Upon such contribution and assumption, the Surviving Entity shall have the right and duty to amend this

Agreement as set forth in this Section 7.01(d). The Surviving Entity shall in good faith arrive at a new method for the calculation of the Cash Amount and Conversion Factor for a Partnership Unit after any such merger or consolidation so as to approximate the existing method for such calculation as closely as reasonably possible. Such calculation shall take into account, among other things, the kind and amount of securities, cash and other property that was receivable upon such merger or consolidation by a holder of REIT Shares and/or options, warrants or other rights relating thereto, and to which a holder of Partnership Units could have acquired had such Partnership Units been redeemed immediately prior to such merger or consolidation. Such amendment to this Agreement shall provide for adjustment to such method of calculation which shall be as nearly equivalent as may be practicable to the adjustments provided for with respect to the Conversion Factor. The above provisions of this Section 7.01(d) shall similarly apply to successive mergers or consolidations permitted hereunder.

7.02 ADMISSION OF A SUBSTITUTE OR SUCCESSOR GENERAL PARTNER. A Person shall be admitted as a substitute or successor General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) a majority in interest of the Limited Partners (other than GTA LP) shall have consented in writing to the admission of the substitute or successor General Partner;

(b) the Person to be admitted as a substitute or additional General Partner shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation and all other actions required by Section 2.05 hereof in connection with such admission shall have been performed;

(c) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership it shall have provided the Partnership with evidence

satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

(d) counsel for the Partnership shall have rendered an opinion (relying on such opinions from other counsel and the state or any other jurisdiction as may be necessary) that the admission of the person to be admitted as a substitute or additional General Partner is in conformity with the Act, that none of the actions taken in connection with the admission of such Person as a substitute or additional General Partner will cause (i) the Partnership to be classified other than as a partnership for federal income tax purposes, or (ii) the loss of any Limited Partner's limited liability.

7.03 EFFECT OF BANKRUPTCY, WITHDRAWAL, DEATH OR DISSOLUTION OF A GENERAL PARTNER.

(a) Upon the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the withdrawal, death or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.03(b) hereof.

(b) Following the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such

General Partner if the business of such General Partner is continued by the remaining partner or partners), the Limited Partners, within 90 days after such occurrence, may elect to reconstitute the Partnership and continue the business of the Partnership for the balance of the term specified in Section 2.04 hereof by selecting, subject to Section 7.02 hereof and any other provisions of this Agreement, a substitute General Partner by unanimous consent of the Limited Partners. If the Limited Partners elect to reconstitute the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

7.04 REMOVAL OF A GENERAL PARTNER.

(a) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, a General Partner, such General Partner shall be deemed to be removed automatically; PROVIDED, HOWEVER, that if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners.

(b) If a General Partner has been removed pursuant to this Section 7.04 and the Partnership is continued pursuant to Section 7.03 hereof, such General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership to the substitute General Partner approved by a majority in interest of the Limited Partners (excluding GTA LP) in accordance with Section 7.03(b) hereof and otherwise admitted to the Partnership in accordance with Section 7.02 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner as reduced by any damages caused to the Partnership Interest of such removed General Partner. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and a majority in interest of the Limited Partners (excluding GTA LP) within 10 days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the removed General Partner and a majority in interest of the Limited Partners (excluding GTA LP) each shall select an appraiser. Each such appraiser shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest within 30 days of the General Partner's removal, and the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals; PROVIDED, HOWEVER, that if the higher appraisal exceeds the lower appraisal by more than 20% of the amount of the lower appraisal, the two appraisers, no later than 40 days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest no later than 60 days after the removal of the General Partner. In such case, the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(c) The General Partnership Interest of a removed General Partner, during the time after default until transfer under Section 7.04(b), shall be converted to that of a special Limited Partner; PROVIDED, HOWEVER, such removed General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expense, profit, gain or loss allocations or cash distributions allocable or payable, as the case may be, to the Limited Partners. Instead, such removed General Partner shall receive and be entitled only to retain distributions or allocations of such items that it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.04(b).

(d) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary and sufficient to effect all the foregoing provisions of this Section.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

8.01 MANAGEMENT OF THE PARTNERSHIP. The Limited Partners shall not participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner.

8.02 POWER OF ATTORNEY. Each Limited Partner hereby irrevocably appoints the General Partner his true and lawful attorney-in-fact, who may act for each Limited Partner and in his name, place and stead, and for his use and benefit, to sign, acknowledge, swear to, deliver, file and record, at the appropriate public offices, any and all documents, certificates, and instruments as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement and the Act in accordance with their terms, which power of attorney is coupled with an interest and shall survive the death, dissolution or legal incapacity of the Limited Partner, or the transfer by the Limited Partner of any part or all of his Partnership Interest.

8.03 LIMITATION ON LIABILITY OF LIMITED PARTNERS. No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall be liable to the Partnership only to make payments of his Capital Contribution, if any, as and when due hereunder. After his Capital Contribution is fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or other payments or lend any funds to the Partnership.

8.04 OWNERSHIP BY LIMITED PARTNER OF CORPORATE GENERAL PARTNER OR AFFILIATE. No Limited Partner shall at any time, either directly or indirectly, own any stock or other interest in the General Partner or in any Affiliate thereof, if such ownership by itself or in conjunction with other stock or other interests owned by other Limited Partners would, in the opinion of counsel for the Partnership, jeopardize the classification of the Partnership as a partnership for federal income tax purposes. The General Partner shall be entitled to make such reasonable inquiry of the Limited Partners as is required to establish compliance by the Limited Partners with the provisions of this Section.

8.05 REDEMPTION RIGHT.

(a) Subject to Sections 8.05(b)-(h), on or after the date which is one (1) year after the Effective Date, each Limited Partner (other than GTA LP) shall have the right (the "Redemption Right") to require the Partnership to redeem on a Specified Redemption Date all or a portion of the Partnership Units held by such Limited Partner at a redemption price equal to and in the form of the Redemption Amount; provided that if any REIT Shares are to be issued they shall have been registered pursuant to a registration statement declared effective under the Securities Act of 1933, as amended (the "Securities Act") . The Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the

Redemption Right (the "Redeeming Partner"); provided, however, that the Partnership shall not be obligated to satisfy such Redemption Right if the Company and/or the General Partner elects to purchase the Partnership Units subject to the Notice of Redemption pursuant to Section 8.05(b); and provided, further, that no Limited Partner may deliver to the General Partner more than four (4) Notices of Redemption during each calendar year. In addition to the restrictions on redemption set forth in Section 8.05(h), a Limited Partner may not exercise the Redemption Right for less than one thousand (1,000) Partnership Units or, if such Limited Partner holds less than one thousand (1,000) Partnership Units, all of the Partnership Units held by such Partner. Notwithstanding the foregoing provisions of this Section 8.05(a), the Company and the General Partner agree to use their best efforts to cause the closing of the acquisition of redeemed Partnership Units hereunder to occur as quickly as

reasonably possible. The Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distribution paid with respect to Partnership Units if the record date for such distribution is on or after the Specified Redemption Date.

(b) Notwithstanding the provisions of Section 8.05(a), a Limited Partner that exercises the Redemption Right shall be deemed to have offered to sell the Partnership Units described in the Notice of Redemption to the General Partner and the Company, and either of the General Partner or the Company (or both) may, in its sole and absolute discretion, elect to purchase directly and acquire such Partnership Units by paying to the Redeeming Partner either the Cash Amount, or, provided that the REIT Shares have been registered pursuant to a registration statement declared effective under the Securities Act the REIT Shares Amount, as elected by the General Partner or the Company (in its sole and absolute discretion), on the Specified Redemption Date, whereupon the General Partner or the Company shall acquire the Partnership Units offered for redemption by the Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. If the General Partner and/or the Company shall elect to exercise its right to purchase Partnership Units under this Section 8.05(b) with respect to a Notice of Redemption, they shall so notify the Redeeming Partner within five Business Days after the receipt by the General Partner of such Notice of Redemption. Unless the General Partner and/or the Company (in its sole and absolute discretion) shall exercise its right to purchase Partnership Units from the Redeeming Partner pursuant to this Section 8.05(b), neither the General Partner nor the Company shall have any obligation to the Redeeming Partner or the Partnership with respect to the Redeeming Partner's exercise of the Redemption Right. In the event the General Partner or the Company shall exercise its right to purchase Partnership Units with respect to the exercise of a Redemption Right in the manner described in the first sentence of this Section 8.05(b), the Partnership shall have no obligation to pay any amount to the Redeeming Partner with respect to such Redeeming Partner's exercise of such Redemption Right, and each of the Redeeming Partner, the Partnership, and the General Partner or the Company, as the case may be, shall treat the transaction between the General Partner or the Company, as the case may be, and the Redeeming Partner for federal income tax purposes as a sale of the Redeeming Partner's Partnership Units to the General Partner or the Company, as the case may be. Each Redeeming Partner agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of REIT Shares upon exercise of the Redemption Right.

(c) Notwithstanding the provisions of Section 8.05(a) and 8.05(b), a Limited Partner shall not be entitled to exercise the Redemption Right if the delivery of REIT Shares to such Partner on the Specified Redemption Date by the General Partner or the Company pursuant to Section 8.05(b) (regardless of whether or not the General Partner or the Company would in fact exercise its rights under Section 8.05(b)) would (i) result in such Partner or any other person owning, directly or indirectly, REIT Shares in excess of the Ownership Limitation or the Look-Through Ownership Limitation, if applicable, (as defined in the Charter) and calculated in accordance therewith, except as provided in the Charter, (ii) result in REIT Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in the Company being "closely held" within the meaning of Section 856(h) of the Code, (iv) cause the Company to own, directly or constructively, 10% or more of the ownership interests in a tenant of the Company's, the General Partner's, the Partnership's, or a subsidiary partnership's, real property, within the meaning of Section 856(d)(2)(B) of the Code, or (v) cause the acquisition of REIT Shares by such Partner to be "integrated" with any other distribution of REIT Shares for purposes of complying with the registration provisions of the Securities Act.

(d) Any Cash Amount to be paid to a Redeeming Partner pursuant to this Section 8.05 shall be paid within 30 days after the initial date of receipt by the Company of the Notice of Redemption relating to the Partnership Units to be redeemed. Notwithstanding the foregoing, the Company and the General Partner agree to use their best efforts to cause the closing of the acquisition of redeemed Partnership Units hereunder to occur as quickly as reasonably possible.

(e) In the event that the General Partner permits the pledge of a Limited Partner's Partnership Units to a lender, the General Partner may agree,

in its sole discretion, to allow such lender, upon foreclosure of such Partnership Units, to redeem such Partnership Units prior to the expiration of the one-year period described in Section 8.05(a); provided, that any such redemption shall be effected by the Partnership in the form of the Cash Amount.

(f) Notwithstanding any other provision of this Agreement, the General Partner shall place appropriate restrictions on the ability of the Limited Partners to exercise their Redemption Rights as and if deemed necessary to ensure that the Partnership does not constitute a "publicly traded partnership" under Section 7704 of the Code.

(g) Without limiting the obligations of the Company and the Partner to deliver registered shares as provided in Section 8.05(b), each certificate, if any, evidencing REIT Shares that may be issued in redemption of Partnership Units under Section 8.05 above (the "Redemption Shares") shall, to the extent such shares have not been registered pursuant to a registration statement declared effective under the Securities Act, bear a restrictive legend in substantially the following form:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities law. No transfer of the Shares represented by this certificate shall be valid or effective

> unless (A) such transfer is made pursuant to an effective registration statement under the Act, or (B) the holder of the securities proposed to be transferred shall have delivered to the Company either a no-action letter from the Securities and Exchange Commission or an opinion of counsel (who may be an employee of such holder) experienced in securities matters to the effect that such proposed transfer is exempt from the registration requirements of the Act which opinion shall be reasonably satisfactory to the Company."

(h) In addition to the foregoing limitations, each Limited Partner shall be limited in the number of Partnership Units that can be redeemed as follows:

(i) After one (1) year, up to a maximum of 50% of a Limited Partner's initial Partnership Units; and

(ii) After two (2) years, up to a maximum of 100% of a Limited Partner's initial Partnership Units.

8.06 REGISTRATION.

(a) SHELF REGISTRATION. Prior to or on the first date upon which the Partnership Units owned by any Limited Partner may be redeemed, at the request of a Limited Partner, the Company agrees to file with the Commission, a shelf registration statement on Form S-3 under Rule 415 of the Securities Act, or any similar rule that may be adopted by the Commission (the "Shelf Registration"), with respect to all of the REIT Shares issued or issuable to the Limited Partners pursuant to Section 8.05(b) hereof (the "Redemption Shares"). The Company will use its best efforts to have the Shelf Registration declared effective under the Securities Act and to keep the Shelf Registration continuously effective until a date agreed upon by the Company and a majority of the Limited Partners or until such time as all of the shares registered pursuant to such Shelf Registration (i) have been disposed of pursuant to such Shelf Registration, (ii) have otherwise been distributed pursuant to Rule 144 promulgated under the Securities Act ("Rule 144"), or (iii) may be sold in the market without restriction under Rule 144. The Company further agrees to supplement or make amendments to the Shelf Registration, if required by the rules, regulations or instructions applicable to the registration form utilized by the Company or by the Securities Act or rules and regulations thereunder for the Shelf Registration. No provision of this Agreement shall require the Company to file a registration statement on any form other than Form S-3. The Company, in the exercise of its reasonable judgment, shall have the right to delay the filing of the Shelf Registration for up to 120 days.

(b) REGISTRATION AND QUALIFICATION PROCEDURES. The Company, upon the

written request of a Limited Partner, is required by the provisions of Section 8.06(a) hereof to use its best efforts to have the Shelf Registration declared effective under the Securities Act. Accordingly, the Company will:

(i) prepare and file with the Commission a registration statement, including amendments thereof and supplements relating thereto, with respect to the Redemption Shares;

(ii) use its best efforts to cause the Shelf Registration to be declared effective by the Commission;

(iii) keep the Shelf Registration effective and the related prospectus current as described in Section 8.05(a) hereof; provided, however, that the Company shall have no obligation to file any amendment or supplement at its own expense or the Partnership's expense more than 90 days after the effective date of the Shelf Registration;

(iv) furnish to each holder of Redemption Shares such numbers of copies of prospectuses, and supplements or amendments thereto, and such other documents as such holder reasonably requests;

(v) register or qualify the securities covered by the registration statement under the securities or blue sky laws of such jurisdictions within the United States as any holder of Redemption Shares shall reasonably request, and do such other reasonable acts and things as may be required of it to enable such holders to consummate the sale or other disposition in such jurisdictions of the Redemption Shares; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or consent to a general and unlimited service or process in any jurisdictions in which it would not otherwise be required to be qualified or so consent or (ii) qualify as a dealer in securities; and

(vi) keep the holders of Redemption Shares advised as to the initiation and progress of the registration.

(c) ALLOCATION OF EXPENSES. The Partnership shall pay all expenses in connection with the Shelf Registration, including without limitation (i) all expenses incident to filing with the National Association of Securities Dealers, Inc., (ii) registration fees, (iii) printing expenses, (iv) accounting and legal fees and expenses, except to the extent holders of Redemption Shares elect to engage accountants or attorneys in addition to the accountants and attorneys engaged by the Partnership or the Company, (v) accounting expenses incident to or required by any such registration or qualification and (vi) expenses of complying with the securities or blue sky laws of any jurisdictions in connection with such registration or qualification; provided, however, the Partnership shall not be liable for (A) any discounts or commissions to any broker attributable to the sale of Redemption Shares, or (B) any fees or expenses incurred by holders of Redemption Shares in connection with such registration which, according to the written instructions of any regulatory authority, the Partnership is not permitted to pay.

