As filed with the Securities and Exchange Commission on December 1, 2000

Registration No. 333-44900

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1 TO
FORM S-11
REGISTRATION STATEMENT
Under
The Securities Act of 1933

WELLS REAL ESTATE INVESTMENT TRUST, INC.
(Exact name of registrant as specified in governing instruments)

6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
(770) 449-7800
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Donald Kennicott, Esq.
Michael K. Rafter, Esq.
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1201 West Peachtree Street, N.W.
Atlanta, Georgia 30309-3400
(404) 817-8500
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Agent for Service)

Maryland	58-2328421
(State or other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ____________

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ____________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ____________

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ____________

Approximate date of commencement of proposed sale to the public: As soon as practicable following effectiveness of this Registration Statement.

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Common Stock, $.01 par value	135,000,000	$ 10.00	$1,350,000,000	
Common Stock, $.01 par value/(1)/	5,000,000	$ 12.00	$ 60,000,000	$372,241
Soliciting Dealer Warrants/(2)/	5,000,000	$0.0008	$ 4,000	

(1) Represents shares which are issuable upon exercise of warrants issuable to Wells Investment Securities, Inc. (the Dealer Manager) or its assignees pursuant to that certain Warrant Purchase Agreement between the Registrant and the Dealer Manager.

(2) Represents warrants issuable to the Dealer Manager to purchase 5,000,000 shares pursuant to the Warrant Purchase Agreement.

(3) The Registrant previously paid a registration fee of $372,241 upon its initial filing of the Registration Statement, so no amounts are being remitted with this filing.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 125,000,000 shares offered to the public

Wells Real Estate Investment Trust, Inc. (Wells REIT) is a real estate investment trust. We invest in commercial real estate properties primarily consisting of high grade office buildings which are leased to large corporate tenants. We currently own interests in 27 office buildings located in 15 states.

We are offering and selling to the public up to 125,000,000 shares for $10 per share and up to 10,000,000 shares to be issued pursuant to our dividend reinvestment plan at a purchase price of $10 per share. An additional 5,000,000 shares are being registered which are reserved for issuance at $12 per share to participating broker-dealers upon their exercise of warrants.

You must purchase at least 100 shares for $1,000.

The most significant risks relating to your investment include the following:

- lack of a public trading market for the shares
- reliance on Wells Capital, Inc., our advisor, to select properties and conduct our operations
- authorization of substantial fees to the advisor and its affiliates
- borrowing - which increases the risk of loss of our investments

. conflicts of interest facing the advisor and its affiliates

You should see the complete discussion of the risk factors beginning on page 16.

The Offering:

. The shares will be offered on a best efforts basis to investors at $10 per share.

. We will pay selling commissions to broker-dealers of 7% and a dealer manager fee for reimbursement of marketing expenses of 2.5% out of the offering proceeds raised.

. We will invest approximately 84% of the offering proceeds raised in real estate properties, and the balance will be used to pay fees and expenses.

. The offering will terminate on or before December 19, 2002.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. It is a criminal offense if someone tells you otherwise.

The use of projections or forecasts in this offering is prohibited. No one is permitted to make any oral or written predictions about the cash benefits or tax consequences you will receive from your investment.

WELLS INVESTMENT SECURITIES, INC.
December 20, 2000

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Questions and Answers About this Offering

Below we have provided some of the more frequently asked questions and answers relating to an offering of this type. Please see the "Prospectus Summary" and the remainder of this prospectus for more detailed information about this offering.

Q: What is a REIT?

A: In general, a REIT is a company that:

- pays dividends to investors of at least 90% of its taxable income;
- avoids the "double taxation" treatment of income that generally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on its net income, provided certain income tax requirements are satisfied;
- combines the capital of many investors to acquire or provide financing for real estate properties; and
- offers the benefit of a diversified real estate portfolio under professional management.

Q: What is Wells Real Estate Investment Trust, Inc.?

A: Our REIT is structured as a Maryland corporation formed in 1997 to acquire commercial real estate properties such as high grade office buildings and lease them on a triple-net basis to companies that typically have a net worth in excess of $100,000,000.

Q: Who will choose which real estate properties to invest in?

A: Wells Capital, Inc. (Wells Capital) is our advisor and makes recommendations on all property acquisitions to our board of directors. Our board of directors must approve all of our acquisitions.

Q: Who is Wells Capital?

A: Wells Capital is a Georgia corporation formed in 1984. As of September 30, 2000, Wells Capital had sponsored public real estate programs which have raised in excess of $567,927,422 from approximately 32,868 investors and which own and operate a total of 52 commercial real estate properties.

Q: Does Wells Capital use any specific criteria when selecting a potential property acquisition?

A: Yes. Wells Capital generally seeks to acquire office buildings located in densely populated suburban markets leased to large corporations on a triple-net basis. Typically, each of our corporate tenants have a net worth in excess of $100,000,000. Current tenants of public real estate programs sponsored by Wells Capital include The Coca-Cola Company, Motorola,

Fairchild Technologies, Siemens Automotive, IBM, Dial Corporation and PricewaterhouseCoopers.

Q. Do you currently own any real estate properties?

A. Yes. As of the date of this prospectus, our REIT has acquired and owns interests in 27 real estate properties.

We own the following properties directly:

Tenant	Building Type	Location
Motorola, Inc.	Office Building	Plainfield, New Jersey
Delphi Automotive Systems, Inc.	Office Building	Troy, Michigan
Avnet, Inc.	Office Building	Tempe, Arizona
Motorola, Inc.	Office Building	Tempe, Arizona
ASM Lithography, Inc.	Office and Warehouse Building	Tempe, Arizona
Dial Corporation	Office Building	Scottsdale, Arizona
Metris Direct, Inc.	Office Building	Tulsa, Oklahoma
Cinemark USA, Inc. and The Coca-Cola Company	Office Building	Plano, Texas
Marconi Data Systems, Inc.	Office, Assembly and Manufacturing Building	Wood Dale, Illinois
Alstom Power, Inc.	Office Building	Richmond, Virginia
Matsushita Avionics Systems Corporation	Office Building	Lake Forest, California
Pennsylvania Cellular Telephone Corp.	Office Building	Harrisburg, Pennsylvania
PricewaterhouseCoopers	Office Building	Tampa, Florida

We own interests in the following real estate properties through joint ventures with affiliates:

Tenant	Building Type	Location
Quest Software, Inc.	Office Building	Irvine, California
Siemens Automotive Corporation	Office Building	Troy, Michigan
Gartner Group, Inc.	Office Building	Ft. Myers, Florida
Johnson Matthey, Inc.	Research and Development, Office and Warehouse Building	Tredyffrin Township, Pennsylvania
Sprint Communications Company L.P.	Office Building	Leawood, Kansas
EYBL CarTex, Inc.	Manufacturing and Office Building	Fountain Inn, South Carolina
Cort Furniture Rental Corporation	Office and Warehouse Building	Fountain Valley, California
Fairchild Technologies U.S.A., Inc.	Manufacturing and Office Building	Fremont, California
Iomega Corporation	Office Building	Ogden City, Utah
ODS Technologies, L.P. and GAIAM, Inc.	Office Building	Broomfield, Colorado
Ohmeda, Inc.	Office Building	Louisville, Colorado
ABB Flakt, Inc.	Office Building	Knoxville, Tennessee
Avaya, Inc.	Office Building	Oklahoma City, Oklahoma

If you want to read more detailed information about each of these properties, see the "Description of Properties" section of this prospectus.

Q: Why do you acquire properties in joint ventures?

A: We acquire some of our properties in joint ventures in order to diversity our portfolio of properties in terms of geographic region, property type and industry group of our tenants.

Q: What steps do you take to make sure you purchase environmentally compliant property?

A: We always obtain a Phase I environmental assessment of each property purchased. In addition, we generally obtain a representation from the seller that, to its knowledge, the property is not contaminated with hazardous materials.

Q: What are the terms of your leases?

A: Our leases are "triple-net" leases, generally having terms of seven to ten years, many of which have renewal options for an additional five to ten years. "Triple-net" means that the tenant is responsible for repairs, maintenance, property taxes, utilities and insurance. We often enter into leases where we have responsibility for replacement of specific structural components of a property such as the roof of the building or the parking lot.

Q: How does the Wells REIT own its real estate properties?

A: We own all of our real estate properties through an "UPREIT" called Wells Operating Partnership, L.P. (Wells OP). Wells OP was organized to own, operate and manage real properties on our behalf. The Wells REIT is the sole general partner of Wells OP.

Q: What is an "UPREIT"?

A: UPREIT stands for "Umbrella Partnership Real Estate Investment Trust." We use this structure because a sale of property directly to the REIT is generally a taxable transaction to the property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may transfer the property to the UPREIT in exchange for limited partnership units in the UPREIT and defer taxation of gain until the seller later exchanges his UPREIT units on a one-for-one basis for REIT shares. If the REIT shares are publicly traded, the former property owner will achieve liquidity for his investment. Using an UPREIT structure gives us an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

Q: If I buy shares, will I receive dividends and how often?

A: We have been making and intend to continue to make dividend distributions on a quarterly basis to our shareholders. The amount of each dividend distribution is determined by the board of directors and typically depends on the amount of distributable funds, current and projected cash requirements, tax considerations and other factors. However, in order to remain qualified as a REIT, we must make distributions of at least 95% of our REIT taxable income each year for years prior to 2001 and 90% of our REIT taxable income for all future years beginning with the year 2001.

Q: How do you calculate the payment of dividends to shareholders?

A: We calculate our quarterly dividends using daily record and declaration dates so your dividend benefits will begin to accrue immediately upon becoming a shareholder.

Q: What have your dividend payments been since you began operations on June 5, 1998?

A: We have paid the following dividends since we began operations:

Quarter	Amount	Annualized Percentage Return on an Investment of $10 per Share
3/rd/ Qtr. 1998	$0.15 per share	6.00%
4/th/ Qtr. 1998	$0.16 per share	6.50%
1/st/ Qtr. 1999	$0.17 per share	7.00%
2/nd/ Qtr. 1999	$0.17 per share	7.00%
3/rd/ Qtr. 1999	$0.17 per share	7.00%
4/th/ Qtr. 1999	$0.17 per share	7.00%
1/st/ Qtr. 2000	$0.17 per share	7.00%
2/nd/ Qtr. 2000	$0.18 per share	7.25%
3/rd/ Qtr. 2000	$0.19 per share	7.50%

Q: May I reinvest the dividends I am supposed to receive in shares of the Wells REIT?