(d) SALE OF REDEMPTION SHARES. The Company may require in its sole discretion that the Redemption Shares be sold in block trades through underwriters or broker-dealers or that the sale of the Redemption Shares be underwritten by investment banking firms selected by the Company.

(e) LISTING ON SECURITIES EXCHANGE. If the Company shall list or maintain the listing of any REIT Shares on any securities exchange or national market system, it will at its expense and as necessary to permit the registration and sale of the Redemption Shares hereunder, list thereon, maintain and, when necessary, increase such listing to include such Redemption Shares.

8.07 "PIGGYBACK" REGISTRATION RIGHTS.

(a) NOTICE OF REGISTRATION. It, at any time commencing upon the date upon which all or any portion of the Partnership Units shall have been redeemed for the Redemption Shares (but not if such Partnership Units shall have been redeemed for cash in accordance with the provisions hereof), the Company files a registration statement under the Securities Act with respect to a firm commitment underwritten public offering of any securities of the Company, the Company shall give thirty (30) days prior written notice thereof to each Limited Partner and shall, upon the written request of any or all of the Limited Partners, include in the underwritten public offering the number of Redemption Shares that each such Limited Partner may request (except as set forth in Section 8.07(b) below). The Company will keep such registration statement effective and current under the Securities Act permitting the sale of Redemption Shares covered thereby for the same period that the registration statement is maintained effective for the other persons (including the Company) selling thereunder. In any underwritten offering, however, the Redemption Shares to be included will be sold at the same time and at the same price as the Company's securities. In the event that the Company fails to receive a written request from a Limited Partner within thirty (30) days of its written notice, then the Company shall have no obligation to include any of the Redemption Shares in the offering. In connection with any registration statement or subsequent amendment or similar document filed pursuant to this Section 8.07, the Company shall take all reasonable steps to make the securities covered thereby eligible for public offering and sale under the securities or blue sky laws of the applicable jurisdictions by the effective date of such registration statement; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not so qualified at the time of filing such documents or to take any action which would subject it to unlimited service of process in any jurisdiction where it is not so subject at such time. The Company shall keep such filing current for the length of time it must keep any registration statement, post-effective amendment, prospectus or offering circular effective pursuant hereto.

(b) UNDERWRITING. In the event of an offering by the Company in which one or more Limited Partners wishes to include Redemption Shares under this Section 8.07, and it is determined in good faith by the managing underwriter of such offering, giving effect to the number of REIT Shares to be offered by the Company, that the total number of

Redemption Shares that would consequently be offered is in excess of the number of Redemption Shares that can be sold at the proposed price, then the number of Redemption Shares of the Limited Partners to be offered will be reduced ratably, based upon the number of Redemption Shares each Limited Partner has requested to include in such registration; provided, however, that notwithstanding anything in this Section 8.07(b) to the contrary, the Limited Partners shall have the right to contribute, on a pro-rata basis as described above, an aggregate of Redemption Shares equalling at least fifteen percent (15%) of the total value of such offering.

(c) OBLIGATION OF LIMITED PARTNERS UPON REGISTRATION. To include Redemption Shares in any registration, each Limited Partner shall:

(i) Cooperate with the Company in preparing each such registration and execute all such agreements as any underwriter may deem reasonably necessary in favor of such underwriter;

(ii) Promptly supply the Company with all information, documents, representations and agreements as such underwriter may deem reasonably necessary in connection with such registration; and

(iii) Agree in writing not to sell or transfer any share of the Redemption Shares not included in such underwritten offering for a period of seven (7) days prior to and thirty (30) days after the effective date of such registration without the underwriters' consent, but no Limited Partner shall be required to make such agreement unless the other Limited Partners included in any offering covered by such registration shall similarly agree.

(d) COMPANY'S OBLIGATIONS UPON REGISTRATION. If and whenever the Company is obligated by the provisions of this Section 8.07 to effect the registration of any offering of REIT Shares under the Securities Act, as expeditiously as possible the Company will, or will use its best efforts to, as the case may be:

(i) Prepare and file with the SEC a registration statement with respect to such REIT Shares and, use its best efforts to cause such registration statement to become effective;

(ii) Furnish to each Limited Partner so many copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such Limited Partner may reasonably request; and

(iii) Register or qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as such Limited Partner shall reasonably request, and do any and all other acts and things that may be reasonably necessary or advisable to enable the Limited Partners to consummate the disposition in such jurisdictions of such securities.

(e) EXPENSES. In connection with any filing or other registration hereunder the Partnership shall bear all the expenses and professional fees which arise in connection with such filings or registration (except for the Limited Partner's pro rata share of any underwriters' discount) and all expenses incurred in making such filings and keeping them effective and correct as provided hereunder and shall also provide each Limited Partner with a reasonable number of printed copies of the prospectus, offering circulars and/or supplemental prospectuses or amended prospectuses in final and preliminary form; provided, however, each Limited Partner will pay its own direct out-of-pocket costs incurred with the registration of REIT Shares, including but not limited to Limited Partner's attorney and accountants fees, travel expenses and any consulting fees.

(f) INDEMNIFICATION BY THE COMPANY. The Company will indemnify each Limited Partner, each of its officers and directors, and each person controlling the Limited Partner, with respect to which registration, qualification or compliance has been effected pursuant to this Section 8.07, against all claims, losses, damages, costs, expenses and liabilities whatsoever (or actions in respect thereof) arising out of or based on (i) any untrue statement, (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other similar document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made or (ii) any violation by the Company of the Securities Act or any state securities law or of any rule or regulation promulgated under the Securities Act or any state securities law applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse the Limited Partner, each of its officers and directors, and each person controlling the Limited Partner, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, provided, however, that (x) the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability, or action arises out of or is based on any untrue statement (or alleged untrue statement) or omission (or alleged omission) based upon written information furnished to the Company by an instrument duly executed by the Limited Partner and stated to be specifically for use therein or furnished by the Limited Partner to the Company in response to a request by the Company stating specifically that such information will be used by the Company therein, and (y) such indemnity agreement shall not inure to the benefit of the Limited Partner, insofar as it relates to any such untrue statement (or alleged untrue statement) or omission (or alleged omission) made in the preliminary prospectus or prospectus but eliminated or remedies in the amended prospectus on file with the Commission at the time the registration statement becomes effective or in the amended prospectus filed with the Commission pursuant to

Rule 424(b) under the Securities Act or in any subsequent amended prospectus filed with the Commission prior to the written confirmation of the sale of the Registrable Securities at issue (collectively, the "Final Prospectus"), if a copy of the Final Prospectus was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act.

(g) INDEMNIFICATION BY THE LIMITED PARTNERS. The Limited Partners will, if Redemption Shares held by or issuable to such Limited Partners are included in the REIT Shares to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers, each underwriter, if any, of the REIT Shares covered by such registration statement, and each person who controls the Company within the meaning of the Securities Act against all claims, losses, damages, costs, expenses and liabilities whatsoever (or actions in respect thereof) arising out of or based on any untrue Statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other similar document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and will reimburse the Company, such directors, officers, persons or underwriters for any legal or any other expenses reasonably incurred in connection with investigation or defending any such claim, loss, damage, costs, expense, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by the Limited Partners and stated to be specifically for use therein or furnished by any Limited Partner to the Company in response to a request by the Company stating specifically that such information will be used by the Company therein, provided, however, that the foregoing indemnity agreement is subject to the condition that, such indemnity agreement shall not inure to the benefit of the Company or any underwriter insofar as it relates to any such untrue statements (or alleged untrue statements) or omission (or alleged omission) made in the preliminary prospectus or prospectus but eliminated or remedied in the Final Prospectus, if a copy of the Final Prospectus was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act.

(h) INDEMNIFICATION PROCEDURES. Each party entitled to indemnification under this Section 8.07 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld). The failure of any Indemnified Party to give notice as provided herein shall relieve the Indemnifying Party of its obligations under this Agreement only to the extent that such failure to give notice shall materially prejudice the Indemnifying Party in the defense of any such claim or any such litigation. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that attributes any liability to the Indemnified Party, unless the settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all

liability in respect to such claim or litigation. If any such Indemnified Party shall have been advised by counsel chosen by it that there may be one or more

legal defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party and will reimburse such Indemnified Party and any person controlling such Indemnified Party for the reasonable fees and expenses of any counsel retained by the Indemnified Party, it being understood that the Indemnifying Party shall not, in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for each Indemnified Party or controlling person (and all other Indemnified Parties and controlling persons which may be represented without conflict by one counsel), which firm shall be designated in writing by the Indemnified Party (or Indemnified Parties, if more than one Indemnified Party is to be represented by such counsel) to the Indemnifying Party. The Indemnifying Party shall not be subject to any liability for any settlement made without its consent, which shall not be unreasonably withheld.

If the indemnification provided for in this Section 8.07 from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, labilities or expenses referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, labilities or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Parties, and the parties, relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8.07 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation).

8.08 SALE OF INITIAL GOLF COURSE. Notwithstanding anything herein to the contrary, if the Partnership elects to sell an Initial Golf Course and provided the lessee thereunder is not in default beyond any applicable notice and cure periods provided in the applicable lease,

then to the extent a Limited Partner would recognize gain under Section 704(c) of the Code as a result thereof, then the Partnership shall use reasonable efforts to structure the sale as a like-kind exchange under Section 1031 of the Code.

8.09 EXECUTION OF PLEDGE AGREEMENT. Each Limited Partner contributing an Initial Golf Course in exchange for its Partnership Interest shall execute and deliver to the Partnership the Pledge Agreement whereby the Limited Partner pledges to the Partnership Units having a value equal on the date of the Pledge Agreement to fifteen percent (15%) of the initial value of the Initial Golf Course contributed by such Limited Partner to secure the indemnification obligations of such Limited Partner contained in Section 8.2 of the Contribution and Leaseback Agreement to which such Limited Partner is a party. The pledge with respect to such indemnification obligations shall be for a period of one (1) year, and the General Partner acknowledges that the pledged Partnership Units shall also serve as collateral for the lease obligations of the applicable lessee under the leases for the Initial Golf Course as provided more

particularly in the Pledge Agreement.

ARTICLE IX
TRANSFERS OF LIMITED PARTNERSHIP INTERESTS

9.01 PURCHASE FOR INVESTMENT.

(a) Each Limited Partner hereby represents and warrants to the Company, the General Partner and to the Partnership that the acquisition of his Partnership Interest is made as a principal for his account for investment purposes only and not with a view to the resale or distribution of such Partnership Interest.

(b) Each Limited Partner agrees that he will not sell, assign or otherwise transfer his Partnership Interest or any fraction thereof, whether voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and warranties to the General Partner set forth in Section 9.01(a) above and similarly agree not to sell, assign or transfer such Partnership Interest or fraction thereof to any Person who does not similarly represent, warrant and agree.

9.02 RESTRICTIONS ON TRANSFER OF LIMITED PARTNERSHIP INTERESTS.

(a) Except as otherwise provided in Section 9.02(d) hereof and except for the pledge rights contained in Section 9.02(f) hereof, no Limited Partner (other than the General Partner) may offer, sell, assign, hypothecate, pledge or otherwise transfer his Limited Partnership Interest, in whole or in part, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a "Transfer") without the written consent of the General Partner, which consent may be withheld in the sole discretion of the General Partner. The General Partner may require, as a condition of any Transfer, that the transferor assume all costs incurred by the Partnership in connection therewith.

(b) No Limited Partner may effect a Transfer of his Limited Partnership Interest, in whole or in part, if, in the opinion of legal counsel for the Partnership, such proposed Transfer would require the registration of the Limited Partnership Interest under the Securities Act or would otherwise violate any applicable federal or state securities or "Blue Sky" law (including investment suitability standards).

(c) No transfer by a Limited Partner of his Partnership Units, in whole or in part, may be made to any Person if (i) in the opinion of legal counsel for the Partnership, the transfer would result in the Partnership's being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), or (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

(d) Section 9.02(a) shall not apply to the following transactions, except that the General Partner may require that the transferor assume all costs incurred by the Partnership in connection therewith:

(i) any Transfer by a Limited Partner pursuant to the exercise of its Redemption Right under Section 8.05 hereof;

(ii) any Transfer by a Limited Partner that is a corporation or other business entity to any of its Affiliates or subsidiaries or to any successor in interest of such Limited Partner; or

(iii) any donative Transfer by an individual Limited Partner to his immediate family members or any trust in which the individual or his immediate family members own, collectively, 100% of the beneficial interests. For purposes of this Section 9.02(d)(iii), the term "immediate family member" shall be deemed to include only an individual Limited Partner's spouse, children and grandchildren.

(e) Any Transfer in contravention of any of the provisions of this Article IX shall be void and ineffectual and shall not be binding upon, or

recognized by, the Partnership.

(f) Notwithstanding Section 9.01(a), during the period in which all or a portion of a Limited Partner's Partnership Units are restricted from transfer pursuant to Article 9 hereof, the Limited Partner may pledge Partnership Units initially having a value equal to 85% of the value of the golf course or golf courses contributed by each Limited Partner as collateral in any borrowing from an institutional lender, provided complete copies of the commitment letter and all loan documentation is delivered to the General Partner and the Company. After satisfactory review of the documentation, the General Partner and the Company will agree to issue a letter to such lender agreeing to allow the redemption of such Limited Partner's Partnership Units for cash (or, at the Company's election, for REIT Shares

in accordance with Section 8.05) upon a default by the applicable Limited Partner under such loan if (i) the lender and the applicable Limited Partner each request that such letter be issued; (ii) such loan transaction is deemed by the General Partner and the Company to be arm's-length and not designed to circumvent the Agreement or restrictions contained herein; (iii) the applicable Limited Partner acknowledges that any such redemption could potentially cause a taxable event to such Limited Partner; and (iv) such redemption cannot occur within the first year after the closing of the Initial Offering. In no event will the Company or the Partnership guarantee or be liable to the lender or others for any such permissible loans wherein the Limited Partner's Partnership Units are used as collateral.

(g) No transfer of any Partnership Units may be made to a lender to the Partnership or to any Person who is related (within the meaning of Regulations Section 1.752-4(b)) to any lender to the Partnership whose loan constitutes a non-recourse liability (within the meaning of Regulations Section 1.752-1(a)(2)), without the consent of the General Partner, which may be withheld in its sole and absolute discretion; PROVIDED, HOWEVER, that as a condition to such consent the lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Cash Amount any Partnership Units in which a security interest is held simultaneously with the time at which liabilities to such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

9.03 ADMISSION OF SUBSTITUTE LIMITED PARTNER.

(a) Subject to the other provisions of this Article IX, an assignee of the Limited Partnership Interest of a Limited Partner (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Limited Partnership Interest) shall be deemed admitted as a Limited Partner of the Partnership only upon the satisfactory completion of the following:

(i) The assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised EXHIBIT A, and such other documents or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner.

(ii) To the extent required, an amended Certificate evidencing the admission of such Person as a Limited Partner shall have been signed, acknowledged and filed for record in accordance with the Act.

(iii) The assignee shall have delivered a letter containing the representation set forth in Section 9.01(a) hereof and the agreement set forth in Section 9.01(b) hereof.

(iv) If the assignee is a corporation, partnership or trust, the assignee shall have provided the General Partner with evidence satisfactory to

counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement.

(v) The assignee shall have executed a power of attorney containing the terms and provisions set forth in Section 8.02 hereof.

(vi) The assignee shall have paid all reasonable legal fees of the Partnership and the General Partner and filing and publication costs in connection with his substitution as a Limited Partner.

(vii) The assignee has obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of General Partner's sole and absolute discretion.

(viii) In the case of an assignee of the Limited Partnership Interest of the General Partner except in the case of a transaction described in Section 7.01(c) or (d) (in which case no consent is necessary), the assignee has obtained the prior written consent of a majority-in-interest of the Limited Partners (other than the General Partner) to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of such Limited Partners' sole and absolute discretion.

(b) For the purpose of allocating profits and losses and distributing cash received by the Partnership, a Substitute Limited Partner shall be treated as having become, and appearing in the records of the Partnership as, a Partner upon the filing of the Certificate described in Section 9.03(a)(ii) hereof or, if no such filing is required, the later of the date specified in the transfer documents or the date on which the General Partner has received all necessary instruments of transfer and substitution.

(c) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action as promptly as practicable after the satisfaction of the conditions in this Article IX to the admission of such Person as a Limited Partner of the Partnership.

9.04 RIGHTS OF ASSIGNEES OF PARTNERSHIP INTERESTS.

(a) Subject to the provisions of Sections 9.01 and 9.02 hereof, except as required by operation of law, the Partnership shall not be obligated for any purposes whatsoever to recognize the assignment by any Limited Partner of his Partnership Interest until the Partnership has received notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Limited Partnership Interest, but does not become a Substitute Limited Partner and

desires to make a further assignment of such Limited Partnership Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of his Limited Partnership Interest.

9.05 EFFECT OF BANKRUPTCY, DEATH, INCOMPETENCE OR TERMINATION OF A LIMITED PARTNER. The occurrence of an Event of Bankruptcy as to a Limited Partner, the death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if he dies, his executor, administrator or trustee, or, if he is finally adjudicated incompetent, his committee, guardian or conservator, shall have the rights of such Limited Partner for the purpose of settling or managing his estate property and such power as the bankrupt, deceased or incompetent Limited

Partner possessed to assign all or any part of his Partnership Interest and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

9.06 JOINT OWNERSHIP OF INTERESTS. A Partnership Interest may be acquired by two individuals as joint tenants with right of survivorship, provided that such individuals either are married or are related and share the same home as tenants in common. The written consent or vote of both owners of any such jointly held Partnership Interest shall be required to constitute the action of the owners of such Partnership Interest; provided, however, that the written consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Interest held in a joint tenancy with a right of survivorship, the Partnership Interest shall become owned solely by the survivor as a Limited Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly-held Partnership Interest until it shall have received notice of such death. Upon notice to the General Partner from either owner, the General Partner shall cause the Partnership Interest to be divided into two equal Partnership Interests, which shall thereafter be owned separately by each of the former owners.

ARTICLE X
BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

10.01 BOOKS AND RECORDS. At all times during the continuance of the Partnership, the Partners shall keep or cause to be kept at the Partnership's specified office true and complete books of account in accordance with generally accepted accounting principles, including: (a) a current list of the full name and last known business address of each Partner, (b) a copy of the Certificate of Limited Partnership and all certificates of amendment thereto, (c) copies of the Partnership's federal, state and local income tax returns and reports, (d) copies of the Agreement and any financial statements of the Partnership for the three most recent years and (e) all documents and information required under the Act. Any Partner or

his duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to inspect or copy such records during ordinary business hours.

10.02 CUSTODY OF PARTNERSHIP FUNDS; BANK ACCOUNTS.

(a) All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking or brokerage institutions as the General Partner shall determine, and withdrawals shall be made only on such signature or signatures as the General Partner may, from time to time, determine.

(b) All deposits and other funds not needed in the operation of the business of the Partnership may be invested by the General Partner in investment grade instruments (or investment companies whose portfolio consists primarily thereof), government obligations, certificates of deposit, bankers' acceptances and municipal notes and bonds. The funds of the Partnership shall not be commingled with the funds of any other Person except for such commingling as may necessarily result from an investment in those investment companies permitted by this Section 10.02(b).

10.03 FISCAL AND TAXABLE YEAR. The fiscal and taxable year of the Partnership shall be the calendar year.

10.04 ANNUAL TAX INFORMATION AND REPORT. Within 75 days after the end of each fiscal year of the Partnership, the General Partner shall furnish to each person who was a Limited Partner at any time during such year the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

10.05 TAX MATTERS PARTNER; TAX ELECTIONS; SPECIAL BASIS ADJUSTMENTS.

(a) The General Partner shall be the Tax Matters Partner of the Partnership within the meaning of Section 6231(a)(7) of the Code. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional assistance in respect of any audit of the Partnership by the Service and all out-of-pocket expenses and fees incurred by the General Partner on behalf of the Partnership as Tax Matters Partner shall constitute Partnership expenses. In the event the General Partner receives notice of a final Partnership adjustment under Section 6223(a)(2) of the Code, the General Partner shall either (i) file a court petition for judicial review of such final adjustment within the period provided under Section 6226(a) of the Code, a copy of which petition shall be mailed to all Limited Partners on the date such petition is filed, or (ii) mail a written notice to all Limited Partners, within such period, that describes the General Partner's reasons for determining not to file such a petition.

(b) All elections required or permitted to be made by the Partnership under the Code or under any applicable state law shall be made by the General Partner in its sole discretion.

(c) In the event of a transfer of all or any part of the Partnership Interest of any Partner, the Partnership, at the option of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Properties. Notwithstanding anything contained in Article V of this Agreement, any adjustments made pursuant to Section 754 shall affect only the successor in interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

10.06 REPORTS TO LIMITED PARTNERS.

(a) As soon as practicable after the close of each fiscal quarter, but in no event later than 45 days (other than the last quarter of the fiscal year), the General Partner shall cause to be mailed to each Limited Partner a quarterly report containing financial statements of the Partnership, or of the Company if such statements are prepared solely on a consolidated basis with the Company, for such fiscal quarter, presented in accordance with generally accepted accounting principles. As soon as practicable after the close of each fiscal year, the General Partner shall cause to be mailed to each Limited Partner an annual report containing financial statements of the Partnership, or of the Company if such statements are prepared solely on a consolidated basis with the Company for such fiscal year, prepared in accordance with generally accepted accounting principles. The annual financial statements shall be audited by accountants selected by the General Partner.

(b) Any Partner shall further have the right to a private audit of the books and records of the Partnership, provided such audit is made for Partnership purposes, at the expense of the Partner desiring it and is made during normal business hours.

ARTICLE XI
AMENDMENT OF AGREEMENT;
SALE OF ALL OR SUBSTANTIALLY ALL OF COMPANY'S ASSETS

11.01 AMENDMENT OF AGREEMENT. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect; provided, however, that the following amendments shall require the consent of Limited Partners (other than GTA LP) holding at least two-thirds (2/3rds) of the Percentage Interests of the Limited Partners (other than GTA LP):

(a) any amendment affecting the operation of the Conversion Factor or Redemption Right (except as provided in Section 8.05(d) hereof) in a manner adverse to the Limited Partners;

(b) any amendment that would adversely affect the rights of the Limited Partners to receive the distributions payable to them hereunder other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 of this Agreement;

(c) any amendment that would alter the Partnership's allocations of Profit and Loss to the Limited Partners in a manner adverse to Limited Partners, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 of this Agreement;

(d) any amendment that would impose on the Limited Partners any obligation to make additional Capital Contributions to the Partnership;

(e) any amendment to Section 8.07 above in a manner adverse to any Limited Partner; and

(f) any amendment to this Article XI.

11.02 SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE PARTNERSHIP; CHANGE IN CONTROL. The General Partner, without the consent of the Limited Partners (including GTA LP) holding 66.67% of the Percentage Interests of the Limited Partners (including GTA LP), may not sell, transfer, or convey all or substantially all of the assets of the Partnership, including, without limitation, a sale, assignment or transfer to another public or private company, or approve a merger or consolidation of the Partnership.

ARTICLE XII
GENERAL PROVISIONS

12.01 NOTICES. All communications required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or upon deposit in the United States mail, registered, postage prepaid return receipt requested, to the Partners at the addresses set forth in EXHIBIT A attached hereto; provided, however, that any Partner may specify a different address by notifying the General Partner in writing of such different address. Notices to the Partnership shall be delivered at or mailed to its specified office.

12.02 SURVIVAL OF RIGHTS. Subject to the provisions hereof limiting transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their respective legal representatives, successors, transferees and assigns.

12.03 ADDITIONAL DOCUMENTS. Each Partner agrees to perform all further acts and execute, swear to, acknowledge and deliver all further documents which may be reasonable, necessary, appropriate or desirable to carry out the provisions of this Agreement or the Act.

12.04 SEVERABILITY. If any provision of this Agreement shall be declared illegal, invalid, or unenforceable in any jurisdiction, then such provision shall be deemed to be severable from this Agreement (to the extent permitted by law) and in any event such illegality, invalidity or unenforceability shall not affect the remainder hereof.

12.05 ENTIRE AGREEMENT. This Agreement and exhibits attached hereto constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

12.06 PRONOUNS AND PLURALS. When the context in which words are used in the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require.

12.07 HEADINGS. The Article headings or sections in this Agreement are for convenience only and shall not be used in construing the scope of this Agreement or any particular Article.

12.08 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

12.09 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

12.10 GUARANTY BY COMPANY. The Company unconditionally and irrevocably guarantees to the Limited Partners the performance by the General Partner and GTA LP of the respective obligations of the General Partner and GTA LP under this Agreement. This guaranty is exclusively for the benefit of the Limited Partners and shall not extend to the benefit of any creditor of the Partnership.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have hereunder affixed their signatures to this First Amended and Restated Agreement of Limited Partnership, all as of the 12th day of February, 1997.

GENERAL PARTNER

GTA GP, INC., a
Maryland corporation

By: /s/ David J. Dick

Its:

LIMITED PARTNERS

GTA LP, INC., a
Maryland corporation

By: /s/ David J. Dick

Its:

GOLF LEGENDS, LTD.
a South Carolina corporation

By: /s/ Larry D. Young

Its: President

HERITAGE GOLF CLUB, LTD.,
a South Carolina corporation

By: /s/ Larry D. Young

Its: President

SEASIDE RESORTS, LTD.,
a North Carolina corporation

By: /s/ Larry D. Young

Its: President

W. BRADLEY BLAIR, II

/s/ W. Bradley Blair, II

DAVID J. DICK

/s/ David J. Dick

JAMES HOPPENRATH

/s/ James Hoppenrath

LEGENDS OF VIRGINIA,
a Virginia limited liability company

By: /s/ Larry D. Young

Its: Manager

NORTHGATE,
a Texas general partnership

By: /s/ Jack a. Thoner

Its: Managing Partner

OLDE ATLANTA GOLF CLUB
LIMITED PARTNERSHIP,
an Illinois limited partnership

By: The Crescent Company, its
General Partner

By: /s/ E. Neal Trogdon

Its: President

BRIGHT'S CREEK DEVELOPMENT
COMPANY, L.L.C.,

an Alabama limited liability company

By: /s/ Robert S. Craft

Its: Managing Member

Golf Trust of America, Inc., a Maryland corporation hereby executes this Agreement for the sole purpose of being bound by the provisions of Sections 7.01(c), 8.06, 8.07 and 12.10 hereof.

GOLF TRUST OF AMERICA, INC.,
a Maryland corporation

By: /s/ David J. Dick

Its:

EXHIBIT A

SCHEDULE OF PARTNERS,
ALLOCATION OF PARTNERSHIP UNITS, PERCENTAGE INTERESTS AND
THE AGREED VALUE OF NON-CASH CAPITAL CONTRIBUTIONS

Name and address of partners	Approximate Value of non-cash capital contribution	Partnership units issued	Percentage interest
Golf Legends Ltd., Inc. 1500 Legends Drive Myrtle Beach, SC 29577	$30,647,030	1,532,352	19.05%
Seaside Resorts Ltd. 1500 Legends Drive Myrtle Beach, SC 29577	$16,129,118	806,456	10.02%
Heritage Golf Club, Ltd., Inc. 1500 Legends Drive Myrtle Beach, SC 29577	$16,031,230	801,561	9.96%
Legends of Virginia LC 1500 Legends Drive Myrtle Beach, SC 29577	$11,963,738	598,187	7.44%
Northgate 16450 Northgate Forest Drive Houston, TX 77068	$3,797,071	189,854	2.36%
Olde Atlanta Golf Club Limited Partnership c/o The Crescent Company 1580 S. Milwaukee Ave., Suite 208 Libertyville, IL 60048	$1,444,926	72,246	0.90%
Bright's Creek Development Company, LLC 104 Cotton Creek Drive Gulf Shores, AL 36542	$2,119,005	105,950	1.32%
David J. Dick 190 King Street Charleston, SC 29401		12,500	0.16%

W. Bradley Blair, II 190 King Street Charleston, SC 29401	12,500	0.16%
James Hoppenrath 1213 Basswood Drive, Suite 100 Naperville, IL 60540	3,750	0.05%
GTA LP, Inc. 190 King Street Charleston, SC 29401	3,893,909	48.40%
GTA GP, Inc. 190 King Street Charleston, SC 29401	16,091	0.20%
Total Partnership units	8,045,356	100.00%

EXHIBIT B

INITIAL GOLF COURSES

NAME OF GOLF COURSE	CITY	STATE
1. The Legends Complex	Myrtle Beach	South Carolina
2. Heritage Golf Club	Pawleys Island	South Carolina
3. Oyster Bay	Sunset Beach	North Carolina
4. Royal New Kent	Providence Forge	Virginia
5. Stonehouse Golf Club	Toano	Virginia
6. Northgate Country Club	Houston	Texas
7. Olde Altanta Golf Club	Suwanee	Georgia
8. The Woodlands	Gulf Shores	Alabama

EXHIBIT C

NOTICE OF EXERCISE OF REDEMPTION RIGHT

In accordance with Section 8.05 of the First Amended and Restated Agreement of Limited Partnership (the "Agreement") of Golf Trust of America, L.P., the undersigned hereby irrevocably (i) presents for redemption _____ units of limited partnership interest ("Units") in Golf Trust of America, L.P. (the "Partnership") in accordance with the terms of the Agreement and the "Redemption Right" referred to in Section 8.05 thereof, (ii) surrenders such Units and all right, title and interest therein, (iii) surrenders herewith any certificate or other writing evidencing the Units (and requests that any Units so evidenced that are not redeemed be evidenced by the issuance of a new certificate or writing) and (iv) directs that the "Cash Amount" or "REIT Shares Amount" (as determined by the General Partner), as defined in the Agreement, deliverable upon exercise of the Redemption Rights be delivered to the address specified below, and if REIT Shares are to be delivered, such REIT Shares be registered or

placed in the name(s) and at the address(es) specified below.