A: Yes. You may participate in our dividend reinvestment plan by checking the appropriate box on the Subscription Agreement or by filling out an enrollment form we will provide to you at your request. The purchase price for shares purchased under the dividend reinvestment plan is currently $10 per share.

Q: Will the dividends I receive be taxable as ordinary income?

A: Yes and No. Generally, dividends that you receive, including dividends that are reinvested pursuant to our dividend reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. We expect that some portion of your dividends will not be subject to tax in the year received due to the fact that depreciation expenses reduce taxable income but do not reduce cash available for distribution. Amounts not subject to tax immediately will reduce the tax basis of your investment. This, in effect, defers a portion of your tax until your investment is sold or the Wells REIT is liquidated, at which time you will be taxed at capital gains rates. However, because each investor's tax considerations are different, we suggest that you consult with your tax advisor. You should also review the section of the prospectus entitled "Federal Income Tax Considerations."

Q: What will you do with the money raised in this offering?

A: We will use your investment proceeds to purchase commercial real estate such as high grade office buildings. We intend to invest a minimum of 84% of the proceeds from this offering to acquire real estate properties, and the remaining proceeds will be used to pay fees and expenses of this offering and acquisition-related expenses. The payment of these fees and expenses will not reduce your invested capital. Your initial invested capital amount will remain $10 per share, and your dividend yield will be based on your $10 per share investment.

Until we invest the proceeds of this offering in real estate, we may invest in short-term, highly liquid investments. These short-term investments will not earn as high of a return as we expect to earn on our real estate investments, and we cannot guarantee how long it will take to fully invest the proceeds in real estate.

We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares of common stock in our initial public offering, which commenced on January 30, 1998 and was terminated on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in real estate properties. As of December 15, 2000, we had received approximately $__________ in gross offering proceeds from the sale of ________ shares of common stock in our second offering, which commenced on December 20, 1999 and was terminated on December 19, 2000. Of this additional $__________ raised in the second offering, we invested or expect to invest approximately $____________ in real estate properties.

Q: What kind of offering is this?

A: We are offering the public up to 125,000,000 shares of common stock on a "best efforts" basis.

Q: How does a "best efforts" offering work?

A: When shares are offered to the public on a "best efforts" basis, the brokers participating in the offering are only required to use their best efforts to sell the shares and have no firm commitment or obligation to purchase any of the shares.

Q: How long will this offering last?

A: The offering will not last beyond December 19, 2002.

Q: Who can buy shares?

A: You can buy shares pursuant to this prospectus provided that you have either (1) a net worth of at least $45,000 and an annual gross income of at least $45,000, or (2) a net worth of at least $150,000. For this purpose, net worth does not include your home, home furnishings and personal automobiles. These minimum levels may be higher in certain states, so you should carefully read the more detailed description in the "Suitability Standards" section of this prospectus.

Q: Is there any minimum investment required?

A: Yes. Generally, you must invest at least $1,000. Except in Maine, Minnesota and Washington, investors who already own our shares or who have purchased units from an affiliated Wells public real estate program can make purchases for less than the minimum investment. These minimum investment levels may be higher in certain states, so you should carefully read the more detailed description of the minimum investment requirements appearing later in the "Suitability Standards" section of this prospectus.

Q: How do I subscribe for shares?

A: If you choose to purchase shares in this offering, you will need to fill out a Subscription Agreement, like the one contained in this prospectus as Exhibit A, for a specific number of shares and pay for the shares at the time you subscribe. The purchase price will be placed into an account with Bank of America, N.A., where your funds will be held, along with those of other subscribers, until we withdraw funds for the acquisition of real estate properties or the payment of fees and expenses.

Q: If I buy shares in this offering, how may I later sell them?

A: At the time you purchase the shares, they will not be listed for trading on any national securities exchange or over-the-counter market. In fact, we expect that there will not be any public market for the shares when you purchase them, and we cannot be sure if one will ever develop. As a result, you may find it difficult to find a buyer for your shares and realize a return on your investment. You may sell your shares to any buyer unless such sale would cause the buyer to own more than 9.8% of the outstanding stock. See "Description of Shares -- Restriction on Ownership of Shares."

In addition, after you have held your shares for at least one year, you may be able to have your shares repurchased by the Company pursuant to our share repurchase program. See the "Description of Shares -- Share Redemption Program" section of the prospectus.

If we have not listed the shares on a national securities exchange or over-the-counter market by January 30, 2008, our articles of incorporation require us to begin selling our properties and other assets and return the proceeds from these sales to our shareholders through distributions.

Q: What is the experience of your officers and directors?

A: Our management team has extensive previous experience investing in and managing commercial real estate. Below is a short description of the background of each of our directors. See the "Management -- Executive Officers and Directors" section on page __ of this prospectus for a more detailed description of the background and experience of each of our directors.

- Leo F. Wells, III - President of the Wells REIT and founder of Wells Real Estate Funds in 1985 and has been involved in real estate sales, management and brokerage services for over 27 years;

- Douglas P. Williams - Executive Vice President, Secretary and Treasurer of the Wells REIT and former accounting executive at OneSource, Inc., a supplier of janitorial and landscape services;

- John L. Bell - Former owner and Chairman of Bell-Mann, Inc., the largest flooring contractor in the Southeast;

- Richard W. Carpenter - President and a director of Realmark Holdings Corp., a residential and commercial real estate developer;

- Bud Carter - Former broadcast news director and anchorman and current Senior Vice President for the Executive Committee, an organization established to aid corporate presidents and CEOs;

- William H. Keogler, Jr. - Founder and former executive officer and director of Keogler, Morgan & Company, Inc., a full service brokerage firm;

- Donald S. Moss - Former executive officer of Avon Products, Inc.;

- Walter W. Sessoms - Former executive officer of BellSouth Telecommunications, Inc.; and

- Neil H. Strickland - Founder of Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers.

Q: Will I be notified of how my investment is doing?

A: You will receive periodic updates on the performance of your investment with us, including:

- Four detailed quarterly dividend reports;

- Three quarterly financial reports;

- An annual report; and

- An annual IRS Form 1099.

Q: When will I get my detailed tax information?

A: Your Form 1099 tax information will be placed in the mail by January 31 of each year.

Q: Who can help answer my questions?

A: If you have more questions about the offering or if you would like additional copies of this prospectus, you should contact your registered representative or contact:

Investor Services Department
Wells Capital, Inc.
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092
(800) 448-1010 or (770) 449-7800
www.wellsref.com

Prospectus Summary

This prospectus summary highlights selected information contained elsewhere in this prospectus. It is not complete and does not contain all of the information that is important to your decision whether to invest in the Wells REIT. To understand this offering fully, you should read the entire prospectus carefully, including the "Risk Factors" section and the financial statements.

Wells Real Estate Investment Trust, Inc.

Wells Real Estate Investment Trust, Inc. is a REIT that owns net leased commercial real estate properties. We currently own interests in 27 commercial real estate properties located in 15 states. Our office is located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092. Our telephone number outside the State of Georgia is 800-448-1010 (770-449-7800 in Georgia). We refer to Wells Real Estate Investment Trust, Inc. as the Wells REIT in this prospectus.

Our Advisor

Our advisor is Wells Capital, Inc., which is responsible for managing our affairs on a day-to-day basis and for identifying and making acquisitions on our behalf. We refer to Wells Capital, Inc. as Wells Capital in this prospectus.

Our Management

Our board of directors must approve each real property acquisition proposed by Wells Capital, as well as certain other matters set forth in our articles of incorporation. We have nine members on our board of directors. Seven of the directors are independent of Wells Capital and have responsibility for reviewing its performance. Our directors are elected annually by the shareholders.

Our REIT Status

As a REIT, we generally are not subject to federal income tax on income that we distribute to our shareholders. Under the Internal Revenue Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute at least 95% of their taxable income for years prior to 2001 and at least 90% of their taxable income for all future years beginning with the year 2001. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four year period following our failure to qualify. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income.

Summary Risk Factors

Following are the most significant risks relating to your investment:

- There is no public trading market for the shares, and we cannot assure you that one will ever develop. Until the shares are publicly traded, you will have a difficult time trying to sell your shares.

- You must rely on Wells Capital, our advisor, for the day-to-day management of our business and the selection of our real estate properties.

- To ensure that we continue to qualify as a REIT, our articles of incorporation prohibit any shareholder from owning more than 9.8% of our outstanding shares.

- We may not remain qualified as a REIT for federal income tax purposes, which would subject us to the payment of tax on our income at corporate rates and reduce the amount of funds available for payment of dividends to our shareholders.

- You will not have preemptive rights as a shareholder so any shares we issue in the future may dilute your interest in the Wells REIT.

- We will pay significant fees to Wells Capital and its affiliates.

- Real estate investments are subject to cyclical trends which are out of our control.

- You will not have an opportunity to evaluate all of the properties that will be in our portfolio prior to investing.

- Loans we obtain will be secured by some of our properties, which will put those properties at risk of forfeiture if we are unable to pay our debts.

- Our investment in vacant land to be developed may create risks relating to the builder's ability to control construction costs, failure to perform or failure to build in conformity with plans, specifications and timetables.

- The vote of shareholders owning at least a majority of the shares will bind all of the shareholders as to certain matters such as the election of directors and amendment of our articles of incorporation.

- If we do not obtain listing of the shares on a national exchange by January 30, 2008, our articles of incorporation provide that we must begin to sell all of our properties and distribute the net proceeds to our shareholders.

- Our advisor will face various conflicts of interest resulting from its activities with affiliated entities.

Before you invest in the Wells REIT, you should see the complete discussion of the "Risk Factors" beginning on page 16 of this prospectus.

Description of Properties

Please refer to the "Description of Properties" section of this prospectus for a description of the real estate properties we have purchased to date and the various real estate loans we have outstanding. Wells Capital is currently evaluating additional potential property acquisitions. When we either acquire a property or believe that there is a reasonable probability that we will acquire a particular property, we will provide a supplement to this prospectus to describe the property. You should not assume that we will actually acquire any property that we describe in a supplement as a reasonable probability acquisition because one or more contingencies to the purchase may prevent the acquisition.

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Estimated Use of Proceeds of Offering

We anticipate that we will invest at least 84% of the proceeds of this offering in real estate properties. We will use the remainder of the offering proceeds to pay selling commissions, fees and expenses relating to the selection and acquisition of properties and the costs of the offering.

Investment Objectives

Our investment objectives are:

- to maximize cash dividends paid to you;

- to preserve, protect and return your capital contribution;

- to realize growth in the value of our properties upon our ultimate sale of such properties; and

- to provide you with liquidity of your investment by listing the shares on a national exchange or, if we do not obtain listing of the shares by January 30, 2008, by selling our properties and distributing the cash to you.