Dated:

Name of Limited Partner:

(Signature of Limited Partner)

(Mailing Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are to be issued, issue to:

Please insert social security or identifying number:

EXHIBIT 10.2.1
- --------------

Schedule of material differences between the Form of
Participating Lease (exhibit 10.2.0) and each executed
Participating Lease relating to an Initial Course:

- ---

10.2.1.1: THE LEGENDS RESORT COURSES (HEATHLAND, MOORLAND, PARKLAND)

Course name:	The Legends Complex
City:	Myrtle Beach
County:	Horry County
State:	South Carolina
Tenant:	Legends Golf Management, LLC, a limited liability company
Dated as of:	February 12, 1997
Commencement date:	"the date hereof"
Initial Base Rent:	$4,669,000 per year
Notice address of Tenant:	Larry D. Young 1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.2.1.2 HERITAGE GOLF CLUB

Course name:	Heritage Golf Club
City:	Pawleys Island
County:	Georgetown County
State:	South Carolina
Tenant:	Heritage Golf Management, LLC
Dated as of:	February 12, 1997
Commencement date:	"the date hereof"
Initial Base Rent:	$1,825,000
Notice address of Tenant:	Larry D. Young 1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.2.1.3: OYSTER BAY GOLF LINKS

Course name:	Oyster Bay
City:	Sunset Beach
County:	Brunswick County

State: North Carolina

Tenant: Oyster Bay Golf Management, LLC

Dated as of: February 12, 1997

Commencement date: "the date hereof"

Initial Base Rent: $1,856,000

Notice address of Tenant: Larry D. Young
1500 Legends Drive
Myrtle Beach, South Carolina 29577

- ---

10.2.1.4: ROYAL NEW KENT

Course name: Royal New Kent

City: Providence Forge

County: New Kent County

State: Virginia

Tenant: Virginia Legends Golf Management, LC

Dated as of: February 12, 1997

Commencement date: "the date hereof"

Initial Base Rent: $1,817,000

Notice address of Tenant: Larry D. Young
1500 Legends Drive
Myrtle Beach, South Carolina 29577

- ---

10.2.1.5: STONEHOUSE GOLF CLUB

Course name: Stonehouse Golf Club

City: Toano

County: James City County

State: Virginia

Tenant: Virginia Legends Golf Management, LC

Dated as of: February 12, 1997

Commencement date: "the date hereof"

Initial Base Rent: $1,890,000

Notice address of Tenant: Larry D. Young
1500 Legends Drive
Myrtle Beach, South Carolina 29577

- ---

10.2.1.6: NORTHGATE COUNTRY CLUB

Course name: Northgate Country Club

City:	Houston
County:	Harris County
State:	Texas
Tenant:	Northgate Country Club, L.L.C.
Dated as of:	February 12, 1997
Commencement date:	"the date hereof"
Initial Base Rent:	$1,407,000
Notice address of Tenant:	16450 North Forest Drive Houston, Texas 77068

- ---

10.2.1.7: OLDE ATLANTA GOLF CLUB

Course name:	Olde Atlanta Golf Club
City:	Suwanee
County:	Forsyth County
State:	Georgia
Tenant:	O.A.G.C., LLC
Dated as of:	February 11, 1997
Commencement date:	"the date hereof"
Initial Base Rent:	$845,000
Notice address of Tenant:	O.A.G.C., LLC c/o The Crescent Company 1580 S. Milwaukee Ave., Suite 208 Libertyville, IL 60015

- ---

10.2.1.8: THE WOODLANDS

Course name:	The Woodlands
City:	Gulf Shores
County:	Baldwin County
State:	Alabama
Tenant:	The Woodlands Management Co. L.L.C.
Dated as of:	February 12, 1997
Commencement date:	"the date hereof"
Initial Base Rent:	$679,000
Notice address of Tenant:	Robert S. Craft 104 Cotton Creek Drive Gulf Shores, Alabama 36542

EXHIBIT 10.4.1

Schedule of Material Differences between the Form of Contribution and Leaseback Agreement (exhibit 10.4.0) and each executed Contribution and Leaseback Agreement relating to an Initial Course:

- ---

10.4.1.1: THE LEGENDS RESORT COURSES (HEATHLAND, MOORLAND, PARKLAND)

Transferor:	Larry D. Young, an individual, and Golf Legends, Ltd., a South Carolina corporation
Golf Course(s):	Golf Legends
(address):	1500 Legends Drive Myrtle Beach, South Carolina 29577
Notice Address of Transferor:	1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.4.1.2: HERITAGE GOLF CLUB

Transferor:	Larry D. Young, an individual, and Heritage Golf Club, Ltd., a South Carolina corporation
Golf Course(s):	Heritage Club
(address):	200 Heritage Drive Pauley's Island, South Carolina 29585
Notice Address of Transferor:	1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.4.1.3: OYSTER BAY GOLF LINKS

Transferor:	Seaside Resorts, Ltd., a North Carolina corporation
Golf Course(s):	Oyster Bay Golf Links
(address):	614 Lake Shore Drive Sunset Beach, North Carolina 28460
Notice Address of Transferor:	1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.4.1.4: ROYAL NEW KENT

Transferor:	Legends of Virginia, LC, a Virginia Limited Liability Company
Golf Course(s):	Royal New Kent
(address):	5300 Bailey Road Providence Forge, Virginia 23140
Notice Address of Transferor:	1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.4.1.5: STONEHOUSE GOLF CLUB

Transferor:	Legends of Virginia, LC, a Virginia Limited Liability Company
Golf Course(s):	Stonehouse Golf Club
(address):	9540 Old Stage Road Toano, Virginia 23168
Notice Address of Transferor:	1500 Legends Drive Myrtle Beach, South Carolina 29577

- ---

10.4.1.6: NORTHGATE COUNTRY CLUB

Transferor:	Northgate, a Texas general partnership
Golf Course(s):	Northgate Country Club
(address):	17110 Northgate Forest Drive Houston, Texas 77068
Notice Address of Transferor:	16450 Northgate Forest Drive Houston, Texas 77068

- ---

10.4.1.7: OLDE ATLANTA GOLF CLUB

Transferor:	Olde Atlanta Golf Club Limited Partnership, an Illinois limited partnership
Golf Course(s):	Olde Atlanta Golf Club
(address):	5750 Olde Atlanta Parkway Suwanee, GA 30174
Notice Address of Transferor:	The Crescent Company 1580 S. Milwaukee Ave., Suite 208 Libertyville, IL 60048

- ---

10.4.1.8: THE WOODLANDS

Transferor:	Brights Creek Development Company, L.L.C., an Alabama limited liability company
Golf Course(s):	The Woodlands
(address):	19995 Oak Road West Golf Shores, Alabama
Notice Address of Transferor:	104 Cotton Creek Drive Gulf Shores, AL 36542

- ---

EMPLOYMENT AGREEMENT

(W. Bradley Blair, II)

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is dated as of February 7, 1997, between Golf Trust of America, Inc., a Maryland corporation, having its principal place of business at 190 King Street, Charleston, South Carolina 29401 (the "COMPANY"), and W. Bradley Blair, II, an individual residing at the address set forth below his name on the signature page hereof (the "EXECUTIVE").

COMPANY AND EXECUTIVE ENTER THIS AGREEMENT on the basis of the following facts, understandings and intentions:

A. the Executive has been an executive of the Company; and

B. the Company values Executive's knowledge and familiarity with the business of the Company and desires to assure itself of the continued services of Executive.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Company and Executive agree as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, on the terms and conditions set forth herein.

2. TERM. The employment of the Executive by the Company as provided in Section 1 above will commence on the date set forth above (the "COMMENCEMENT DATE"), and will terminate on the fourth anniversary of the Commencement Date (such term being the "ORIGINAL TERM"), unless earlier terminated pursuant to the provisions of Section 5 of this Agreement. On the final day of the Original Term and on each one (1) year anniversary thereafter, the term of this Agreement shall be extended automatically for one (1) additional year (each such extension being a "RENEWAL TERM"), unless written notice that this Agreement will not be extended is given by either party to the other one hundred eighty (180) days prior to the expiration of the Original Term or the then-current Renewal Term, as the case may be. The Original Term and any Renewal Terms, in their full duration, are herein individually referred to as "EMPLOYMENT TERMS," and the period of the Executive's employment under this Agreement consisting of the Original Term and all Renewal Terms, except as may be terminated early pursuant to Section 5, is herein referred to as the "EMPLOYMENT PERIOD."

3. POSITION.

(a) TITLE AND POSITION. During the Employment Period, the Executive shall be employed as an executive officer of the Company with the title of President and Chief

Executive Officer or in such other executive position as the Board of Directors of the Company (the "BOARD") may from time to time determine with the consent of the Executive. In addition, for so long as the Executive is an employee of the Company and is elected by the Company's stockholders, the Executive hereby agrees to serve as a member of the Board. The Executive understands that his position as a member of the Board is subject to the nomination by the Company; PROVIDED that the Executive shall be a member of the Board with a three (3) year term prior to the time the Company consummates any public offering of securities and the Company agrees to use permissible commercially reasonable efforts (subject to the exercise of its fiduciary duties) to cause the nomination and election of the Executive to the Board following any such public offering, subject to the terms and conditions of this Agreement. In the performance of his duties as an officer, the Executive shall be subject to the direction of the Board, and shall not be required to take direction from or report to any other person. Employee's duties and authority shall be commensurate with his title and position with the Company.

(b) PLACE OF EMPLOYMENT. During the term of this Agreement, the Executive shall perform the services required by this Agreement at the Company's place of business in Charleston, South Carolina; PROVIDED, HOWEVER, that the

Company may require the Executive to travel to other locations on the Company's business.

(c) DUTIES. The Executive shall devote commercially reasonable efforts and substantially full working time and attention to the promotion and advancement of the Company and its welfare. The Executive shall serve the Company faithfully and to the best of his ability, and shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to him from time to time by or under, and in accordance with, the authority and direction of the Board. The Company shall retain the right to direct and control the means and methods by which the Executive performs the above services.

(d) OTHER ACTIVITIES. Except with the prior written approval of the Board (which the Board may grant or withhold in its sole and absolute discretion) and except as may be set forth in Section 9 of this Agreement, the Executive, during the Employment Period, will not (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that is or may be competitive with, or that might place him in a competing position to, that of the Company or any of its affiliates. Notwithstanding the foregoing, the Company agrees that the Executive (or affiliates of the Executive) shall be permitted (i) to undertake the activities set forth in Section 9, and (ii) to make any other passive personal investment that is not in a business activity competitive with the Company.

4. COMPENSATION AND RELATED MATTERS.

(a) BASE SALARY. The Company shall pay the Executive a base salary at a rate of Two Hundred Fifty Thousand Dollars ($250,000) per year during the first full calendar year of the Original Term. The Executive's base salary for each succeeding year

shall, at a minimum, be increased over the prior year by a factor measured by the increase, if any, in the Consumer Price Index for Wage Earners and Clerical Workers (as published by the Bureau of Labor Statistics). The base salary may further be increased, but not decreased, in succeeding years by an amount determined by the Compensation Committee of the Board. All salary shall be paid according to the standard payroll practices of the Company (regarding, E.G., timing of payments, standard employee deductions, income tax withholdings, social security deductions, and etc.) as in place from time to time.

(b) BUSINESS AND PROFESSIONAL EXPENSES. The Company shall reimburse the Executive for (i) personal expenditures incurred by the Executive in connection with the conduct of the Company's business including, without limitation, a prospectively paid automobile allowance, and (ii) reasonable expenditures incurred by the Executive in connection with maintaining his professional standing including, without limitation, bar association dues and fees and continuing legal education expenses, in every case upon presentation of sufficient evidence of such expenditures as may be required by the Company's policies as in place from time to time.

(c) BENEFIT PLAN ELIGIBILITY. During the Employment Period, the Executive shall be entitled to participate in any benefit plans that are made generally available to executive officers of the Company from time to time, including, without limitation, any deferred compensation, health, dental, life insurance, long-term disability insurance, retirement, pension or 401(k) savings plan. Nothing in this Section 4(c) is intended, or shall be construed, to require the Company to institute or to continue any, or any particular, plan or benefit.

(d) PERFORMANCE BONUS. The Compensation Committee of the Board may establish and administer a performance bonus program for the Executive to provide for payment of a cash bonus to the Executive upon the achievement of certain performance objectives to be established by the Compensation Committee for the Executive. If such a program is established, the Compensation Committee of the Board shall monitor, review and modify the program from time to time as necessary to reflect the Executive's contributions to the Company.

(e) STOCK INCENTIVE PLAN. The Compensation Committee of the Board

shall establish and administer a Stock Incentive Plan, substantially in the form attached as EXHIBIT A hereto, in which the Executive shall be eligible to participate according to its terms; PROVIDED, HOWEVER, that the Board of Directors shall approve, prior to the completion of the Company's initial public offering, a grant of options to the Executive to purchase up to one hundred fifty thousand (150,000) shares of the Company's common stock, which options shall become exercisable in three (3) equal installments commencing upon the first anniversary of the date of grant and each of the two (2) years thereafter, and shall be exercisable for ten (10) years from the date of grant at the fair market value of the common stock on the date of grant.

(f) FRINGE BENEFITS. The Executive will be entitled to fringe benefits as may be determined or granted from time-to-time under the authority of the Board.

(g) VACATION AND HOLIDAYS. The Executive shall be entitled to four (4) weeks (twenty (20) business days) of paid vacation time in each calendar year on a pro-rated basis. The Executive shall be entitled to all paid Company holidays.

(h) DIRECTORS AND OFFICERS INSURANCE AND INDEMNIFICATION. The Company shall maintain insurance to insure the Executive against any claim arising out of an alleged wrongful act by the Executive while acting as a director or officer of the Company. The Company shall further indemnify and exculpate from money damages the Executive to the fullest extent permitted under applicable law.

(i) PERFORMANCE REVIEWS. At the end of each fiscal year, the Board or the Compensation Committee thereof will review the Executive's job performance and will provide the Executive a written review of the Executive's job performance during the prior year and implement any Board authorized revisions to the Executive's position, compensation and duties at the Company; PROVIDED, HOWEVER, that the provisions set forth in this Agreement with respect to the Executive's compensation, and other terms and conditions of the Executive's employment at the Company shall not be modified by the Board in a manner which would result in less favorable or less beneficial terms or conditions thereof being imposed on the Executive without the Executive's full concurrence and consent.

5. TERMINATION. The Executive's employment hereunder shall be, or may be, as the case may be, terminated under the following circumstances:

(a) DEATH. The Executive's employment under this Agreement shall terminate upon his death.

(b) DISABILITY. The Executive's employment under this Agreement shall terminate upon the Executive's physical or mental disability or infirmity which, in the opinion of a competent physician selected by the Board, renders the Executive unable to perform his duties under this Agreement for more than one hundred twenty (120) days during any one hundred eighty (180) day period.

(c) EMPLOYMENT-AT-WILL; TERMINATION BY COMPANY FOR ANY REASON. The Executive's employment hereunder is "at will" and may be terminated by the Company at any time with or without Good Reason (as defined in Section 7(c) below), by a majority vote of all of the members of the Board of Directors upon written Notice of Termination (as defined below) to Employee, subject only to the severance provisions specifically set forth in Section 7 below.

(d) VOLUNTARY RESIGNATION. The Executive may voluntarily resign his position and terminate his employment with the Company at any time by delivery of a written notice of resignation to the Company (the "NOTICE OF RESIGNATION"). The Notice of

Resignation shall set forth the date such resignation shall become effective (the "DATE OF RESIGNATION"), which date shall in any event, be at least ten (10)

days and no more than thirty (30) days from the date the Notice of Resignation is delivered to the Company. The Notice of Resignation shall be sufficient notice under Section 2 above to prevent the automatic extension of this Agreement, if timely given according to the terms of Section 2.

(e) NOTICE. Any termination of the Executive's employment by the Company shall be communicated by written Notice of Termination to the Executive. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice that indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. The Notice of Termination shall be sufficient notice under Section 2 above to prevent the automatic extension of this Agreement, if timely given according to the terms of Section 2.

(f) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean (i) if the Executive's employment is terminated by his death, the date of his death; (ii) if the Executive's employment is terminated by reason of his disability, the date of the opinion of the physician referred to in Section 5(b), above; (iii) if the Executive's employment is terminated by the Company for Good Reason or without Good Reason by the Company pursuant to Section 5(c) above, the date specified in the Notice of Termination; and (iv) if the Executive voluntarily resigns pursuant to Section 5(d) above, the Date of Resignation set forth in the Notice of Resignation.

6. OBLIGATIONS UPON TERMINATION.

(a) RETURN OF PROPERTY. The Executive hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Executive in the course of or incident to his employment belongs to the Company and shall be promptly returned to the Company upon termination of the Employment Period.

(b) COMPLETE RESIGNATION. Upon the expiration of the Employment Period or any termination of employment under Section 5 above, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries.

(c) SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND OTHER PROVISIONS. The representations and warranties contained in this Agreement and the parties' obligations under this Section 6 and Sections 7 through 9 and 16 through 18, inclusively, shall survive termination of the Employment Period and the expiration of this Agreement.