We may only change these investment objectives upon a majority vote of the shareholders. See the "Investment Objectives and Criteria" section of this prospectus for a more complete description of our business and objectives.

Conflicts of Interest

Wells Capital, as our advisor, will experience conflicts of interest in connection with the management of our business affairs, including the following:

- Wells Capital will have to allocate its time between the Wells REIT and other real estate programs and activities in which it is involved;

- Wells Capital must determine which Wells program or other entity should enter into a joint venture with the Wells REIT for the acquisition and operation of specific properties;

- Wells Capital may compete with other Wells programs for the same tenants in negotiating leases or in selling similar properties at the same time; and

- Wells Capital and its affiliates will receive fees in connection with transactions involving the purchase, management and sale of our properties regardless of the quality of the property acquired or the services provided to us.

See the "Conflicts of Interest" section of this prospectus on page ___ for a detailed discussion of the various conflicts of interest relating to your investment, as well as the procedures that we have established to resolve a number of these potential conflicts.

The following chart shows the ownership structure of the various Wells entities that are affiliated with Wells Capital.

LEO F. WELLS, III
(President)

100%

Wells Real Estate Funds, Inc.

100%	100%	100%
Wells Management Company, Inc. (Property Manager)	Wells Investment Securities, Inc. (Dealer Manager)	Wells Capital, Inc. (Advisor)
100%		Advisory Agreement

Wells Development Corporation	Wells REIT

Prior Offering Summary

Wells Capital and its affiliates have previously sponsored 13 publicly offered real estate limited partnerships and the Wells REIT on an unspecified property or "blind pool" basis. As of September 30, 2000, they have raised approximately $567,927,422 from approximately 36,868 investors in these 14 public real estate programs. The "Prior Performance Summary" on page ___ of this prospectus contains a discussion of the Wells programs sponsored to date. Certain statistical data relating to the Wells programs with investment objectives similar to ours is also provided in the "Prior Performance Tables" included at the end of this prospectus.

The Offering

We are offering up to 125,000,000 shares to the public at $10 per share. We are also offering up to 10,000,000 shares pursuant to our dividend reinvestment plan at $10 per share, and up to 5,000,000 shares to broker-dealers pursuant to warrants whereby participating broker-dealers will have the right to purchase one share for every 25 shares they sell in this offering. The exercise price for shares purchased pursuant to the warrants is $12 per share.

Terms of the Offering

We will begin selling shares in this offering upon the effective date of this prospectus and the offering will terminate on or before December 19, 2002. However, we may terminate this offering at any time prior to such termination date. We will hold your investment proceeds in our account until we withdraw funds for the acquisition of real estate properties or the payment of fees and expenses. We generally admit shareholders to the Wells REIT on a daily basis.

Compensation to Wells Capital

Wells Capital and its affiliates will receive compensation and fees for services relating to this offering and the investment and management of our assets. The most significant items of compensation are included in the following table:

Type of Compensation	Form of Compensation	Estimated $$ Amount for Maximum Offering (135,000,000 shares)
	Offering Stage	
Sales Commission	7.0% of gross offering proceeds	$94,500,000
Dealer Manager Fee	2.5% of gross offering proceeds	$33,750,000
Offering Expenses	3.0% of gross offering proceeds	$18,600,000
	Acquisition and Development Stage	
Acquisition and Advisory Fees	3.0% of gross offering proceeds	$40,500,000
Acquisition Expenses	0.5% of gross offering proceeds	$ 6,750,000

Operational Stage

Property Management Fees	2.5% of gross revenues	N/A
Leasing Fees	2.0% of gross revenues	N/A
Initial Lease-Up Fee for Newly Constructed Property	Competitive fee for geographic location of property based on a survey of brokers and agents (customarily equal to the first month's rent)	N/A
Real Estate Commission	3.0% of sale price after investors receive a return of capital plus a 8.0% return on capital	N/A
Subordinated Participation in Net Sale Proceeds (Payable Only if the Wells REIT is not Listed on an exchange)	10.0% of remaining amounts of net sale proceeds after return of capital plus payment to investors of an 8.0% cumulative non-compounded return on	N/A
Subordinated Incentive Listing Fee (Payable only if the Wells REIT is listed on an exchange)	10.0% of the amount by which the adjusted market value of the Wells REIT exceeds the aggregate capital contributions contributed by investors	N/A

There are many additional conditions and restrictions on the amount of compensation Wells Capital may receive. There are also some smaller items of compensation and expense reimbursements that Wells Capital may receive. For a more detailed explanation of these fees and expenses payable to Wells Capital and its affiliates, please see the "Management Compensation" section of this prospectus on page __.

Dividend Policy

In order to remain qualified as a REIT, we are required to distribute 95% of our annual taxable income to our shareholders in all years prior to 2001 and 90% of our annual taxable income for all future years beginning with the year 2001. We have paid dividends to our shareholders at least quarterly since the first quarter after we commenced operations on June 5, 1998. We calculate our quarterly dividends based upon daily record and dividend declaration dates so investors will be entitled to dividends immediately upon purchasing shares. We expect to pay dividends to you on a quarterly basis.

Listing

We anticipate listing our shares on a national securities exchange on or before January 30, 2008. In the event we do not obtain listing prior to that date, our articles of incorporation require us to begin the sale of our properties and liquidate our assets.

Dividend Reinvestment Plan

You may participate in our dividend reinvestment plan pursuant to which you may have the dividends you receive reinvested in shares of the Wells REIT. If you participate, you will be taxed on your share of our taxable income even though you will not receive the cash from your dividends. As a result, you may have a tax liability without receiving cash dividends to pay such liability. We may terminate the dividend reinvestment plan in our discretion at any time upon 10 days notice to you. (See "Description of Shares -- Dividend Reinvestment Plan.")

Share Redemption Program

We may use proceeds received from the sale of shares pursuant to our dividend reinvestment plan to redeem your shares. After you have held your shares for a minimum of one year, our share redemption program provides an opportunity for you to redeem your shares, subject to certain restrictions and limitations, for the lesser of (1) $10 per share, or (2) the price you actually paid for your shares. The board of directors reserves the right to reject any request for redemption of shares or to amend or terminate the share redemption program at any time. You will have no right to request redemption of your shares after the shares are listed on a national exchange. (See "Description of Shares - Share Redemption Program.")

Wells Operating Partnership, L.P.

We own all of our real estate properties through Wells Operating Partnership, L.P. (Wells OP), our operating partnership. We are the sole general partner of Wells OP. Wells Capital is currently the only limited partner based on its initial contribution of $200,000. Our ownership of properties in Wells OP is referred to as an "UPREIT." The UPREIT structure allows us to acquire real estate properties in exchange for limited partnership units in Wells OP. This structure will also allow sellers of properties to transfer their properties to Wells OP in exchange for units of Wells OP and defer gain recognition for tax purposes with respect to such transfers of properties. At present, we have no plans to acquire any specific

properties in exchange for units of Wells OP. The holders of units in Wells OP may have their units redeemed for cash under certain circumstances. (See "The Operating Partnership Agreement.")

ERISA Considerations

The section of this prospectus entitled "ERISA Considerations" describes the effect the purchase of shares will have on individual retirement accounts (IRAs) and retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), and/or the Internal Revenue Code. ERISA is a federal law that regulates the operation of certain tax-advantaged retirement plans. Any retirement plan trustee or individual considering purchasing shares for a retirement plan or an IRA should read this section of the prospectus very carefully.

Description of Shares

General

Your investment will be recorded on our books only. We will not issue stock certificates. If you wish to transfer your shares, you will be required to send an executed transfer form to us. We will provide the required form to you upon request.

Shareholder Voting Rights and Limitations

We hold annual meetings of our shareholders for the purpose of electing our directors or conducting other business matters that may be presented at such meetings. We may also call a special meeting of shareholders from time to time for the purpose of conducting certain matters. You are entitled to one vote for each share you own at any of these meetings.

Restriction on Share Ownership

Our articles of incorporation contain a restriction on ownership of the shares that prevents one person from owning more than 9.8% of the outstanding shares. (See "Description of Shares -- Restriction on Ownership of Shares.") These restrictions are designed to enable us to comply with share accumulation restrictions imposed on REITs by the Internal Revenue Code.

For a more complete description of the shares, including restrictions on the ownership of shares, please see the "Description of Shares" section of this prospectus on page ___.

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Risk Factors

Your purchase of shares involves a number of risks. In addition to other risks discussed in this prospectus, you should specifically consider the following:

Investment Risks

Marketability Risk

There is no public trading market for your shares.

There is no current public market for the shares and, therefore, it will be difficult for you to sell your shares promptly. In addition, the price received for any shares sold is likely to be less than the proportionate value of the real estate we own. Therefore, you should purchase our shares only as a long-term investment. See "Description of Shares - Share Redemption Program" for a description of our share redemption program.

Management Risks

You must rely on Wells Capital for selection of properties.

Our ability to achieve our investment objectives and to pay dividends is dependent upon the performance of Wells Capital, our advisor, in the acquisition of real estate properties, the selection of tenants and the determination of any financing arrangements. Except for the investments described in this prospectus, you will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the management ability of Wells Capital and the oversight of the board of directors.

We depend on key personnel.

Our success depends to a significant degree upon the continued contributions of certain key personnel, including Leo F. Wells, III, who would be difficult to replace. If Mr. Wells were to cease his employment with us, our operating results could suffer. We also believe that our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel.

Conflicts of Interest Risks

Wells Capital will face conflicts of interest relating to time management.

Wells Capital and its affiliates are general partners and sponsors of other real estate programs having investment objectives and legal and financial obligations similar to the Wells REIT. Because Wells Capital and its affiliates have interests in other real estate programs and also engage in other business activities, they may have conflicts of interest in allocating their time between our business and these other activities. During times of intense activity in other programs and ventures, they may devote less time and resources to our business than is necessary or appropriate. (See "Conflicts of Interest.")

Wells Capital will face conflicts of interest relating to the purchase and leasing of properties.

We may be buying properties at the same time as one or more of the other Wells programs are buying properties. There is a risk that Wells Capital will choose a property that provides lower returns to us than a property purchased by another Wells program. We may acquire properties in geographic areas where other Wells programs own properties. If one of the Wells programs attracts a tenant that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable tenant. (See "Conflicts of Interest.")

Wells Capital will face conflicts of interest relating to joint ventures with affiliates.

We have entered into joint ventures in the past and are likely to continue in the future to enter into joint ventures with other Wells programs for the acquisition, development or improvement of properties, including Wells Real Estate Fund XII, L.P. (Wells Fund XII) or Wells Real Estate Fund XIII, L.P. (Wells Fund XIII). We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with an investment in real estate, including, for example:

- the possibility that our co-venturer, co-tenant or partner in an investment might become bankrupt;

- that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or

- that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

Actions by such a co-venturer, co-tenant or partner might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing your returns.

Affiliates of Wells Capital are currently sponsoring a public offering on behalf of Wells Fund XII and are currently in the process of registering a public offering on behalf of Wells Fund XIII, both of which are or will be unspecified property real estate programs. (See "Prior Performance Summary.") In the event that we enter into a joint venture with Wells Fund XII, Wells Fund XIII or any other Wells program or joint venture, we may face certain additional risks and potential conflicts of interest. For example, Wells Fund XII, Wells Fund XIII and the other Wells public limited partnerships will never have an active trading market. Therefore, if we become listed on a national exchange, we may no longer have similar goals and objectives with respect to the resale of properties in the future. In addition, in the event that the Wells REIT is not listed on a securities exchange by January 30, 2008, our organizational documents provide for an orderly liquidation of our assets. In the event of such liquidation, any joint venture between the Wells REIT and another Wells program may be required to sell its properties at such time. The Wells program we have entered into a joint venture with may not desire to sell the properties at that time. Although the terms of any joint venture agreement between the Wells REIT and another Wells program would grant the other Wells program a right of first refusal to buy such properties, it is unlikely that they would have sufficient funds to exercise the right of first refusal under these circumstances.

Under certain joint venture arrangements, neither co-venturer may have the power to control the venture, and an impasse could be reached regarding matters pertaining to the joint venture, which might have a negative influence on the joint venture and decrease potential returns to you. In the event that a

co-venturer has a right of first refusal to buy out the other co-venturer, it may be unable to finance such buy-out at that time. It may also be difficult for us to sell our interest in any such joint venture or partnership or as a co-tenant in property. In addition, to the extent that our co-venturer, partner or co-tenant is an affiliate of Wells Capital, certain conflicts of interest will exist. (See "Conflicts of Interest -- Joint Ventures with Affiliates of Wells Capital.")

General Investment Risks

Maryland Corporation Law may prevent a business combination involving the Wells REIT.

Provisions of Maryland Corporation Law applicable to us prohibit business combinations with:

- any person who beneficially owns 10% or more of the voting power of our outstanding shares;

- any of our affiliates who, at any time within the two year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our outstanding shares (interested shareholder); or

- an affiliate of an interested shareholder.

These prohibitions last for five years after the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any business combination must be recommended by our board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of our outstanding shares and two-thirds of the votes entitled to be cast by holders of our shares other than shares held by the interested shareholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in your best interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that someone becomes an interested shareholder.

A limit on the number of shares a person may own may discourage a takeover.

Our articles of incorporation restrict ownership by one person to no more than 9.8% of the outstanding shares. This restriction may discourage a change of control of the Wells REIT and may deter individuals or entities from making tender offers for shares, which offers might be financially attractive to shareholders or which may cause a change in the management of the Wells REIT. (See "Description of Shares -- Restriction on Ownership of Shares.")

You are bound by the majority vote on matters on which you are entitled to vote.

You may vote on certain matters at any annual or special meeting of shareholders, including the election of directors. However, you will be bound by the majority vote on matters requiring approval of a majority of the shareholders even if you do not vote with the majority on any such matter.

You are limited in your ability to sell your shares pursuant to the share redemption program.

Even though our share redemption program provides you with the opportunity to redeem your shares for $10 per share (or the price you paid for the shares, if lower than $10) after you have held them for a period of one year, you should be fully aware that our share redemption program contains certain restrictions and limitations. Shares will be redeemed on a first-come, first-served basis and will be limited to the lesser of (1) during any calendar year, three percent (3%) of the weighted average number

of shares outstanding during the prior calendar year, or (2) the proceeds we receive from the sale of shares under our dividend reinvestment plan such that in no event shall the aggregate amount of redemptions under our share redemption program exceed aggregate proceeds received from the sale of shares pursuant to our dividend reinvestment plan. In addition, the board of directors reserves the right to reject any request for redemption or to amend or terminate the share redemption program at any time. Therefore, in making a decision to purchase shares of the Wells REIT, you should not assume that you will be able to sell any of your shares back to us pursuant to our share redemption program. (See "Description of Shares - Share Redemption Program.")

We established the offering price on an arbitrary basis.

Our board of directors has arbitrarily determined the selling price of the shares and such price bears no relationship to any established criteria for valuing issued or outstanding shares.

Your interest in the Wells REIT may be diluted if we issue additional shares.

Existing shareholders and potential investors in this offering do not have preemptive rights to any shares issued by the Wells REIT in the future. Therefore, in the event that we (1) sell shares in this offering or sell additional shares in the future, including those issued pursuant to the dividend reinvestment plan, (2) sell securities that are convertible into shares, (3) issue shares in a private offering of securities to institutional investors, (4) issue shares of common stock upon the exercise of the options granted to our independent directors or employees of Wells Capital and Wells Management or the warrants issued and to be issued to participating broker-dealers or our independent directors, or (5) issue shares to sellers of properties acquired by us in connection with an exchange of limited partnership units from Wells OP, existing shareholders and investors purchasing shares in this offering may experience dilution of their equity investment in the Wells REIT.

Payment of fees to Wells Capital and its affiliates will reduce cash available for investment and distribution.

Wells Capital and its affiliates will perform services for us in connection with the offer and sale of the shares, the selection and acquisition of our properties, and the management and leasing of our properties. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties or distribution to shareholders. (See "Management Compensation.")

The availability and timing of cash dividends is uncertain.

We bear all expenses incurred in our operations, which are deducted from cash funds generated by operations prior to computing the amount of cash dividends to be distributed to the shareholders. In addition, our board of directors, in its discretion, may retain any portion of such funds for working capital. We cannot assure you that sufficient cash will be available to pay dividends to you.

We are uncertain of our sources for funding of future capital needs.

Substantially all of the gross proceeds of the offering will be used for investment in properties and for payment of various fees and expenses. (See "Estimated Use of Proceeds.") In addition, we do not anticipate that we will maintain any permanent working capital reserves. Accordingly, in the event that we develop a need for additional capital in the future for the improvement of our properties or for any other reason, we have not identified any sources for such funding, and we cannot assure you that such sources of funding will be available to us for potential capital needs in the future.

Real Estate Risks

General Real Estate Risks

Your investment will be affected by adverse economic and regulatory changes.

We will be subject to risks generally incident to the ownership of real estate, including:

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive;
- changes in tax, real estate, environmental and zoning laws; and
- periods of high interest rates and tight money supply.

For these and other reasons, we cannot assure you that we will be profitable or that we will realize growth in the value of our real estate properties.

A property that incurs a vacancy could be difficult to sell or re-lease.

A property may incur a vacancy either by the continued default of a tenant under its lease or the expiration of one of our leases. Most of our properties are specifically suited to the particular needs of our tenants. Therefore, we may have difficulty obtaining a new tenant for any vacant space we have in our properties. If the vacancy continues for a long period of time, we may suffer reduced revenues resulting in less cash dividends to be distributed to shareholders. In addition, the resale value of the property could be diminished because the market value of a particular property will depend principally upon the value of the leases of such property.

We are dependent on tenants for our revenue.

Most of our properties are occupied by a single tenant and, therefore, the success of our investments are materially dependant on the financial stability of our tenants. Lease payment defaults by tenants could cause us to reduce the amount of distributions to shareholders. A default of a tenant on its lease payments to us would cause us to lose the revenue from the property and cause us to have to find an alternative source of revenue to meet the mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-letting our property. If a lease is terminated, we cannot assure you that we will be able to lease the property for the rent previously received or sell the property without incurring a loss.

We may not have funding for future tenant improvements.

When a tenant at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract one or more new tenants, we will be required to expend substantial funds for tenant improvements and tenant refurbishments to the vacated space. Substantially all of our net offering proceeds will be invested in real estate properties, and we do not anticipate that we will maintain permanent working capital reserves. We also have no identified funding source to provide funds which may be required in the future for tenant improvements and tenant refurbishments in order to attract new tenants. We cannot assure you that we will have any sources of funding available to us for such purposes in the future.

Uninsured losses relating to real property may adversely affect your returns.

Wells Capital will attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, in the event that any of our properties incurs a casualty loss which is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, we have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future.

Development and construction of properties may result in delays and increased costs and risks.

We may invest some or all of the proceeds available for investment in the acquisition and development of properties upon which we will develop and construct improvements at a fixed contract price. We will be subject to risks relating to the builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. The builder's failure to perform may necessitate legal action by us to rescind the purchase or the construction contract or to compel performance. Performance may also be affected or delayed by conditions beyond the builder's control. Delays in completion of construction could also give tenants the right to terminate preconstruction leases for space at a newly developed project. We may incur additional risks when we make periodic progress payments or other advances to such builders prior to completion of construction. Factors such as those discussed above can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. Furthermore, we must rely upon projections of rental income and expenses and estimates of the fair market value of property upon completion of construction when agreeing upon a price to be paid for the property at the time of acquisition of the property. If our projections are inaccurate, we may pay too much for a property.

If we contract with Wells Development Corporation for newly developed property, we cannot guarantee that our earnest money deposit made to Wells Development Corporation will be fully refunded.

We may enter into one or more contracts, either directly or indirectly through joint ventures with affiliates, to acquire real property from Wells Development Corporation (Wells Development), an affiliate of Wells Capital. Properties acquired from Wells Development may be either existing income-producing properties or properties to be developed or under development. We anticipate that we will be obligated to pay a substantial earnest money deposit at the time of contracting to acquire such properties. In the case of properties to be developed by Wells Development, we anticipate we will be required to close the purchase of the property upon completion of the development of the property by Wells Development and the tenant taking possession of the property. At the time of contracting and the payment of the earnest money deposit by us, Wells Development typically will not have acquired title to any real property. Wells Development will only have a contract to acquire land, a development agreement to develop a building on the land and an agreement with a tenant to lease the property upon its completion. We may enter into such a contract with Wells Development even if at the time of contracting we have not yet raised sufficient proceeds in our offering to enable us to close the purchase of such property. However, we will not be required to close a purchase from Wells Development, and will be entitled to a refund of our earnest money, in the following circumstances:

- Wells Development fails to develop the property;

- the tenant fails to take possession under its lease for any reason; or

- we are unable to raise sufficient proceeds from our offering to pay the purchase price at closing.