(d) RELEASE. In exchange for the Company entering into this Agreement, the Executive agrees that, at the time of his resignation or termination from the Company, he will resign from the Board and will execute a release acceptable to the Company of all liability of the Company and its officers, shareholders, employees and directors to the

Executive in connection with or arising out of his employment with the Company, except with respect to (i) any then-vested rights under the Company's Stock Incentive Plan or in connection with other stock-based compensation; (ii) any deferred compensation held in trust under the Company's Deferred Compensation Plan; (iii) any Severance Payments or benefits which may be payable to him under Section 7 or other provisions of this Agreement; and (iv) any continuation of health or other benefit plans in accordance with this Agreement or as may be required by law.

7. COMPENSATION UPON TERMINATION. The Executive shall be entitled to the following post-termination payments:

(a) DEATH. If the Executive's employment is terminated by reason of death pursuant to Section 5(a), the Company shall pay the Executive monthly his base salary payable under Section 4(a), and one-twelfth (1/12) of the most recent annual amount received, or entitled to be received, by the Executive as a performance bonus payable under Section 4(d) (collectively the "SEVERANCE PAYMENTS") for the greater of (i) two (2) years following the Date of Termination, or (ii) the time period beginning on the Date of Termination and

ending on the final day of the final Employment Term determined according to Section 2, above. In addition, immediately prior to the Executive's cessation of Service (as such term is defined in the Stock Incentive Plan) the vesting of all stock-related compensation previously granted to the Executive shall be accelerated such that none of such compensation is subject to forfeiture and such that any stock options or similar rights previously granted to the Executive shall become immediately vested and exercisable; PROVIDED, HOWEVER, that all stock-related compensation shall be subject to the plan under which it was granted, if any, as such plan may be amended from time to time in accordance with its terms. In addition, during the full time period described in the preceding clause (ii), the Executive, his estate and dependents shall continue to participate, at their option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at their own expense, the Executive's dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(b) DISABILITY. If the Executive's employment is terminated by reason of disability pursuant to Section 5(b), the Executive shall receive Severance Payments for the greater of (i) two years following the Date of Termination, or (ii) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above; PROVIDED, HOWEVER, that Severance Payments otherwise payable to the Executive under this Section 7(b) shall be reduced by the sum of the amounts, if any, payable to the Executive at or prior to the time of any such Severance Payment under any disability benefit plan of the Company. In addition, immediately prior to the Executive's cessation of Service (as such term is defined in the Stock Incentive Plan) the vesting of all stock-related compensation previously granted to the Executive shall be accelerated such that none of such compensation is subject to forfeiture and such that any

stock options or similar rights previously granted to the Executive shall become immediately vested and exercisable; PROVIDED, HOWEVER, that all stock-related compensation shall be subject to the plan under which it was granted, if any, as such plan may be amended from time to time in accordance with its terms. In addition, during the full time period described in the preceding clause (ii), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(c) TERMINATION BY COMPANY.

(i) FOR GOOD REASON. If the Executive's employment is terminated by the Company pursuant to Section 5(c) for Good Reason (as defined below), the Company shall pay the Executive his base salary and any bonus due and payable pursuant to Section 4(d) through the Date of Termination. In addition, the Executive shall be entitled to retain any stock-based compensation, including, without limitation, any and all options to purchase securities of the Company, granted to the Executive pursuant to the terms and conditions of the Stock Incentive Plan or otherwise that have vested as of the date of such termination. At the Executive's own expense, the Executive and his dependents shall also be entitled to any continuation of health insurance coverage rights required by any applicable law.

(ii) WITHOUT GOOD REASON. If the Executive's employment is terminated by the Company pursuant to Section 5(c) without any Good Reason, the Company shall pay the Executive the Severance Payment for the greater of (A) two (2) years following the Date of Termination, or (B) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above. In addition, immediately prior to the Executive's cessation of Service (as such term is defined in the Stock Incentive Plan) the vesting of all stock-related compensation previously granted to the Executive shall be accelerated such that none of such compensation is subject to

forfeiture and such that any stock options or similar rights previously granted to the Executive shall become immediately vested and exercisable; PROVIDED, HOWEVER, that all stock-related compensation shall be subject to the plan under which it was granted, if any, as such plan may be amended from time to time in accordance with its terms. In addition, during the full time period described in the preceding clause (B), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(iii) "GOOD REASON" means a finding by the Board that (A) the Executive materially breached any of the material terms of this Agreement; or (B) the Executive acted with gross negligence, willful misconduct or fraudulently in the performance of his duties hereunder.

(d) VOLUNTARY RESIGNATION.

(i) FOR GOOD CAUSE. If the Executive terminates his employment with the Company pursuant to Section 5(d) for Good Cause (as defined below), the Company shall pay the Executive the Severance Payment for the greater of (A) two (2) years following the Date of Termination, or (B) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above. In addition, immediately prior to the Executive's cessation of Service (as such term is defined in the Stock Incentive Plan) the vesting of all stock-related compensation previously granted to the Executive shall be accelerated such that none of such compensation is subject to forfeiture and such that any stock options or similar rights previously granted to the Executive shall become immediately vested and exercisable; PROVIDED, HOWEVER, that all stock-related compensation shall be subject to the plan under which it was granted, if any, as such plan may be amended from time to time in accordance with its terms. In addition, during the full time period described in the preceding clause (B), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(ii) WITHOUT GOOD CAUSE. If the Executive terminates his employment with the Company pursuant to Section 5(g) without Good Cause, the Company shall have no obligation to compensate the Executive following the Date of Resignation. However, the Executive shall be entitled to retain any stock-based compensation, including, without limitation, any and all options to purchase securities of the Company, granted to the Executive pursuant to the terms and conditions of the Stock Incentive Plan or otherwise that have vested as of the date of such termination. In any event, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(iii) "GOOD CAUSE" means the occurrence, without the express written consent of the Executive, of any of the following events, unless such event is substantially corrected within ninety (90) days following written notification by Executive to the Company that he intends to terminate his employment under this Agreement because of such event:

(A) any material reduction or diminution in the compensation or benefits of the Executive;

(B) any material breach or material default by the Company under any

material provision of this Agreement; or

(C) any Change in Control (as defined below).

(iv) "CHANGE IN CONTROL" means the occurrence of any of the following events after the effective date of the first initial public offering of the Company's common stock:

(A) the Board adopts a plan relating to the liquidation or dissolution of the Company;

(B) a Person (as defined below) directly or indirectly becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934) of more than twenty-five percent (25%) of the total voting power of the total outstanding voting securities of the Company on a fully diluted basis;

(C) a Person directly or indirectly acquires or agrees to acquire all or substantially all of the assets and business of the Company;

(D) for any reason during any period of two (2) consecutive years (not including any period prior to the date of this Agreement) a majority of the Board is constituted by individuals other than (1) individuals who were directors immediately prior to the beginning of such period, and (2) new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors immediately prior to the beginning of the period or whose election or nomination for election was previously so approved.

(v) For purposes of this Section 7(d), "PERSON" means any natural person, corporation, or any other entity; PROVIDED, HOWEVER, that the term "Person" shall not include any stockholder or employee of the company on the date immediately prior to the initial public offering of the Company's common stock or any estate or member of the immediate family of such a stockholder or employee.

(e) Any Severance Payments made pursuant to this Section 7 shall be payable in equal monthly installments over the required duration set forth herein.

(f) If, in spite of the provisions above entitling the Executive to benefits under any benefit plan, such benefits are not payable or provideable under any such plan to the Executive, or to the Executive's dependents, beneficiaries or estate, because the Executive is no longer deemed to be an employee of the Company, then the Company shall

independently pay or provide for payment of such benefits for the remainder of the Employment Term.

(g) The continuing obligation of the Company to make any Severance Payment to the Executive is expressly conditioned upon the Executive complying and continuing to comply with his obligations and covenants under Sections 6, 8 and 9 of this Agreement following termination of his employment with the Company.

8. COVENANT OF CONFIDENTIALITY. In addition to the agreements set forth in Section 6, the Executive hereby agrees that the Executive will not, during the Employment Period or for one (1) year thereafter directly or indirectly disclose or make available to any person, firm, corporation, association or other entity for any reason or purpose whatsoever, any Confidential Information. As used in this Agreement, "CONFIDENTIAL INFORMATION" means: non-public information disclosed to the Executive or known by the Executive as a consequence of or through his relationship with the Company, about the Company's subsidiaries, affiliates and partners thereof, owners, customers, employees, business methods, public relations methods, organization, procedures or finances, including, without limitation, information of or relating to properties that the Company or any of its affiliates, subsidiaries or partners thereof owns or may be considering acquiring an interest in; PROVIDED, HOWEVER,

that the Executive shall not be obligated to treat as confidential, or return to the Company copies of, any Confidential Information that (i) was publicly known at the time of disclosure to the Executive, (ii) becomes publicly known or available thereafter other than by any means in violation of this Agreement or any other duty owed to the Company by any person or entity, or (iii) the Executive is required by law to disclose to a third party.

9. COVENANT NOT TO COMPETE.

(a) The Executive agrees that during the Employment Period he will devote substantially his full working time to the business of the Company and will not engage in any competitive business. Subject to such full-time requirement and the other restrictions set forth in this Section 9 and Section 3(d) above, the Executive shall be permitted to continue his existing business investments and activities and may pursue additional business investments. Without limiting the foregoing, the Executive specifically covenants that during and after his employment with the company he shall not:

(i) compete directly with the Company in a business similar to that of the Company;

(ii) compete directly or indirectly with the Company, its subsidiaries and/or partners thereof with respect to any acquisition or development of any real estate project undertaken or being considered by the Company, its subsidiaries and/or partners thereof at the end of Executive's Employment Period;

(iii) lend or allow his name or reputation to be used by or in connection with any business competitive with the Company, its subsidiaries and/or partners thereof; or

(iv) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company, its subsidiaries and/or partners thereof, and any lessee, tenant, supplier, contractor, lender, employee or governmental agency or authority.

(b) Notwithstanding anything to the contrary in this Section 9 or elsewhere in this Agreement, the Executive shall be permitted, at his option, to invest in residential real estate developments and resort operations in which Larry D. Young or his affiliates now or hereafter participate.

(c) The provisions of this Section 9 shall survive for one (1) year and no longer following the termination of the Employment Period regardless of whether such termination is for Good Cause or without Good Reason or otherwise; PROVIDED, HOWEVER, that if the Executive resigns as a result of a Change in Control (as defined in Section 7(d)) then the provisions of this Section 9 shall not survive the Executive's resignation.

10. INJUNCTIVE RELIEF AND ENFORCEMENT. In the event of breach by the Executive of the terms of Sections 6, 8 or 9, the Company shall be entitled to institute legal proceedings to enforce the specific performance of this Agreement by the Executive and to enjoin the Executive from any further violation of Sections 6, 8 or 9 and to exercise such remedies cumulatively or in conjunction with all other rights and remedies provided by law and not otherwise limited by this Agreement. The Executive acknowledges, however, that the remedies at law for any breach by him of the provisions of Sections 6, 8 or 9 may be inadequate. In addition, in the event the agreements set forth in Sections 6, 8 or 9 shall be determined by any court of competent jurisdiction to be unenforceable by reason of extending for too great a period of time or over too great a geographical area or by reason of being too extensive in any other respect, each such agreement shall be interpreted to extend over the maximum period of time for which it may be enforceable and to the maximum extent in all other respects as to which it may be enforceable, and enforced as so interpreted, all as determined by such court in such action.

11. NOTICE. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when transmitted by telecopy with receipt confirmed, or one day after delivery to an overnight air courier guaranteeing next day delivery, addressed as follows:

If to the Executive: W. Bradley Blair, II
3546 Bohicket Road
Johns Island, South Carolina 29455

If to the Company: Golf Trust of America, Inc.

190 King Street
Charleston, South Carolina 29401

With a copy to: Peter T. Healy, Esq.
O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street, Suite 2600
San Francisco, California 94111-3305

or to such other address as either party may furnish to the other from time to time in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

12. SEVERABILITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect; PROVIDED, HOWEVER, that if any one or more of the terms contained in Sections 6, 8 or 9 hereto shall for any reason be held to be excessively broad with regard to time, duration, geographic scope or activity, that term shall not be deleted but shall be reformed and constructed in a manner to enable it to be enforced to the extent compatible with applicable law.

13. ASSIGNMENT. This Agreement may not be assigned by the Executive, but may be assigned by the Company to any successor to its business and will inure to the benefit and be binding upon any such successor.

14. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. HEADINGS. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

16. CHOICE OF LAW AND CONSENT TO JURISDICTION. This Agreement shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of South Carolina (without reference to the choice of law provisions of the State of South Carolina), except with respect to matters of law concerning the internal corporate affairs of any corporate entity which is a party to or the subject of this Agreement, and as to those matters the law of the jurisdiction under which the respective entity derives its powers shall govern. All judicial proceedings in connection with this Agreement may be brought in any state or federal court of competent jurisdiction in Charlotte City, South Carolina, and each party hereby accepts the non-exclusive jurisdiction and venue of such courts.

17. LIMITATION ON LIABILITIES. IF EITHER THE EXECUTIVE OR THE COMPANY IS AWARDED ANY DAMAGES AS COMPENSATION FOR ANY BREACH OR ACTION RELATED TO THIS AGREEMENT, A BREACH OF ANY COVENANT

CONTAINED IN THIS AGREEMENT (WHETHER EXPRESS OR IMPLIED BY EITHER LAW OR FACT), OR ANY OTHER CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ANY BREACH OF ANY PROVISION OF THIS AGREEMENT, SUCH DAMAGES SHALL BE LIMITED TO CONTRACTUAL DAMAGES AND SHALL EXCLUDE (I) PUNITIVE DAMAGES, AND (II) CONSEQUENTIAL AND/OR INCIDENTAL DAMAGES (E.G., LOST PROFITS AND OTHER INDIRECT OR SPECULATIVE DAMAGES). THE MAXIMUM AMOUNT OF DAMAGES THAT THE EXECUTIVE MAY RECOVER FOR ANY REASON SHALL BE THE AMOUNT EQUAL TO ALL AMOUNTS OWED (BUT NOT YET PAID) TO THE

EXECUTIVE PURSUANT TO THIS AGREEMENT THROUGH ITS NATURAL TERM OR THROUGH ANY SEVERANCE PERIOD, PLUS INTEREST ON ANY DELAYED PAYMENT AT THE MAXIMUM RATE PER ANNUM ALLOWABLE BY APPLICABLE LAW FROM AND AFTER THE DATE(S) THAT SUCH PAYMENTS WERE DUE.

18. WAIVER OF JURY TRIAL. TO THE EXTENT APPLICABLE, EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.

19. ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding between the Company and the Executive with respect to the employment of the Executive by the Company as contemplated hereby and no representations promises agreements or understandings written or oral, not herein contained or referenced shall be of any force or effect. This Agreement shall not be changed unless in writing and signed by both the Executive and the Board of Directors of the Company.

20. EXECUTIVE'S ACKNOWLEDGMENT. The Executive acknowledges (a) that he has had the opportunity to consult with independent counsel of his own choice concerning this Agreement, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date and year first written above.

"COMPANY"

GOLF TRUST OF AMERICA, INC.,
a Maryland corporation

By: /s/ David J. Dick

Name: David J. Dick
Title: Executive Vice President

"EXECUTIVE"

/s/ W. Bradley Blair, II

W. BRADLEY BLAIR, II

Residing at:

3546 Bohicket Road
Johns Island, South Carolina 29455

EXHIBIT A

[Form of Stock Incentive Plan]

EMPLOYMENT AGREEMENT

(David J. Dick)

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is dated as of February 7, 1997, between Golf Trust of America, Inc., a Maryland corporation, having its principal place of business at 190 King Street, Charleston, South Carolina 29401 (the "COMPANY"), and David J. Dick, an individual residing at the address set forth below his name on the signature page hereof (the "EXECUTIVE").