The obligation of Wells Development to refund our earnest money is unsecured, and it is unlikely that we would be able to obtain a refund of such earnest money deposit from it under these circumstances since Wells Development is an entity without substantial assets or operations. Although Wells Development's obligation to refund the earnest money deposit to us under these circumstances will be guaranteed by Wells Management Company, Inc., an affiliated entity (Wells Management), Wells Management has no substantial assets other than contracts for property management and leasing services pursuant to which it receives substantial monthly fees. Therefore, we cannot assure you that Wells Management would be able to refund all of our earnest money deposit in a lump sum. If we were forced to collect our earnest money deposit by enforcing the guaranty of Wells Management, we will likely be required to accept installment payments over time payable out of the revenues of Wells Management's property management and leasing operations. We cannot assure you that we would be able to collect the entire amount of our earnest money deposit under such circumstances. (See "Investment Objectives and Criteria -- Acquisition of Properties from Wells Development Corporation.")

Competition for investments may increase costs and reduce returns.

We will experience competition for real property investments from individuals, corporations and bank and insurance company investment accounts, as well as other real estate investment trusts, real estate limited partnerships, and other entities engaged in real estate investment activities. Competition for investments may have the effect of increasing costs and reducing your returns.

Delays in acquisitions of properties may have adverse effects on your investment.

Delays we encounter in the selection, acquisition and development of properties could adversely affect your returns. Where properties are acquired prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. Therefore, you could suffer delays in the distribution of cash dividends attributable to those particular properties.

Uncertain market conditions and the broad discretion of Wells Capital relating to the future disposition of properties could adversely affect the return on your investment.

We generally will hold the various real properties in which we invest until such time as Wells Capital determines that a sale or other disposition appears to be advantageous to achieve our investment objectives or until it appears that such objectives will not be met. Otherwise, Wells Capital, subject to approval of the board, may exercise its discretion as to whether and when to sell a property, and we will have no obligation to sell properties at any particular time, except upon a liquidation of the Wells REIT if we do not list the shares by January 30, 2008. We cannot predict with any certainty the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of our properties, we cannot assure you that we will be able to sell our properties at a profit in the future. Accordingly, the extent to which you will receive cash distributions and realize potential appreciation on our real estate investments will be dependent upon fluctuating market conditions.

Discovery of previously undetected environmentally hazardous conditions may adversely affect our operating results.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of our properties, we may be potentially liable for such costs. The cost of defending against claims of liability, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect the business, assets or results of operations of the Wells REIT and, consequently, amounts available for distribution to you.

Financing Risks

If we fail to make our debt payments, we could lose our investment in a property.

Loans obtained to fund property acquisitions will generally be secured by mortgages on some of our properties. If we are unable to make our debt payments as required, a lender could foreclose on the property or properties securing its debt. This could cause us to lose part or all of our investment which in turn could cause the value of the shares and the dividends payable to shareholders to be reduced.

Lenders may require us to enter into restrictive covenants relating to our operations.

In connection with obtaining certain financing, a lender could impose restrictions on us which affect our ability to incur additional debt and our distribution and operating policies. Loan documents we enter into may contain customary negative covenants which may limit our ability to further mortgage the property, to discontinue insurance coverage, replace Wells Capital as our advisor or impose other limitations.

If we enter into financing arrangements involving balloon payment obligations, it may adversely affect our ability to pay dividends.

Some of our financing arrangements may require us to make a lump-sum or "balloon" payment at maturity. We may finance more properties in this manner. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to shareholders and the projected time of disposition of our assets. In addition, payments of principal and interest made to service our debts may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT.

Federal Income Tax Risks

Failure to qualify as a REIT could adversely affect our operations and our ability to make distributions.

If we fail to qualify as a REIT for any taxable year, we will be subject to federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to shareholders because of the additional tax liability. In addition, distributions to shareholders would no longer qualify for the distributions paid deduction and we would no longer be required to make distributions. We might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Qualification as a REIT is subject to the satisfaction of tax requirements and various factual matters and circumstances which are not entirely within our control. New legislation, regulations, administrative interpretations or court decisions could change the tax laws with respect to qualification as a REIT or the federal income tax consequences of being a REIT.

Legislative or regulatory action could adversely affect investors.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of the federal income tax laws applicable to investments similar to an investment in shares of the Wells REIT. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of a shareholder. Any such changes could have an adverse effect on an investment in shares or on the market value or the resale potential of our properties. You are urged to consult with your own tax advisor with respect to the impact of recent legislation on your investment in shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares.

Retirement Plan Risks

There are special considerations that apply to pension or profit sharing trusts or IRAs investing in shares.

If you are investing the assets of a pension, profit sharing, 401(k), Keogh or other qualified retirement plan or the assets of an IRA in the Wells REIT, you should satisfy yourself that:

- your investment is consistent with your fiduciary obligations under ERISA and the Internal Revenue Code;

- your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan's investment policy;

- your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA;

- your investment will not impair the liquidity of the plan or IRA;

- your investment will not produce "unrelated business taxable income" for the plan or IRA;

- you will be able to value the assets of the plan annually in accordance with ERISA requirements; and

- your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

For a more complete discussion of the foregoing issues and other risks associated with an investment in shares by retirement plans, please see the "ERISA Considerations" section of this prospectus on page ___.

Suitability Standards

The shares we are offering are suitable only as a long-term investment for persons of adequate financial means. Initially, we do not expect to have a public market for the shares, which means that it may be difficult for you to sell your shares. You should not buy these shares if you need to sell them immediately or will need to sell them quickly in the future.

In consideration of these factors, we have established suitability standards for initial shareholders and subsequent transferees. These suitability standards require that a purchaser of shares have either:

- a net worth of at least $150,000; or

- a gross annual income of at least $45,000 and a net worth, excluding the value of a purchaser's home, furnishings and automobiles of at least $45,000.

The minimum purchase is 100 shares ($1,000), except in certain states as described below. You may not transfer less shares than the minimum purchase requirement. In addition, you may not transfer, fractionalize or subdivide your shares so as to retain less than the number of shares required for the minimum purchase. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of $100. You should note that an investment in shares of the Wells REIT will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code.

The minimum purchase for Maine, New York and North Carolina residents is 250 shares ($2,500), except for IRAs which must purchase a minimum of 100 shares ($1,000). The minimum purchase for Minnesota residents is 250 shares ($2,500), except for IRAs and other qualified retirement plans which must purchase a minimum of 200 shares ($2,000).

Except in the states of Maine, Minnesota, Nebraska and Washington, if you have satisfied the minimum purchase requirements and have purchased units in other Wells programs or units or shares in other public real estate programs, you may purchase less than the minimum number of shares set forth above, but in no event less than 2.5 shares ($25). After you have purchased the minimum investment, any additional purchase must be in increments of at least 2.5 shares ($25), except for (1) purchases made by residents of Maine and Minnesota, who must still meet the minimum investment requirements set forth above, and (2) purchases of shares pursuant to the dividend reinvestment plan of the Wells REIT or reinvestment plans of other public real estate programs, which may be in lesser amounts.

Several states have established suitability standards different from those we have established. Shares will be sold only to investors in these states who meet the special suitability standards set forth below.

Arizona, Iowa, Massachusetts, Missouri, North Carolina and Tennessee - Investors must have either (1) a net worth of at least $225,000 or (2) gross annual income of $60,000 and a net worth of at least $60,000.

Maine - Investors must have either (1) a net worth of at least $200,000, or (2) gross annual income of $50,000 and a net worth of at least $50,000.

Michigan, Ohio, Oregon and Pennsylvania - In addition to our suitability requirements, investors must have a net worth of at least ten times their investment in the Wells REIT.

Missouri - Investors must have either (1) a net worth of at least $250,000 or (2) gross annual income of $75,000 and a net worth of at least $75,000.

New Hampshire - Investors must have either (1) a net worth of at least $250,000, or (2) taxable income of $50,000 and a net worth of at least $125,000.

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares or by the beneficiary of the account. These suitability standards are intended to help ensure that, given the long-term nature of an investment in our shares, our investment objectives and the relative illiquidity of our shares, shares of the Wells REIT are an appropriate investment for those of you who become investors. Each selected dealer must make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each shareholder based on information provided by the shareholder in the Subscription Agreement. Each selected dealer is required to maintain for six years records of the information used to determine that an investment in the shares is suitable and appropriate for a shareholder.

Estimated Use of Proceeds

The following tables set forth information about how we intend to use the proceeds raised in this offering assuming that we sell 62,000,000 shares and 135,000,000 shares, respectively, pursuant to this offering. Many of the figures set forth below represent management's best estimate since they cannot be precisely calculated at this time. We expect that at least 84.0% of the money you invest will be used to buy real estate, while the remaining up to 16.0% will be used for working capital and to pay expenses and fees including the payment of fees to Wells Capital, our advisor, and Wells Investment Securities, our Dealer Manager.

	62,000,000 Shares		135,000,000 Shares	
	Amount(1)	Percent	Amount(2)	Percent
Gross Offering Proceeds	$620,000,000	100%	$1,350,000,000	100.0%
Less Public Offering Expenses:				
Selling Commissions and Dealer Manager Fee (3)	58,900,000	9.5%	128,250,000	9.5%
Organization and Offering Expenses (4)	18,600,000	3.0%	18,600,000	1.4%
Amount Available for Investment (5)	$542,500,000	87.5%	$1,203,150,000	89.1%
Acquisition and Development:				
Acquisition and Advisory Fees (6)	18,600,000	3.0%	40,500,000	3.0%
Acquisition Expenses (7)	3,100,000	0.5%	6,750,000	0.5%
Initial Working Capital Reserve (8)	(8)	--	(8)	--
Amount Invested in Properties (5)(9)	$520,800,000	84.0%	$1,155,900,000	85.6%

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(Footnotes to "Estimated Use of Proceeds")

1. Assumes that an aggregate of $620,000,000 will be raised in this offering for purposes of illustrating the percentage of estimated organization and offering expenses at two different sales levels. See Note 4 below.

2. Assumes the maximum offering is sold which includes 125,000,000 shares offered to the public at $10 per share and 10,000,000 shares offered pursuant to our dividend reinvestment plan at $10 per share. Excludes 5,000,000 shares to be issued upon exercise of the soliciting dealer warrants.

3. Includes selling commissions equal to 7.0% of aggregate gross offering proceeds which commissions may be reduced under certain circumstances and a dealer manager fee equal to 2.5% of aggregate gross offering proceeds, both of which are payable to the Dealer Manager, an affiliate of the advisor. The Dealer Manager, in its sole discretion, may reallow selling commissions of up to 7.0% of gross offering proceeds to other broker-dealers participating in this offering attributable to the units sold by them and may reallow out of its dealer manager fee up to 1.5% of gross offering proceeds in marketing

fees and due diligence expenses to broker-dealers participating in this offering based on such factors as the volume of units sold by such participating broker-dealers, marketing support provided by such participating broker-dealers and bona fide conference fees incurred. The amount of selling commissions may often be reduced under certain circumstances for volume discounts. See the "Plan of Distribution" section of this prospectus for a description of such provisions.

4. Organization and offering expenses consist of reimbursement of actual legal, accounting, printing and other accountable offering expenses, including amounts to reimburse Wells Capital, our advisor, for marketing, salaries and direct expenses of its employees while engaged in registering and marketing the shares and other marketing and organization costs, other than selling commissions and the dealer manager fee. Wells Capital and its affiliates will be responsible for the payment of organization and offering expenses, other than selling commissions and the dealer manager fee, to the extent they exceed 3.0% of gross offering proceeds without recourse against or reimbursement by the Wells REIT. We currently estimate that approximately $18,600,000 of organization and offering costs will be incurred if the maximum offering of 135,000,000 shares is sold.

5. Until required in connection with the acquisition and development of properties, substantially all of the net proceeds of the offering and, thereafter, the working capital reserves of the Wells REIT, may be invested in short-term, highly-liquid investments including government obligations, bank certificates of deposit, short-term debt obligations and interest-bearing accounts.

6. Acquisition and advisory fees are defined generally as fees and commissions paid by any party to any person in connection with the purchase, development or construction of properties. We will pay Wells Capital, as our advisor, acquisition and advisory fees up to a maximum amount of 3.0% of gross offering proceeds in connection with the acquisition of the real estate properties. Acquisition and advisory fees do not include acquisition expenses.

7. Acquisition expenses include legal fees and expenses, travel expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the selection, acquisition and development of real estate properties.

8. Because the vast majority of leases for the properties acquired by the Wells REIT will provide for tenant reimbursement of operating expenses, we do not anticipate that a permanent reserve for maintenance and repairs of real estate properties will be established. However, to the extent that the we have insufficient funds for such purposes, we may apply an amount of up to 1.0% of gross offering proceeds for maintenance and repairs of real estate properties. We also may, but are not required to, establish reserves from gross offering proceeds, out of cash flow generated by operating properties or out of nonliquidating net sale proceeds, defined generally to mean the net cash proceeds received by the Wells REIT from any sale or exchange of properties.

9. Includes amounts anticipated to be invested in properties net of fees and expenses. We estimate that at least approximately 84.0% of the proceeds received from the sale of shares will be used to acquire properties.

Management

General

We operate under the direction of our board of directors, the members of which are accountable to us and our shareholders as fiduciaries. The board is responsible for the management and control of our affairs. The board has retained Wells Capital to manage our day-to-day affairs and the acquisition and disposition of our investments, subject to the board's supervision. The articles of incorporation of the Wells REIT were reviewed and ratified by the board of directors, including the independent directors, at their initial meeting. This ratification by the board of directors was required by the NASAA Guidelines.

Our articles of incorporation and bylaws provide that the number of directors of the Wells REIT may be established by a majority of the entire board of directors but may not be fewer than three nor more than 15. We currently have a total of nine directors. The articles of incorporation also provide that a majority of the directors must be independent directors. An "independent director" is a person who is not an officer or employee of the Wells REIT, Wells Capital or their affiliates and has not otherwise been affiliated with such entities for the previous two years. Of the nine current directors, seven of our directors are considered independent directors.

Proposed transactions are often discussed before being brought to a final board vote. During these discussions, independent directors often offer ideas for ways in which deals can be changed to make them acceptable and these suggestions are taken into consideration when structuring transactions. Each director will serve until the next annual meeting of shareholders or until his successor has been duly elected and qualified. Although the number of directors may be increased or decreased, a decrease shall not have the effect of shortening the term of any incumbent director.

Any director may resign at any time and may be removed with or without cause by the shareholders upon the affirmative vote of at least a majority of all the votes entitled to be cast at a meeting called for the purpose of the proposed removal. The notice of the meeting shall indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed. The term "cause" as used in this context is a term used in the Maryland Corporation Law. Since the Maryland Corporation Law does not define the term "cause," shareholders may not know exactly what actions by a director may be grounds for removal.

Unless filled by a vote of the shareholders as permitted by Maryland Corporation Law, a vacancy created by an increase in the number of directors or the death, resignation, removal, adjudicated incompetence or other incapacity of a director shall be filled by a vote of a majority of the remaining directors and,

- in the case of a director who is not an independent director (affiliated director), by a vote of a majority of the remaining affiliated directors, or

- in the case of an independent director, by a vote of a majority of the remaining independent directors,

unless there are no remaining affiliated directors or independent directors, as the case may be. In such case a majority vote of the remaining directors shall be sufficient. If at any time there are no independent or affiliated directors in office, successor directors shall be elected by the shareholders. Each director will be bound by the articles of incorporation and the bylaws.

The directors are not required to devote all of their time to our business and are only required to devote the time to our affairs as their duties require. The directors will meet quarterly or more frequently if necessary. We do not expect that the directors will be required to devote a substantial portion of their time to discharge their duties as our directors. Consequently, in the exercise of their fiduciary responsibilities, the directors will be relying heavily on Wells Capital. The board is empowered to fix the compensation of all officers that it selects and may pay compensation to directors for services rendered to us in any other capacity.

Our general investment and borrowing policies are set forth in this prospectus. The directors may establish further written policies on investments and borrowings and shall monitor our administrative procedures, investment operations and performance to ensure that the policies are fulfilled and are in the best interest of the shareholders. We will follow the policies on investments and borrowings set forth in this prospectus unless and until they are modified by the directors.

The board is also responsible for reviewing our fees and expenses on at least an annual basis and with sufficient frequency to determine that the expenses incurred are in the best interest of the shareholders. In addition, a majority of the independent directors and a majority of directors not otherwise interested in the transaction must approve all transactions with Wells Capital or its affiliates. The independent directors will also be responsible for reviewing the performance of Wells Capital and determining that the compensation to be paid to Wells Capital is reasonable in relation to the nature and quality of services to be performed and that the provisions of the advisory agreement are being carried out. Specifically, the independent directors will consider factors such as:

- the amount of the fee paid to Wells Capital in relation to the size, composition and performance of our investments;

- the success of Wells Capital in generating appropriate investment opportunities;

- rates charged to other REITs and other investors by advisors performing similar services;

- additional revenues realized by Wells Capital and its affiliates through their relationship with us, whether we pay them or they are paid by others with whom we do business;

- the quality and extent of service and advice furnished by Wells Capital and the performance of our investment portfolio; and

- the quality of our portfolio relative to the investments generated by Wells Capital for its other clients.

Neither the directors nor their affiliates will vote or consent to the voting of shares they now own or hereafter acquire on matters submitted to the shareholders regarding either (1) the removal of Wells Capital, any director or any affiliate, or (2) any transaction between us and Wells Capital, any director or any affiliate.

Committees of the Board of Directors

Our entire board of directors considers all major decisions concerning our business, including any property acquisitions. However, our board has established an Audit Committee and a Compensation Committee so that these important areas can be addressed in more depth than may be possible at a full board meeting.

Audit Committee

The Audit Committee held its first meeting in November 1999 and meets on a regular basis at least three times a year. The Audit Committee members are Messrs. Bell, Carpenter, Carter, Keogler, Moss, Sessoms and Strickland. The Audit Committee's primary function is to assist the board of directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the system of internal controls which management has established, and the audit and financial reporting process.

Compensation Committee

Our board of directors has also established a Compensation Committee to administer the 2000 Employee Stock Option Plan, as described below, which was approved by the shareholders at our annual shareholders meeting held June 28, 2000. The Compensation Committee is comprised of Messrs. Bell, Carpenter, Carter, Keogler, Moss, Sessoms and Strickland. The primary function of the Compensation Committee is to administer the granting of stock options to selected employees of Wells Capital and Wells Management based upon recommendations from Wells Capital, and to set the terms and conditions of such options in accordance with the 2000 Employee Stock Option Plan.

Executive Officers and Directors

We have provided below certain information about our executive officers and directors.

Name	Position(s)	Age
Leo F. Wells, III	President and Director	56
Douglas P. Williams	Executive Vice President, Secretary, Treasurer and Director	50
John L. Bell/(1)/	Director	60
Richard W. Carpenter/(1)/	Director	63
Bud Carter/(1)/	Director	62
William H. Keogler, Jr./(1)/	Director	55
Donald S. Moss/(1)/	Director	64
Walter W. Sessoms/(1)/	Director	66
Neil H. Strickland/(1)/	Director	64

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(1) Messrs. Bell, Carpenter, Carter, Keogler, Moss, Sessoms and Strickland also serve on our Audit Committee and our Compensation Committee.

Leo F. Wells, III is the President and a director of the Wells REIT and the President, Treasurer and sole director of Wells Capital, our advisor. He is also the sole shareholder and sole director of Wells Real Estate Funds, Inc., the parent corporation of Wells Capital. Mr. Wells is President of Wells & Associates, Inc., a real estate brokerage and investment company formed in 1976 and incorporated in 1978, for which he serves as principal broker. He is also the President, Treasurer and sole director of:

- Wells Management Company, Inc., our Property Manager;
- Wells Investment Securities, Inc., our Dealer Manager;
- Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs; and
- Wells Development Corporation, a company he organized in 1997 to develop real properties.

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

Mr. Wells has over 26 years of experience in real estate sales, management and brokerage services. In addition to being the President and a director of the Wells REIT, he is currently a co-general partner in a total of 26 real estate limited partnerships formed for the purpose of acquiring, developing and operating office buildings and other commercial properties. As of September 30, 2000, these 26 real estate limited partnerships represented investments totaling approximately $313,562,916 from approximately 27,322 investors.

Douglas P. Williams is the Executive Vice President, Secretary, Treasurer and a director of the Wells REIT. He is also a Senior Vice President of Wells Capital, our advisor, and is also a Vice President of:

- Wells Investment Securities, Inc., our Dealer Manager;
- Wells Real Estate Funds, Inc.; and
- Wells Advisors, Inc.