COMPANY AND EXECUTIVE ENTER THIS AGREEMENT on the basis of the following facts, understandings and intentions:

A. the Executive has been an executive of the Company; and

B. the Company values Executive's knowledge and familiarity with the business of the Company and desires to assure itself of the continued services of Executive.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Company and Executive agree as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, on the terms and conditions set forth herein.

2. TERM. The employment of the Executive by the Company as provided in Section 1 above will commence on the date set forth above (the "COMMENCEMENT DATE"), and will terminate on the third anniversary of the Commencement Date (such term being the "ORIGINAL TERM"), unless earlier terminated pursuant to the provisions of Section 5 of this Agreement. On the final day of the Original Term and on each one (1) year anniversary thereafter, the term of this Agreement shall be extended automatically for one (1) additional year (each such extension being a "RENEWAL TERM"), unless written notice that this Agreement will not be extended is given by either party to the other one hundred eight (180) days prior to the expiration of the Original Term or the then-current Renewal Term, as the case may be. The Original Term and any Renewal Terms, in their full duration, are herein individually referred to as "EMPLOYMENT TERMS," and the period of the Executive's employment under this Agreement consisting of the Original Term and all Renewal Terms, except as may be terminated early pursuant to Section 5, is herein referred to as the "EMPLOYMENT PERIOD."

3. POSITION.

(a) TITLE AND POSITION. During the Employment Period, the Executive shall be employed as an executive officer of the Company with the title of Executive Vice

President or in such other executive position as the Board of Directors of the Company (the "BOARD") may from time to time determine with the consent of the Executive. In addition, for so long as the Executive is an employee of the Company and is elected by the Company's stockholders, the Executive hereby agrees to serve as a member of the Board. The Executive understands that his position as a member of the Board is subject to the nomination by the Company; PROVIDED that the Executive shall be a member of the Board with a two (2) year term prior to the time the Company consummates any public offering of securities and the Company agrees to use permissible commercially reasonable efforts (subject to the exercise of its fiduciary duties) to cause the nomination and election of the Executive to the Board following any such public offering, subject to the terms and conditions of this Agreement. In the performance of his duties as an officer, the Executive shall be subject to the direction of the Board and the President, and shall not be required to take direction from or report to any other person. Employee's duties and authority shall be commensurate with his title and position with the Company.

(b) PLACE OF EMPLOYMENT. During the term of this Agreement, the Executive shall perform the services required by this Agreement at the Company's place of business in Charleston, South Carolina; PROVIDED, HOWEVER, that the

Company may require the Executive to travel to other locations on the Company's business.

(c) DUTIES. The Executive shall devote commercially reasonable efforts and substantially full working time and attention to the promotion and advancement of the Company and its welfare. The Executive shall serve the Company faithfully and to the best of his ability, and shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to him from time to time by or under, and in accordance with, the authority and direction of the Board. The Company shall retain the right to direct and control the means and methods by which the Executive performs the above services.

(d) OTHER ACTIVITIES. Except with the prior written approval of the Board (which the Board may grant or withhold in its sole and absolute discretion) and except as may be set forth in Section 9 of the Executive, during the Employment Period, will not (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that is or may be competitive with, or that might place him in a competing position to, that of the Company or any of its affiliates. Notwithstanding the foregoing, the Company agrees that the Executive (or affiliates of the Executive) shall be permitted (i) to undertake the activities set forth in Section 9, and (ii) to make any other passive personal investment that is not in a business activity competitive with the Company.

4. COMPENSATION AND RELATED MATTERS.

(a) BASE SALARY. The Company shall pay the Executive a base salary at a rate of One Hundred Fifty Thousand ($150,000) per year during the first full calendar year of the Original Term. The Executive's base salary for each succeeding year shall, at a

minimum, be increased over the prior year by a factor measured by the increase, if any, in the Consumer Price Index for Wage Earners and Clerical Workers (as published by the Bureau of Labor Statistics). The base salary may further be increased, but not decreased, in succeeding years by an amount determined by the Compensation Committee of the Board. All salary shall be paid according to the standard payroll practices of the Company (regarding, E.G., timing of payments, standard employee deductions, income tax withholdings, social security deductions, and etc.) as in place from time to time.

(b) BUSINESS EXPENSES. The Company shall reimburse the Executive for personal expenditures incurred in connection with the conduct of the Company's business upon presentation of sufficient evidence of such expenditures as may be required by the Company's policies as in place from time to time.

(c) BENEFIT PLAN ELIGIBILITY. During the Employment Period, the Executive shall be entitled to participate in any benefit plans that are made generally available to executive officers of the Company from time to time, including, without limitation, any deferred compensation, health, dental, life insurance, long-term disability insurance, retirement, pension or 401(k) savings plan. Nothing in this Section 4(c) is intended, or shall be construed, to require the Company to institute or to continue any, or any particular, plan or benefit.

(d) PERFORMANCE BONUS. The Compensation Committee of the Board may establish and administer a performance bonus program for the Executive to provide for payment of a cash bonus to the Executive upon the achievement of certain performance objectives to be established by the Compensation Committee for the Executive. If such a program is established, the Compensation Committee of the Board shall monitor, review and modify the program from time to time as necessary to reflect the Executive's contributions to the Company.

(e) STOCK INCENTIVE PLAN. The Compensation Committee of the Board shall establish and administer a Stock Incentive Plan, substantially in the form attached as EXHIBIT A hereto, in which the Executive shall be eligible to participate according to its terms; PROVIDED, HOWEVER, that the Board of Directors shall approve, prior to the completion of the Company's initial public offering, a grant of options to the Executive to purchase up to one hundred twenty-five thousand (125,000) shares of the Company's common stock, which

options shall become exercisable in three (3) equal installments commencing upon the first anniversary of the date of grant and each of the two (2) years thereafter, and shall be exercisable for ten (10) years from the date of grant at the fair market value of the common stock on the date of grant.

(f) FRINGE BENEFITS. The Executive will be entitled to fringe benefits as may be determined or granted from time-to-time by the Board or by the President acting under the authority of the Board.

(g) VACATION AND HOLIDAYS. The Executive shall be entitled to four (4) weeks (twenty (20) business days) of paid vacation time in each calendar year on a pro-rated basis. The Executive shall be entitled to all paid Company holidays.

(h) DIRECTORS AND OFFICERS INSURANCE AND INDEMNIFICATION. The Company shall maintain insurance to insure the Executive against any claim arising out of an alleged wrongful act by the Executive while acting as a director or officer of the Company. The Company shall further indemnify and exculpate from money damages the Executive to the fullest extent permitted under applicable law.

(i) PERFORMANCE REVIEWS. At the end of each fiscal year, the Board or the Compensation Committee thereof will review the Executive's job performance and will provide the Executive a written review of the Executive's job performance during the prior year and implement any Board authorized revisions to the Executive's position, compensation and duties at the Company; PROVIDED, HOWEVER, that the provisions set forth in this Agreement with respect to the Executive's compensation, and other terms and conditions of the Executive's employment at the Company shall not be modified by the Board in a manner which would result in less favorable or less beneficial terms or conditions thereof being imposed on the Executive without the Executive's full concurrence and consent.

5. TERMINATION. The Executive's employment hereunder shall be, or may be, as the case may be, terminated under the following circumstances:

(a) DEATH. The Executive's employment under this Agreement shall terminate upon his death.

(b) DISABILITY. The Executive's employment under this Agreement shall terminate upon the Executive's physical or mental disability or infirmity which, in the opinion of a competent physician selected by the Board, renders the Executive unable to perform his duties under this Agreement for more than one hundred twenty (120) days during any one hundred eighty (180) day period.

(c) EMPLOYMENT-AT-WILL; TERMINATION BY COMPANY FOR ANY REASON. The Executive's employment hereunder is "at will" and may be terminated by the Company at any time with or without Good Reason (as defined in Section 7(c) below), by a majority vote of all of the members of the Board of Directors upon written Notice of Termination (as defined below) to Employee, subject only to the severance provisions specifically set forth in Section 7 below.

(d) VOLUNTARY RESIGNATION. The Executive may voluntarily resign his position and terminate his employment with the Company at any time by delivery of a written notice of resignation to the Company (the "NOTICE OF RESIGNATION"). The Notice of Resignation shall set forth the date such resignation shall become effective (the "DATE OF RESIGNATION"), which date shall in any event, be at least ten (10) days and no more than thirty (30) days from the date the Notice of Resignation is delivered to the Company. The

Notice of Resignation shall be sufficient notice under Section 2 above to prevent the automatic extension of this Agreement, if timely given according to the terms of Section 2.

(e) NOTICE. Any termination of the Executive's employment by the

Company shall be communicated by written Notice of Termination to the Executive. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice that indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. The Notice of Termination shall be sufficient notice under Section 2 above to prevent the automatic extension of this Agreement, if timely given according to the terms of Section 2.

(f) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean (i) if the Executive's employment is terminated by his death, the date of his death; (ii) if the Executive's employment is terminated by reason of his disability, the date of the opinion of the physician referred to in Section 5(b), above; (iii) if the Executive's employment is terminated by the Company for Good Reason or without Good Reason by the Company pursuant to Section 5(c) above, the date specified in the Notice of Termination; and (iv) if the Executive voluntarily resigns pursuant to Section 5(d) above, the Date of Resignation set forth in the Notice of Resignation.

6. OBLIGATIONS UPON TERMINATION.

(a) RETURN OF PROPERTY. The Executive hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Executive in the course of or incident to his employment belongs to the Company and shall be promptly returned to the Company upon termination of the Employment Period.

(b) COMPLETE RESIGNATION. Upon the expiration of the Employment Period or any termination of employment under Section 5 above, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries.

(c) SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND OTHER PROVISIONS. The representations and warranties contained in this Agreement and the parties' obligations under this Section 6 and Sections 7 through 9 and 16 through 18, inclusively, shall survive termination of the Employment Period and the expiration of this Agreement.

(d) RELEASE. In exchange for the Company entering into this Agreement, the Executive agrees that, at the time of his resignation or termination from the Company, he will resign from the Board and will execute a release acceptable to the Company of all liability of the Company and its officers, shareholders, employees and directors to the Executive in connection with or arising out of his employment with the Company, except with respect to (i) any then-vested rights under the Company's Stock Incentive Plan; (ii) any deferred compensation held in trust under the Company's Deferred Compensation Plan; (iii)

any Severance Payments or benefits which may be payable to him under Section 7 or other provisions of this Agreement; and (iv) any continuation of health or other benefit plans in accordance with this Agreement or as may be required by law.

7. COMPENSATION UPON TERMINATION. The Executive shall be entitled to the following post-termination payments:

(a) DEATH. If the Executive's employment is terminated by reason of death pursuant to Section 5(a), the Company shall pay the Executive monthly his base salary payable under Section 4(a), and one-twelfth (1/12) of the most recent annual amount received, or entitled to be received, by the Executive as a performance bonus payable under Section 4(d) (collectively the "SEVERANCE PAYMENTS") for the greater of (i) two (2) years following the Date of Termination, or (ii) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above. In addition, during the full time period described in the preceding clause (ii), the Executive, his estate and dependents shall continue to participate, at their option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or

termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at their own expense, the Executive's dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(b) DISABILITY. If the Executive's employment is terminated by reason of disability pursuant to Section 5(b), the Executive shall receive Severance Payments for the greater of (i) two years following the Date of Termination, or (ii) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above; PROVIDED, HOWEVER, that Severance Payments otherwise payable to the Executive under this Section 7(b) shall be reduced by the sum of the amounts, if any, payable to the Executive at or prior to the time of any such Severance Payment under any disability benefit plan of the Company. In addition, during the full time period described in the preceding clause (ii), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(c) TERMINATION BY COMPANY.

(i) FOR GOOD REASON. If the Executive's employment is terminated by the Company pursuant to Section 5(c) for Good Reason (as defined below), the Company shall pay the Executive his base salary and any bonus due and payable pursuant to Section

4(d) through the Date of Termination. At the Executive's own expense, the Executive and his dependents shall also be entitled to any continuation of health insurance coverage rights required by any applicable law.

(ii) WITHOUT GOOD REASON. If the Executive's employment is terminated by the Company pursuant to Section 5(c) without any Good Reason, the Company shall pay the Executive the Severance Payment for the greater of (A) two (2) years following the Date of Termination, or (B) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above. In addition, during the full time period described in the preceding clause (B), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(iii) "GOOD REASON" means a finding by the Board that (A) the Executive materially breached any of the material terms of this Agreement; or (B) the Executive acted with gross negligence, willful misconduct or fraudulently in the performance of his duties hereunder.

(d) VOLUNTARY RESIGNATION.

(i) FOR GOOD CAUSE. If the Executive terminates his employment with the Company pursuant to Section 5(d) for Good Cause (as defined below), the Company shall pay the Executive the Severance Payment for the greater of (A) two (2) years following the Date of Termination, or (B) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above. In addition, during the full time period described in the preceding clause (B), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage

rights required by any applicable law.

(ii) WITHOUT GOOD CAUSE. If the Executive terminates his employment with the Company pursuant to Section 5(g) without Good Cause, the Company shall have no obligation to compensate the Executive following the Date of Resignation. In any event, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(iii) "GOOD CAUSE" means the occurrence, without the express written consent of the Executive, of any of the following events, unless such event is substantially

corrected within ninety (90) days following written notification by Executive to the Company that he intends to terminate his employment under this Agreement because of such event:

(A) any material reduction or diminution in the compensation or benefits of the Executive;

(B) any material breach or material default by the Company under any material provision of this Agreement; or

(C) any Change in Control (as defined below).

(iv) "CHANGE IN CONTROL" means the occurrence of any of the following events after the effective date of the first initial public offering of the Company's common stock:

(A) the Board adopts a plan relating to the liquidation or dissolution of the Company;

(B) a Person (as defined below) directly or indirectly becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934) of more than twenty-five percent (25%) of the total voting power of the total outstanding voting securities of the Company on a fully diluted basis;

(C) a Person directly or indirectly acquires or agrees to acquire all or substantially all of the assets and business of the Company;

(D) for any reason during any period of two (2) consecutive years (not including any period prior to the date of this Agreement) a majority of the Board is constituted by individuals other than (1) individuals who were directors immediately prior to the beginning of such period, and (2) new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors immediately prior to the beginning of the period or whose election or nomination for election was previously so approved.

(v) For purposes of this Section 7(d), "PERSON" means any natural person, corporation, or any other entity; PROVIDED, HOWEVER, that the term "Person" shall not include any stockholder or employee of the company on the date immediately prior to the initial public offering of the Company's common stock or any estate or member of the immediate family of such a stockholder or employee.

(e) In the event of any termination pursuant to Section 5, the Executive shall be entitled to retain any and all options to purchase securities of the Company granted

to the Executive pursuant to the terms and conditions of the Stock Incentive Plan or otherwise that have vested as of the date of such termination.

(f) Any Severance Payments made pursuant to this Section 7 shall be payable in equal monthly installments over the required duration set forth herein.

(g) If, in spite of the provisions above entitling the Executive to benefits under any benefit plan, such benefits are not payable or provideable under any such plan to the Executive, or to the Executive's dependents, beneficiaries or estate, because the Executive is no longer deemed to be an employee of the Company, then the Company shall independently pay or provide for payment of such benefits for the remainder of the Employment Term.

(h) The continuing obligation of the Company to make any Severance Payment to the Executive is expressly conditioned upon the Executive complying and continuing to comply with his obligations and covenants under Sections 6, 8 and 9 of this Agreement following termination of his employment with the Company.