Mr. Williams previously served as Vice President, Controller of OneSource, Inc., a leading supplier of janitorial and landscape services, from 1996 to 1999 where he was responsible for corporate-wide accounting activities and financial analysis. Mr. Williams was employed by ECC International Inc. ("ECC"), a supplier to the paper industry and to the paint, rubber and plastic industries, from 1982 to 1995. While at ECC, Mr. Williams served in a number of key accounting positions, including Corporate Accounting Manager, U.S. Operations, Division Controller, Americas Region and Corporate Controller, America/Pacific Division. Prior to joining ECC and for one year after leaving ECC, Mr. Williams was employed by Lithonia Lighting, a manufacturer of lighting fixtures, as a Cost and General Accounting Manager and Director of Planning and Control. Mr. Williams started his professional career as an auditor for KPMG Peat Marwick LLP.

Mr. Williams is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants. Mr. Williams received a bachelor of arts degree from Dartmouth College and a Masters of Business Administration degree from the Amos Tuck School of Graduate Business Administration at Dartmouth College.

John L. Bell was the owner and Chairman of Bell-Mann, Inc., the largest commercial flooring contractor in the Southeast from February 1971 to February 1996. Mr. Bell also served on the Board of Directors of Realty South Investors, a REIT traded on the American Stock Exchange, and was the founder and served as a director of both the Chattahoochee Bank and the Buckhead Bank. In 1997, Mr. Bell initiated and implemented a "Dealer Acquisition Plan" for Shaw Industries, Inc., a floor covering manufacturer and distributor, which plan included the acquisition of Bell-Mann.

Mr. Bell currently serves on the Board of Directors of Electronic Commerce Systems, Inc. and the Cullasaja Club of Highlands, North Carolina. Mr. Bell is also extensively involved in buying and selling real estate both individually and in partnership with others. Mr. Bell graduated from Florida State University majoring in accounting and marketing.

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

Mr. Carpenter is currently President and director of Realmark Holdings Corp., a residential and commercial real estate developer, and has served in that position since October 1983. Mr. Carpenter is also a managing partner of Carpenter Properties, L.P., a real estate limited partnership. He is also President and director of Commonwealth Oil Refining Company, Inc., a position he has held since 1984.

Mr. Carpenter previously served as Vice Chairman of the Board of Directors of both First Liberty Financial Corp. and Liberty Savings Bank, F.S.B. and Chairman of the Audit Committee of First Liberty Financial Corp. He has been a member of The National Association of Real Estate Investment Trusts and served as President and Chairman of the Board of Southmark Properties, an Atlanta-based REIT investing in commercial properties. Mr. Carpenter is a past Chairman of the American Bankers Association Housing and Real Estate Finance Division Executive Committee. Mr. Carpenter holds a Bachelor of Science degree from Florida State

University, where he was named the outstanding alumnus of the School of Business in 1973.

Bud Carter was an award-winning broadcast news director and anchorman for several radio and television stations in the Midwest for over 20 years. From 1975 to 1980, Mr. Carter served as General Manager of WTAZ-FM, a radio station in Peoria, Illinois and served as editor and publisher of The Peoria Press, a weekly business and political journal in Peoria, Illinois. From 1981 until 1989, Mr. Carter was also an owner and General Manager of Transitions, Inc., a corporate outplacement company in Atlanta, Georgia.

Mr. Carter currently serves as Senior Vice President for The Executive Committee, a 43-year old international organization established to aid presidents and CEOs share ideas on ways to improve the management and profitability of their respective companies. The Executive Committee operates in numerous large cities throughout the United States, Canada, Australia, France, Italy, Malaysia, Brazil, the United Kingdom and Japan. The Executive Committee has more than 7,000 presidents and CEOs who are members. In addition, Mr. Carter was the first Chairman of the organization recruited in Atlanta and still serves as Chairman of the first two groups formed in Atlanta, each comprised of 14 noncompeting CEOs and presidents. Mr. Carter is a graduate of the University of Missouri where he earned degrees in journalism and social psychology.

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

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

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

Mr. Moss is currently a director of The Atlanta Athletic Club. He formerly was the National Treasurer and a director of the Girls Clubs of America from 1973 to 1976. Mr. Moss graduated from the University of Illinois where he received a degree in business.

Walter W. Sessoms was employed by Southern Bell and its successor company, BellSouth, from 1956 until his retirement in June 1997. While at BellSouth, Mr. Sessoms served in a number of key positions, including Vice President-Residence for the State of Georgia from June 1979 to July 1981, Vice President-Transitional Planning Officer from July 1981 to February 1982, Vice President-Georgia from February 1982 to June 1989, Senior Vice President-Regulatory and External Affairs from June 1989 to November 1991, and Group President-Services from December 1991 until his retirement on June 30, 1997.

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

Neil H. Strickland was employed by Loyalty Group Insurance (which subsequently merged with America Fore Loyalty Group and is now known as The Continental Group) as an automobile insurance underwriter. From 1957 to 1961, Mr. Strickland served as Assistant Supervisor of the Casualty Large Lines Retrospective Rating Department. From 1961 to 1964, Mr. Strickland served as Branch Manager of Wolverine Insurance Company, a full service property and casualty service company, where he had full responsibility for underwriting of insurance and office administration in the State of Georgia. In 1964, Mr. Strickland and a non-active partner started Superior Insurance Service, Inc., a property and casualty wholesale general insurance agency. Mr. Strickland served as President and was responsible for the underwriting and all other operations of the agency. In 1967, Mr. Strickland sold his interest in Superior Insurance Service, Inc. and started Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers. Mr. Strickland is currently the Senior Operation Executive of Strickland General Agency, Inc. and devotes most of his time to long-term planning, policy development and senior administration.

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

Compensation of Directors

We pay our independent directors $500 per month plus $125 for each board meeting they attend. In addition, we have reserved 100,000 shares of common stock for future issuance upon the exercise of stock options granted to the independent directors pursuant to our Independent Director Stock Option Plan and 500,000 shares for future issuance upon the exercise of warrants to be granted to the independent directors pursuant to our Independent Director Warrant Plan. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors. If a director also is an officer of the Wells REIT, we do not pay separate compensation for services rendered as a director.

Independent Director Stock Option Plan

Our Independent Director Stock Option Plan (Director Option Plan) was approved by our shareholders at our annual shareholders meeting held June 16, 1999. We issued non-qualified stock options to purchase 2,500 shares (Initial Options) to each independent director pursuant to our Director Option Plan. In addition, we issued options to purchase 1,000 shares to each independent director in connection with the 2000 annual meeting of stockholders and will continue to issue options to purchase 1,000 shares (Subsequent Options) to each independent director then in office on the date of each annual stockholder's meeting. The Initial Options and the Subsequent Options are collectively referred to as the "Director Options." Director Options may not be granted at any time when the grant, along with grants to other independent directors, would exceed 10% of our issued and outstanding shares. As of October 1, 2000, each independent director had been granted options to purchase a total of 3,500 shares under the Director Option Plan, of which 1,000 of those shares were exercisable. The exercise price for the Initial Options is $12.00 per share. The exercise price for the Subsequent Options is the greater of (1) $12.00 per share or (2) the fair market value of the shares on the date they are granted. Fair market value is defined generally to mean:

- the average closing price for the five consecutive trading days ending on such date if the shares are traded on a national exchange;

- the average of the high bid and low asked prices if the shares are quoted on NASDAQ;

- the average of the last 10 sales made pursuant to a public offering if there is a current public offering and no market maker for the shares;

- the average of the last 10 purchases (or fewer if less than 10 purchases) under our share redemption program if there is no current public offering; or

- the price per share under the dividend reinvestment plan if there are no purchases under the share redemption program.

One-fifth of the Initial Options were exercisable beginning on the date we granted them, one-fifth of the Initial Options became exercisable beginning in July 2000 and an additional one-fifth of the Initial Options will become exercisable on each anniversary of the date we granted them for a period of four years until 100% of the shares become exercisable. The Subsequent Options granted under the Plan will become exercisable on the second anniversary of the date we grant them.

A total of 100,000 shares have been authorized and reserved for issuance under the Director Option Plan. If the number of outstanding shares is changed into a different number or kind of shares or securities through a reorganization or merger in which the Wells REIT is the surviving entity, or through a combination, recapitalization or otherwise, an appropriate adjustment will be made in the number and kind of shares that may be issued pursuant to exercise of the Director Options. A corresponding adjustment to the exercise price of the Director Options granted prior to any change will also be made. Any such adjustment, however, will not change the total payment, if any, applicable to the portion of the Director Options not exercised, but will change only the exercise price for each share.

Options granted under the Director Option Plan shall lapse on the first to occur of (1) the tenth anniversary of the date we grant them, (2) the removal for cause of the independent director as a member of the board of directors, or (3) three months following the date the independent director ceases to be a director for any reason other than death or disability, and may be exercised by payment of cash or through the delivery of common stock. Director Options granted under the Director Option Plan are generally exercisable in the case of death or disability for a period of one year after death or the disabling event. No Director Option issued may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

The independent directors may not sell pledge, assign or transfer their options other than by will or the laws of descent or distribution.

Upon the dissolution or liquidation of the Wells REIT, upon our reorganization, merger or consolidation with one or more corporations as a result of which we are not the surviving corporation or upon sale of all or substantially all of our properties, the Director Option Plan will terminate, and any outstanding Director Options will terminate and be forfeited. The board of directors may provide in writing in connection with any such transaction for any or all of the following alternatives:

- for the assumption by the successor corporation of the Director Options granted or the replacement of the Director Options with options covering the stock of the successor corporation, or a parent or subsidiary of such corporation, with appropriate adjustments as to the number and kind of shares and exercise prices;

- for the continuance of the Director Option Plan and the Director Options by such successor corporation under the original terms; or

- for the payment in cash or shares of common stock in lieu of and in complete satisfaction of such options.

Independent Director Warrant Plan

Our Independent Director Warrant Plan of the Wells REIT (Director Warrant Plan) was approved by our shareholders at our annual shareholders meeting held June 28, 2000. Our Director Warrant Plan provides for the issuance of warrants to purchase shares of our common stock (Warrants) to independent directors based on the number of shares of common stock that they purchase in the future. The purpose of the Director Warrant Plan is to encourage our independent directors to purchase shares of our common stock. Beginning on the effective date of the Director Warrant Plan and continuing until the earlier to occur of (1) the termination of the Director Warrant Plan by action of the board of directors or otherwise, or (2) 5:00 p.m. EST on the date of listing of our shares on a national securities exchange, each independent director will receive one Warrant for every 25 shares of common stock he purchases. The exercise price of the Warrants will be $12.00 per share.