8. COVENANT OF CONFIDENTIALITY. In addition to the agreements set forth in Section 6, the Executive hereby agrees that the Executive will not, during the Employment Period or for one (1) year thereafter directly or indirectly disclose or make available to any person, firm, corporation, association or other entity for any reason or purpose whatsoever, any Confidential Information. As used in this Agreement, "CONFIDENTIAL INFORMATION" means: non-public information disclosed to the Executive or known by the Executive as a consequence of or through his relationship with the Company, about the Company's subsidiaries, affiliates and partners thereof, owners, customers, employees, business methods, public relations methods, organization, procedures or finances, including, without limitation, information of or relating to properties that the Company or any of its affiliates, subsidiaries or partners thereof owns or may be considering acquiring an interest in; PROVIDED, HOWEVER, that the Executive shall not be obligated to treat as confidential, or return to the Company copies of, any Confidential Information that (i) was publicly known at the time of disclosure to the Executive, (ii) becomes publicly known or available thereafter other than by any means in violation of this Agreement or any other duty owed to the Company by any person or entity, or (iii) the Executive is required by law to disclose to a third party.

9. COVENANT NOT TO COMPETE.

(a) The Executive agrees that during the Employment Period he will devote substantially his full working time to the business of the Company and will not engage in any competitive business. Subject to such full-time requirement and the other restrictions set forth in this Section 9 and Section 3(d) above, the Executive shall be permitted to continue his existing business investments and activities and may pursue additional business investments. Without limiting the foregoing, the Executive specifically covenants that during and after his employment with the company he shall not:

(i) compete directly with the Company in a business similar to that of the Company;

(ii) compete directly or indirectly with the Company, its subsidiaries and/or partners thereof with respect to any acquisition or development of any real estate project undertaken or being considered by the Company, its subsidiaries and/or partners thereof at the end of Executive's Employment Period;

(iii) lend or allow his name or reputation to be used by or in connection with any business competitive with the Company, its subsidiaries and/or partners thereof; or

(iv) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company, its subsidiaries and/or partners thereof, and any lessee, tenant, supplier, contractor, lender, employee or governmental agency or authority.

(b) The provisions of this Section 9 shall survive for one year and no longer following the termination of the Employment Period regardless of whether such termination is for Good Cause or without Good Reason or otherwise;

PROVIDED, HOWEVER, that if the Executive resigns as a result of a Change in Control (as defined in Section 7(d)) then the provisions of this Section 9 shall not survive the Executive's resignation.

10. INJUNCTIVE RELIEF AND ENFORCEMENT. In the event of breach by the Executive of the terms of Sections 6, 8 or 9, the Company shall be entitled to institute legal proceedings to enforce the specific performance of this Agreement by the Executive and to enjoin the Executive from any further violation of Sections 6, 8 or 9 and to exercise such remedies cumulatively or in conjunction with all other rights and remedies provided by law and not otherwise limited by this Agreement. The Executive acknowledges, however, that the remedies at law for any breach by him of the provisions of Sections 6, 8 or 9 may be inadequate. In addition, in the event the agreements set forth in Sections 6, 8 or 9 shall be determined by any court of competent jurisdiction to be unenforceable by reason of extending for too great a period of time or over too great a geographical area or by reason of being too extensive in any other respect, each such agreement shall be interpreted to extend over the maximum period of time for which it may be enforceable and to the maximum extent in all other respects as to which it may be enforceable, and enforced as so interpreted, all as determined by such court in such action.

11. NOTICE. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when transmitted by telecopy with receipt confirmed, or one day after delivery to an overnight air courier guaranteeing next day delivery, addressed as follows:

If to the Executive: David J. Dick

_____
_____

If to the Company: Golf Trust of America, Inc.
190 King Street
Charleston, South Carolina 29401

With a copy to: Peter T. Healy, Esq.
O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street, Suite 2600
San Francisco, California 94111-3305

or to such other address as either party may furnish to the other from time to time in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

12. SEVERABILITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect; PROVIDED, HOWEVER, that if any one or more of the terms contained in Sections 6, 8 or 9 hereto shall for any reason be held to be excessively broad with regard to time, duration, geographic scope or activity, that term shall not be deleted but shall be reformed and constructed in a manner to enable it to be enforced to the extent compatible with applicable law.

13. ASSIGNMENT. This Agreement may not be assigned by the Executive, but may be assigned by the Company to any successor to its business and will inure to the benefit and be binding upon any such successor.

14. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. HEADINGS. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

16. CHOICE OF LAW. This Agreement shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of South Carolina (without reference to the choice of law provisions of the State

of South Carolina), except with respect to matters of law concerning the internal corporate affairs of any corporate entity which is a party to or the subject of this Agreement, and as to those matters the law of the jurisdiction under which the respective entity derives its powers shall govern.

17. LIMITATION ON LIABILITIES. IF EITHER THE EXECUTIVE OR THE COMPANY IS AWARDED ANY DAMAGES AS COMPENSATION FOR ANY BREACH

OR ACTION RELATED TO THIS AGREEMENT, A BREACH OF ANY COVENANT CONTAINED IN THIS AGREEMENT (WHETHER EXPRESS OR IMPLIED BY EITHER LAW OR FACT), OR ANY OTHER CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ANY BREACH OF ANY PROVISION OF THIS AGREEMENT, SUCH DAMAGES SHALL BE LIMITED TO CONTRACTUAL DAMAGES AND SHALL EXCLUDE (I) PUNITIVE DAMAGES, AND (II) CONSEQUENTIAL AND/OR INCIDENTAL DAMAGES (E.G., LOST PROFITS AND OTHER INDIRECT OR SPECULATIVE DAMAGES). THE MAXIMUM AMOUNT OF DAMAGES THAT THE EXECUTIVE MAY RECOVER FOR ANY REASON SHALL BE THE AMOUNT EQUAL TO ALL AMOUNTS OWED (BUT NOT YET PAID) TO THE EXECUTIVE PURSUANT TO THIS AGREEMENT THROUGH ITS NATURAL TERM OR THROUGH ANY SEVERANCE PERIOD, PLUS INTEREST ON ANY DELAYED PAYMENT AT THE MAXIMUM RATE PER ANNUM ALLOWABLE BY APPLICABLE LAW FROM AND AFTER THE DATE(S) THAT SUCH PAYMENTS WERE DUE.

18. WAIVER OF JURY TRIAL. TO THE EXTENT APPLICABLE, EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.

19. ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding between the Company and the Executive with respect to the employment of the Executive by the Company as contemplated hereby and no representations promises agreements or understandings written or oral, not herein contained shall be of any force or effect. This Agreement shall not be changed unless in writing and signed by both the Executive and the Board of Directors of the Company.

20. EXECUTIVE'S ACKNOWLEDGMENT. The Executive acknowledges (a) that he has had the opportunity to consult with independent counsel of his own choice concerning this Agreement, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date and year first written above.

"COMPANY"

GOLF TRUST OF AMERICA, INC., a Maryland corporation

By: /s/ W. Bradley Blair, II

Its: President

"EXECUTIVE"

/s/ David J. Dick

DAVID J. DICK

Residing at:

13

EXHIBIT A

[Form of Stock Incentive Plan]

14

EMPLOYMENT AGREEMENT

(Scott D. Peters)

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is dated as of February 7, 1997, between Golf Trust of America, Inc., a Maryland corporation, having its principal place of business at 190 King Street, Charleston, South Carolina 29401 (the "COMPANY"), and Scott D. Peters, an individual residing at the address set forth below his name on the signature page hereof (the "EXECUTIVE").

COMPANY AND EXECUTIVE ENTER THIS AGREEMENT on the basis of the following facts, understandings and intentions:

A. the Executive desires to be in the employ of the Company;

B. the Company desires to assure itself of the services of the Executive; and

C. the Company intends to complete the initial public offering of shares of the common stock of the Company in early 1997 (the "Initial Public Offering").

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Company and Executive agree as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, on the terms and conditions set forth herein.

2. TERM. The employment of the Executive by the Company as provided in Section 1 above will commence on the closing date of the Initial Public Offering (the "COMMENCEMENT DATE"), and will terminate on the one-year (1) anniversary of the Commencement Date (such term being the "ORIGINAL TERM"), unless earlier terminated pursuant to the provisions of Section 5 of this Agreement. On the final day of the Original Term and on each one-year (1) anniversary thereafter, the term of this Agreement shall be extended automatically for one (1) additional year (each such extension being a "RENEWAL TERM"), unless written notice that this Agreement will not be extended is given by either party to the other one hundred twenty (120) days prior to the expiration of the Original Term or the then-current Renewal Term, as the case may be. The Original Term and any Renewal Terms, in their full duration, are herein individually referred to as "EMPLOYMENT TERMS," and the period of the Executive's employment under this Agreement consisting of the Original Term and all Renewal Terms, except as may be terminated early pursuant to Section 5, is herein referred to as the "EMPLOYMENT PERIOD."

3. POSITION.

(a) TITLE AND POSITION. During the Employment Period, the Executive shall be employed as an executive officer of the Company with the title of Senior Vice President and Chief Financial Officer or in such other executive position as the Board of Directors of the Company (the "BOARD") may from time to time determine with the consent of the Executive. In the performance of his duties as an officer, the Executive shall be subject to the direction of the Board and the President and shall not be required to take direction from or report to any other person unless otherwise directed by the Board or the President. The Executive's duties and authority shall be commensurate with his title and position with the Company.

(b) PLACE OF EMPLOYMENT. During the term of this Agreement, the Executive shall perform the services required by this Agreement at the Company's place of business in Charleston, South Carolina; PROVIDED, HOWEVER, that the Company may require the Executive to travel to other locations on the Company's business.

(c) DUTIES. The Executive shall devote commercially reasonable efforts and substantially full working time and attention to the promotion and advancement of the Company and its welfare. The Executive shall serve the

Company faithfully and to the best of his ability, and shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to him from time to time by or under, and in accordance with, the authority and direction of the Board. The Company shall retain the right to direct and control the means and methods by which the Executive performs the above services.

(d) OTHER ACTIVITIES. Except with the prior written approval of the Board (which the Board may grant or withhold in its sole and absolute discretion) and except as may be set forth in Section 9 of this Agreement, the Executive, during the Employment Period, will not (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that is or may be competitive with, or that might place him in a competing position to, that of the Company or any of its affiliates. Notwithstanding the foregoing, the Company agrees that the Executive (or affiliates of the Executive) shall be permitted (i) to undertake the activities set forth in Section 9, and (ii) to make any other passive personal investment that is not in a business activity competitive with the Company.

4. COMPENSATION AND RELATED MATTERS.

(a) BASE SALARY. The Company shall pay the Executive a base salary at a rate of one hundred twenty-five thousand dollars ($125,000) per year during the Original Term. The Executive's base salary for each succeeding year shall, at a minimum, be increased over the prior year by a factor measured by the increase, if any, in the Consumer Price Index for Wage Earners and Clerical Workers (as published by the Bureau of Labor Statistics). The base salary may further be increased, but not decreased, in succeeding years

by an amount determined by the Compensation Committee of the Board. All salary shall be paid according to the standard payroll practices of the Company (regarding, E.G., timing of payments, standard employee deductions, income tax withholdings, social security deductions, and etc.) as in place from time to time.

(b) BUSINESS EXPENSES. The Company shall reimburse the Executive for personal expenditures incurred in connection with the conduct of the Company's business upon presentation of sufficient evidence of such expenditures as may be required by the Company's policies as in place from time to time.

(c) BENEFIT PLAN ELIGIBILITY. During the Employment Period, the Executive shall be entitled to participate in any benefit plans that are made generally available to executive officers of the Company from time to time, including, without limitation, any deferred compensation, health, dental, life insurance, long-term disability insurance, retirement, pension or 401(k) savings plan. Nothing in this Section 4(c) is intended, or shall be construed, to require the Company to institute or to continue any, or any particular, plan or benefit.

(d) PERFORMANCE BONUS. The Compensation Committee of the Board may establish and administer a performance bonus program for the Executive to provide for payment of a cash bonus to the Executive upon the achievement of certain performance objectives to be established by the Compensation Committee for the Executive. If such a program is established, the Compensation Committee of the Board shall monitor, review and modify the program from time to time as necessary to reflect the Executive's contributions to the Company.

(e) STOCK INCENTIVE PLAN. The Compensation Committee of the Board shall establish and administer a Stock Incentive Plan, substantially in the form attached as EXHIBIT A hereto, in which the Executive shall be eligible to participate according to its terms; PROVIDED, HOWEVER, that the Board of Directors shall approve, prior to the completion of the Company's initial public offering, a grant of options to the Executive to purchase up to forty thousand (40,000) shares of the Company's common stock, which options shall vest in three (3) equal installments commencing upon the first anniversary of the date of grant and each of the two (2) years thereafter, and shall be exercisable for ten (10) years from the date of grant at the fair market value of the common stock on the date of grant.

(f) FRINGE BENEFITS. The Executive will be entitled to fringe benefits as may be determined or granted from time-to-time by the Board or by the President acting under the authority of the Board.

(g) VACATION AND HOLIDAYS. The Executive shall be entitled to four (4) weeks (twenty (20) business days) of paid vacation time in each calendar year on a pro-rated basis. The Executive shall be entitled to all paid Company holidays.

(h) DIRECTORS AND OFFICERS INSURANCE AND INDEMNIFICATION. The Company shall maintain insurance to insure the Executive against any claim arising out of an alleged wrongful act by the Executive while acting as a director or officer of the Company. The Company shall further indemnify and exculpate from money damages the Executive to the fullest extent permitted under applicable law.

(i) PERFORMANCE REVIEWS. At the end of each fiscal year, the Board or the Compensation Committee thereof will review the Executive's job performance and will provide the Executive a written review of the Executive's job performance during the prior year and implement any Board authorized revisions to the Executive's position, compensation and duties at the Company; PROVIDED, HOWEVER, that the provisions set forth in this Agreement with respect to the Executive's compensation, and other terms and conditions of the Executive's employment at the Company shall not be modified by the Board in a manner which would result in less favorable or less beneficial terms or conditions thereof being imposed on the Executive without the Executive's full concurrence and consent.

(j) MOVING AND TEMPORARY LIVING EXPENSES. The Company shall reimburse the Executive for reasonable personal expenditures incurred in connection with the move of his household goods from Los Angeles, California to Charleston, South Carolina, including two trips by the Executive's wife to visit Charleston for relocation purposes, upon presentation of sufficient evidence of such expenditures as may reasonably be required by the Company. Employee will be paid an additional allowance of One Thousand Five Hundred Dollars ($1500.00) per month for temporary living expenses from the Commencement Date through the earlier of (i) June 30, 1997 or (ii) the date on which Executive acquires permanent housing in the Charleston, South Carolina area.

5. TERMINATION. The Executive's employment hereunder shall be, or may be, as the case may be, terminated under the following circumstances:

(a) DEATH. The Executive's employment under this Agreement shall terminate upon his death.

(b) DISABILITY. The Executive's employment under this Agreement shall terminate upon the Executive's physical or mental disability or infirmity which, in the opinion of a competent physician selected by the Board, renders the Executive unable to perform his duties under this Agreement for more than one hundred twenty (120) days during any one hundred eighty (180) day period.

(c) EMPLOYMENT-AT-WILL; TERMINATION BY COMPANY FOR ANY REASON. The Executive's employment hereunder is "at will" and may be terminated by the Company at any time with or without Good Reason (as defined in Section 7(c) below), by the President or a majority vote of all of the members of the Board of Directors upon written Notice of Termination (as defined below) to Employee, subject only to the severance provisions specifically set forth in Section 7 below.

(d) VOLUNTARY RESIGNATION. The Executive may voluntarily resign his position and terminate his employment with the Company at any time by delivery of a written notice of resignation to the Company (the "NOTICE OF RESIGNATION"). The Notice of Resignation shall set forth the date such resignation shall become effective (the "DATE OF RESIGNATION"), which date shall in any event, be at least ten (10) days and no more than thirty (30) days from the date the Notice

of Resignation is delivered to the Company. The Notice of Resignation shall be sufficient notice under Section 2 above to prevent the automatic extension of this Agreement, if timely given according to the terms of Section 2.

(e) NOTICE. Any termination of the Executive's employment by the Company shall be communicated by written Notice of Termination to the Executive. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice that indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. The Notice of Termination shall be sufficient notice under Section 2 above to prevent the automatic extension of this Agreement, if timely given according to the terms of Section 2.

(f) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean (i) if the Executive's employment is terminated by his death, the date of his death; (ii) if the Executive's employment is terminated by reason of his disability, the date of the opinion of the physician referred to in Section 5(b), above; (iii) if the Executive's employment is terminated by the Company for Good Reason or without Good Reason by the Company pursuant to Section 5(c) above, the date specified in the Notice of Termination; and (iv) if the Executive voluntarily resigns pursuant to Section 5(d) above, the Date of Resignation set forth in the Notice of Resignation.

6. OBLIGATIONS UPON TERMINATION.

(a) RETURN OF PROPERTY. The Executive hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Executive in the course of or incident to his employment belongs to the Company and shall be promptly returned to the Company upon termination of the Employment Period.

(b) COMPLETE RESIGNATION. Upon the expiration of the Employment Period or any termination of employment under Section 5 above, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries.

(c) SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND OTHER PROVISIONS. The representations and warranties contained in this Agreement and the parties' obligations under this Section 6 and Sections 7 through 9 and 16 through 18, inclusively, shall survive termination of the Employment Period and the expiration of this Agreement.

(d) RELEASE. In exchange for the Company entering into this Agreement, the Executive agrees that, at the time of his resignation or termination from the Company, he will resign from the Board and will execute a release acceptable to the Company of all liability of the Company and its officers, shareholders, employees and directors to the Executive in connection with or arising out of his employment with the Company, except with respect to (i) any then-vested rights under the Company's Stock Incentive Plan; (ii) any deferred compensation held in trust under the Company's Deferred Compensation Plan; (iii) any Severance Payments or benefits which may be payable to him under Section 7 or other provisions of this Agreement; and (iv) any continuation of health or other benefit plans in accordance with this Agreement or as may be required by law.

7. COMPENSATION UPON TERMINATION. The Executive shall be entitled to the following post-termination payments and no others:

(a) DEATH. If the Executive's employment is terminated by reason of death pursuant to Section 5(a), the Company shall pay the Executive monthly his base salary payable under Section 4(a) (the "SEVERANCE PAYMENTS") for the greater of (i) one (1) year following the Date of Termination, or (ii) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above. In addition, during the full time period described in the preceding clause (ii), the Executive, his estate and dependents shall continue to participate, at their option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day

before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at their own expense, the Executive's dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(b) DISABILITY. If the Executive's employment is terminated by reason of disability pursuant to Section 5(b), the Executive shall receive Severance Payments for the greater of (i) one (1) year following the Date of Termination, or (ii) the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above; PROVIDED, HOWEVER, that Severance Payments otherwise payable to the Executive under this Section 7(b) shall be reduced by the sum of the amounts, if any, payable to the Executive at or prior to the time of any such Severance Payment under any disability benefit plan of the Company. In addition, during the full time period described in the preceding clause (ii), the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(c) TERMINATION BY COMPANY.

(i) FOR GOOD REASON. If the Executive's employment is terminated by the Company pursuant to Section 5(c) for Good Reason (as defined below), the Company shall pay the Executive his base salary and any bonus due and payable pursuant to Section 4(d) through the Date of Termination. At the Executive's own expense, the Executive and his dependents shall also be entitled to any continuation of health insurance coverage rights required by any applicable law.

(ii) WITHOUT GOOD REASON. If the Executive's employment is terminated by the Company pursuant to Section 5(c) without any Good Reason, the Company shall pay to the Executive the Severance Payments for the following period: (A) six (6) months, if the Date of Termination occurs during the first year of the Executive's employment, or (B) four (4) months, if the Date of Termination occurs subsequent to the first year of the Executive's employment. In addition, during the time period beginning on the Date of Termination and ending on the final day of the final Employment Term determined according to Section 2, above, the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Termination, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(iii) "GOOD REASON" means a finding by the Board that (A) the Executive materially breached any of the material terms of this Agreement; or (B) the Executive acted with gross negligence, willful misconduct or fraudulently in the performance of his duties hereunder.

(d) VOLUNTARY RESIGNATION.

(i) FOR GOOD CAUSE. If the Executive terminates his employment with the Company pursuant to Section 5(d) for Good Cause (as defined below), the Company shall pay the Executive the Severance Payments for one year following the Date of Resignation. In addition, during the time period beginning on the Date of Resignation and ending on the final day of the final Employment Term determined according to Section 2, above, the Executive shall continue to participate, at his option, in all benefit plans described in Section 4(c) and pursuant thereto shall receive benefits substantially comparable to those in effect on the day before the Date of Resignation, subject to any reduction or termination of such benefits similarly affecting all management personnel of the Company. Thereafter, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage

rights required by any applicable law.

(ii) WITHOUT GOOD CAUSE. If the Executive terminates his employment with the Company pursuant to Section 5(g) without Good Cause, the Company shall have no

obligation to compensate the Executive following the Date of Resignation. In any event, at the Executive's own expense, the Executive and his dependents shall be entitled to any continuation of health insurance coverage rights required by any applicable law.

(iii) "GOOD CAUSE" means the occurrence, without the express written consent of the Executive, of any of the following events, unless such event is substantially corrected within ninety (90) days following written notification by Executive to the Company that he intends to terminate his employment under this Agreement because of such event:

(A) any material reduction or diminution in the compensation or benefits of the Executive;

(B) any material breach or material default by the Company under any material provision of this Agreement; or

(C) any Change in Control (as defined below).

(iv) "CHANGE IN CONTROL" means the occurrence of any of the following events after the effective date of the first initial public offering of the Company's common stock:

(A) the Board adopts a plan relating to the liquidation or dissolution of the Company;

(B) a Person (as defined below) directly or indirectly becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934) of more than twenty-five percent (25%) of the total voting power of the total outstanding voting securities of the Company on a fully diluted basis;

(C) a Person directly or indirectly acquires or agrees to acquire all or substantially all of the assets and business of the Company;

(D) for any reason during any period of two (2) consecutive years (not including any period prior to the date of this Agreement) a majority of the Board is constituted by individuals other than (1) individuals who were directors immediately prior to the beginning of such period, and (2) new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors immediately prior to the beginning of the period or whose election or nomination for election was previously so approved.

(v) For purposes of this Section 7(d), "PERSON" means any natural person, corporation, or any other entity; PROVIDED, HOWEVER, that the term "Person" shall not

include any stockholder or employee of the company on the date immediately prior to the initial public offering of the Company's common stock or any estate or member of the immediate family of such a stockholder or employee.

(e) In the event of any termination pursuant to Section 5, the Executive shall be entitled to retain any and all options to purchase securities of the Company granted to the Executive pursuant to the terms and conditions of the Stock Incentive Plan or otherwise that have vested as of the date of such termination.

(f) Any Severance Payments made pursuant to this Section 7 shall be payable in equal monthly installments over the required duration set forth herein.

(g) If, in spite of the provisions above entitling the Executive to benefits under any benefit plan, such benefits are not payable or provideable under any such plan to the Executive, or to the Executive's dependents, beneficiaries or estate, because the Executive is no longer deemed to be an employee of the Company, then the Company shall independently pay or provide for payment of such benefits for the remainder of the Employment Term.

(h) The continuing obligation of the Company to make any Severance Payment to the Executive is expressly conditioned upon the Executive complying and continuing to comply with his obligations and covenants under Sections 6, 8 and 9 of this Agreement following termination of his employment with the Company.

8. COVENANT OF CONFIDENTIALITY. In addition to the agreements set forth in Section 6, the Executive hereby agrees that the Executive will not, during the Employment Period or for one (1) year thereafter directly or indirectly disclose or make available to any person, firm, corporation, association or other entity for any reason or purpose whatsoever, any Confidential Information. As used in this Agreement, "CONFIDENTIAL INFORMATION" means: non-public information disclosed to the Executive or known by the Executive as a consequence of or through his relationship with the Company, about the Company's subsidiaries, affiliates and partners thereof, owners, customers, employees, business methods, public relations methods, organization, procedures or finances, including, without limitation, information of or relating to properties that the Company or any of its affiliates, subsidiaries or partners thereof owns or may be considering acquiring an interest in; PROVIDED, HOWEVER, that the Executive shall not be obligated to treat as confidential, or return to the Company copies of, any Confidential Information that (i) was publicly known at the time of disclosure to the Executive, (ii) becomes publicly known or available thereafter other than by any means in violation of this Agreement or any other duty owed to the Company by any person or entity, or (iii) the Executive is required by law to disclose to a third party.

9. COVENANT NOT TO COMPETE.

(a) The Executive agrees that during the Employment Period he will devote substantially his full working time to the business of the Company and will not engage in any competitive business. Subject to such full-time requirement and the other restrictions set forth in this Section 9 and Section 3(d) above, the Executive shall be permitted to continue his existing business investments and activities and may pursue additional business investments. Without limiting the foregoing, the Executive specifically covenants that during and after his employment with the company he shall not:

(i) compete directly with the Company in a business similar to that of the Company;

(ii) compete directly or indirectly with the Company, its subsidiaries and/or partners thereof with respect to any acquisition or development of any real estate project undertaken or being considered by the Company, its subsidiaries and/or partners thereof at the end of Executive's Employment Period;

(iii) lend or allow his name or reputation to be used by or in connection with any business competitive with the Company, its subsidiaries and/or partners thereof; or

(iv) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company, its subsidiaries and/or partners thereof, and any lessee, tenant, supplier, contractor, lender, employee or governmental agency or authority.

(b) The provisions of this Section 9 shall survive for one year and no longer following the termination of the Employment Period regardless of

whether such termination is for Good Cause or without Good Reason or otherwise; PROVIDED, HOWEVER, that if the Executive resigns as a result of a Change in Control (as defined in Section 7(d)) then the provisions of this Section 9 shall not survive the Executive's resignation.

10. INJUNCTIVE RELIEF AND ENFORCEMENT. In the event of breach by the Executive of the terms of Sections 6, 8 or 9, the Company shall be entitled to institute legal proceedings to enforce the specific performance of this Agreement by the Executive and to enjoin the Executive from any further violation of Sections 6, 8 or 9 and to exercise such remedies cumulatively or in conjunction with all other rights and remedies provided by law and not otherwise limited by this Agreement. The Executive acknowledges, however, that the remedies at law for any breach by him of the provisions of Sections 6, 8 or 9 may be inadequate. In addition, in the event the agreements set forth in Sections 6, 8 or 9 shall be determined by any court of competent jurisdiction to be unenforceable by reason of extending for too great a period of time or over too great a geographical area or by reason of being too extensive in any other respect, each such agreement shall be interpreted to extend over the maximum period of time for which it may be enforceable and to the maximum extent in all

other respects as to which it may be enforceable, and enforced as so interpreted, all as determined by such court in such action.

11. NOTICE. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when transmitted by telecopy with receipt confirmed, or one day after delivery to an overnight air courier guaranteeing next day delivery, addressed as follows:

If to the Executive: Scott D. Peters
5555 Alfredo Court
Agoura Hills, California 91301

If to the Company: Golf Trust of America, Inc.
190 King Street
Charleston, South Carolina 29401

With a copy to: Peter T. Healy, Esq.
O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street, Suite 2600
San Francisco, California 94111-3305

or to such other address as either party may furnish to the other from time to time in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

12. SEVERABILITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect; PROVIDED, HOWEVER, that if any one or more of the terms contained in Sections 6, 8 or 9 hereto shall for any reason be held to be excessively broad with regard to time, duration, geographic scope or activity, that term shall not be deleted but shall be reformed and constructed in a manner to enable it to be enforced to the extent compatible with applicable law.

13. ASSIGNMENT. This Agreement may not be assigned by the Executive, but may be assigned by the Company to any successor to its business and will inure to the benefit and be binding upon any such successor.

14. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. HEADINGS. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

16. CHOICE OF LAW. This Agreement shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of South Carolina (without reference to the choice of law provisions of the State of South Carolina), except with respect to matters of law concerning the internal corporate affairs of any corporate entity which is a party to or the subject of this Agreement, and as to those matters the law of the jurisdiction under which the respective entity derives its powers shall govern.

17. LIMITATION ON LIABILITIES. IF EITHER THE EXECUTIVE OR THE COMPANY IS AWARDED ANY DAMAGES AS COMPENSATION FOR ANY BREACH OR ACTION RELATED TO THIS AGREEMENT, A BREACH OF ANY COVENANT CONTAINED IN THIS AGREEMENT (WHETHER EXPRESS OR IMPLIED BY EITHER LAW OR FACT), OR ANY OTHER CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ANY BREACH OF ANY PROVISION OF THIS AGREEMENT, SUCH DAMAGES SHALL BE LIMITED TO CONTRACTUAL DAMAGES AND SHALL EXCLUDE (I) PUNITIVE DAMAGES, AND (II) CONSEQUENTIAL AND/OR INCIDENTAL DAMAGES (E.G., LOST PROFITS AND OTHER INDIRECT OR SPECULATIVE DAMAGES). THE MAXIMUM AMOUNT OF DAMAGES THAT THE EXECUTIVE MAY RECOVER FOR ANY REASON SHALL BE THE AMOUNT EQUAL TO ALL AMOUNTS OWED (BUT NOT YET PAID) TO THE EXECUTIVE PURSUANT TO THIS AGREEMENT THROUGH ITS NATURAL TERM OR THROUGH ANY SEVERANCE PERIOD, PLUS INTEREST ON ANY DELAYED PAYMENT AT THE MAXIMUM RATE PER ANNUM ALLOWABLE BY APPLICABLE LAW FROM AND AFTER THE DATE(S) THAT SUCH PAYMENTS WERE DUE.

18. WAIVER OF JURY TRIAL. TO THE EXTENT APPLICABLE, EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.

19. ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding between the Company and the Executive with respect to the employment of the Executive by the Company as contemplated hereby and no representations promises agreements or understandings written or oral, not herein contained shall be of any force or effect. This Agreement shall not be changed unless in writing and signed by both the Executive and the Board of Directors of the Company.

20. EXECUTIVE'S ACKNOWLEDGMENT. The Executive acknowledges (a) that he has had the opportunity to consult with independent counsel of his own choice concerning this Agreement, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date and year first written above.

"COMPANY"

GOLF TRUST OF AMERICA, INC., a Maryland corporation

By: /s/ W. Bradley Blair, II

Its: President

"EXECUTIVE"

/s/ Scott D. Peters

SCOTT D. PETERS

Residing at:
5555 Alfredo Court
Agoura Hills, California 91301

EXHIBIT A

[Form of Stock Incentive Plan]

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	12-MOS	
<FISCAL-YEAR-END>		DEC-31-1996
<PERIOD-START>		JAN-01-1996
<PERIOD-END>		DEC-31-1996
<CASH>		100
<SECURITIES>		0
<RECEIVABLES>		0
<ALLOWANCES>		0
<INVENTORY>		0
<CURRENT-ASSETS>		100
<PP&E>		0
<DEPRECIATION>		0
<TOTAL-ASSETS>		100
<CURRENT-LIABILITIES>		0
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		0
<OTHER-SE>		100
<TOTAL-LIABILITY-AND-EQUITY>		100
<SALES>		0
<TOTAL-REVENUES>		0
<CGS>		0
<TOTAL-COSTS>		0
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		0
<INCOME-PRETAX>		0
<INCOME-TAX>		0
<INCOME-CONTINUING>		0
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		0
<EPS-PRIMARY>		0
<EPS-DILUTED>		0