A total of 500,000 Warrants have been authorized and reserved for issuance under the Director Warrant Plan, each of which will be redeemable for one share of our common stock. Upon our dissolution or liquidation, or upon a reorganization, merger or consolidation, where we are not the surviving corporation, or upon our sale of all or substantially all of our properties, the Director Warrant Plan shall terminate, and any outstanding Warrants shall terminate and be forfeited; provided, however, that holders of Warrants may exercise any Warrants that are otherwise exercisable immediately prior to the effective date of the dissolution, liquidation, consolidation or merger. Notwithstanding the above, the board of directors may provide in writing in connection with any such transaction for any or all of the following alternatives: (1) for the assumption by the successor corporation of the Warrants theretofore granted or the substitution by such corporation for such Warrants of awards covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; (2) for the continuance of the Director Warrant Plan by such successor corporation in which event the Director Warrant Plan and the Warrants shall continue in the manner and under the terms so provided; or (3) for the payment in cash or shares in lieu of and in complete satisfaction of such Warrants.

No Warrant may be sold, pledged, assigned or transferred by an independent director in any manner other than by will or the laws of descent or distribution. All Warrants exercised during the independent director's lifetime shall be exercised only by the independent director or his legal representative. Any transfer contrary to the Director Warrant Plan will nullify and render void the Warrant. Notwithstanding any other provisions of the Director Warrant Plan, Warrants granted under the Director Warrant Plan shall continue to be exercisable in the case of death or disability of the independent director for a period of one year after the death or disabling event, provided that the death or disabling event occurs while the person is an independent director. No Warrant issued may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

2000 Employee Stock Option Plan

Our 2000 Employee Stock Option Plan of the Wells REIT (Employee Option Plan) was approved by our shareholders at our annual meeting held June 28, 2000. Our Employee Option Plan is designed to enable Wells Capital and Wells Management to obtain or retain the services of employees considered essential to our long range success and the success of Wells Capital and Wells Management by offering such employees an opportunity to participate in the growth of the Wells REIT through ownership of our common stock.

The Employee Option Plan provides for the formation of a Compensation Committee consisting of two or more of our independent directors. The Compensation Committee shall conduct the general administration of the Employee Option Plan. The Compensation Committee is authorized to grant "non-qualified" stock options (Employee Options) to selected employees of Wells Capital and Wells Management based upon the recommendation of Wells Capital and subject to the absolute discretion of the Compensation Committee and applicable limitations of the Employee Option Plan. The exercise price for the Employee Options shall be the greater of (1) $11.00 per share or (2) the fair market value of the shares on the date the option is granted. A total of 750,000 shares have been authorized and reserved for issuance under the Employee Option Plan.

The Compensation Committee shall set the term of the Employee Options in its discretion, although no Employee Option shall have a term greater than five years from the later of (i) the date our shares become listed on a national securities exchange, or (ii) the date the Employee option is granted. The employee receiving Employee Options shall agree to remain in employment with its employer for a period of one year after the Employee Option is granted. The Compensation Committee shall set the period during which the right to exercise an option vests in the holder of the option. No Employee Option issued may be exercised, however, if such exercise would jeopardize our status as a REIT under the Internal Revenue Code. In addition, no option may be sold, pledged, assigned or transferred by an employee in any manner other than by will or the laws of descent or distribution.

In the event that the Compensation Committee determines that any dividend or other distribution, recapitalization, stock split, reorganization, merger, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of our assets, or other similar corporate transaction or event, affects the shares such that an adjustment is determined by the Compensation Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Employee Option Plan or with respect to an Employee Option, then the Compensation Committee shall, in such manner as it may deem equitable, adjust the number and kind of shares or the exercise price with respect to any option.

Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents

Our organizational documents limit the personal liability of our shareholders, directors and officers for monetary damages to the fullest extent permitted under current Maryland Corporation Law. We also maintain a directors and officers liability insurance policy. Maryland Corporation Law allows directors and officers to be indemnified against judgments, penalties, fines, settlements and expenses actually incurred in a proceeding unless the following can be established:

- an act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty;

- the director or officer actually received an improper personal benefit in money, property or services; or

- with respect to any criminal proceeding, the director or officer had reasonable cause to believe his act or omission was unlawful.

Any indemnification or any agreement to hold harmless is recoverable only out of our assets and not from the shareholders. Indemnification could reduce the legal remedies available to us and the shareholders against the indemnified individuals, however.

This provision does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the shareholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or our shareholders, although the equitable remedies may not be an effective remedy in some circumstances.

In spite of the above provisions of Maryland Corporation Law, our articles of incorporation provide that the directors, Wells Capital and its affiliates will be indemnified by us for losses arising from our operation only if all of the following conditions are met:

- the directors, Wells Capital or its affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests;

- the directors, Wells Capital or its affiliates were acting on our behalf or performing services for us;

- in the case of affiliated directors, Wells Capital or its affiliates, the liability or loss was not the result of negligence or misconduct by the party seeking indemnification;

- in the case of independent directors, the liability or loss was not the result of gross negligence or willful misconduct by the party seeking indemnification; and

- the indemnification or agreement to hold harmless is recoverable only out of our net assets and not from the shareholders.

We have agreed to indemnify and hold harmless Wells Capital and its affiliates performing services for us from specific claims and liabilities arising out of the performance of its obligations under the advisory agreement. As a result, we and our shareholders may be entitled to a more limited right of action than they would otherwise have if these indemnification rights were not included in the advisory agreement.

The general effect to investors of any arrangement under which any of our controlling persons, directors or officers are insured or indemnified against liability is a potential reduction in distributions resulting from our payment of premiums associated with insurance. In addition, indemnification could reduce the legal remedies available to the Wells REIT and our shareholders against the officers and directors.

The Securities and Exchange Commission takes the position that indemnification against liabilities arising under the Securities Act of 1933 is against public policy and unenforceable. Indemnification of the directors, officers, Wells Capital or its affiliates will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged securities law violations;

- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or

- a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of

the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which the securities were offered as to indemnification for violations of securities laws.

Indemnification will be allowed for settlements and related expenses of lawsuits alleging securities laws violations and for expenses incurred in successfully defending any lawsuits, provided that a court either:

- approves the settlement and finds that indemnification of the settlement and related costs should be made; or

- dismisses with prejudice or there is a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and a court approves the indemnification.

The Advisor

The advisor of the Wells REIT is Wells Capital. Some of our officers and directors are also officers and directors of Wells Capital. Wells Capital has contractual responsibility to the Wells REIT and its stockholders pursuant to the advisory agreement.

The directors and executive officers of Wells Capital are as follows:

Name	Age	Position
Leo F. Wells, III	56	President, Treasurer and sole director
Douglas P. Williams	50	Senior Vice President and Assistant Secretary
Stephen G. Franklin	53	Senior Vice President
Kim R. Comer	45	Vice President
Linda L. Carson	57	Vice President

The backgrounds of Messrs. Wells and Williams are described in the "Management -- Executive Officers and Directors" section of this prospectus. Below is a brief description of the other executive officers of Wells Capital.

Stephen G. Franklin, Ph.D. is a Senior Vice President of Wells Capital. Mr. Franklin is responsible for marketing, sales and coordination of broker-dealer relations. Mr. Franklin also serves as Vice President of Wells Real Estate Funds, Inc. Prior to joining Wells Capital, Mr. Franklin served as President of Global Access Learning, an international executive education and management development firm. From 1997 to 1999, Mr. Franklin served as President, Chief Academic Officer and Director of EduTrek International, a publicly traded provider of international post-secondary education that owns the American InterContinental University, with campuses in Atlanta, Ft. Lauderdale, Los Angeles, Washington, D.C., London and Dubai. While at EduTrek, he was instrumental in developing the Masters and Bachelors of Information Technology, International MBA and Adult Evening BBA programs. Prior to joining EduTrek, Mr. Franklin was Associate Dean of the Goizueta Business School at Emory University and a former tenured Associate Professor of Business Administration. He served on the founding Executive MBA faculty, and has taught graduate, undergraduate and executive courses in Management and Organizational Behavior, Human Resources Management and Entrepreneurship. He is also co-founder and Director of the

Center for Healthcare Leadership in the Emory University School of Medicine. Mr. Franklin was a frequent guest lecturer at universities throughout North America, Europe and South Africa.

In 1984, Mr. Franklin took a sabbatical from Emory University and became Executive Vice President and a principal shareholder of Financial Service Corporation ("FSC"), an independent financial planning broker-dealer. Mr. Franklin and the other shareholders of FSC later sold their interests in FSC to Mutual of New York Life Insurance Company.

Kim R. Comer rejoined Wells Capital as National Vice President of Marketing in April 1997 after working for Wells Capital in similar capacities from January 1992 through September 1995. Mr. Comer currently serves as Vice President and Director of Customer Care Services. In prior positions with Wells Capital, he served as Vice President of Marketing for the southeast and northeast regions. Mr. Comer has over ten years experience in the securities industry and is a registered representative and financial principal with the NASD. Additionally, he has substantial financial experience including experience as controller and chief financial officer of two regional broker-dealers. In 1976, Mr. Comer graduated with honors from Georgia State University with a BBA degree in accounting.

Linda L. Carson is a Vice President of Wells Capital. She is primarily responsible for fund, property and corporate accounting, SEC reporting and coordination of all audits by the independent public accountants. Ms. Carson also serves as Secretary of Wells Investment Securities, Inc., our Dealer Manager. Ms. Carson joined Wells Capital in 1989 as Staff Accountant, became Controller in 1991 and assumed her current position in 1996. Prior to joining Wells Capital, Ms. Carson was an accountant with an electrical distributor. She is a graduate of City College of New York and has completed additional accounting courses at Kennesaw State. She is also a member of the National Society of Accountants.

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

The Advisory Agreement

Many of the services to be performed by Wells Capital in managing our day-to-day activities are summarized below. This summary is provided to illustrate the material functions which Wells Capital will perform for us as our advisor and it is not intended to include all of the services which may be provided to us by third parties. Under the terms of the advisory agreement, Wells Capital undertakes to use its best efforts to present to us investment opportunities consistent with our investment policies and objectives as adopted by the board of directors. In its performance of this undertaking, Wells Capital, either directly or indirectly by engaging an affiliate, shall, subject to the authority of the board:

- find, present and recommend to us real estate investment opportunities consistent with our investment policies and objectives;
- structure the terms and conditions of transactions pursuant to which acquisitions of properties will be made;
- acquire properties on our behalf in compliance with our investment objectives and policies;
- arrange for financing and refinancing of properties; and
- enter into leases and service contracts for the properties acquired.

The term of the current advisory agreement ends on January 30, 2001 and may be renewed for an unlimited number of successive one year periods. Additionally, the advisory agreement may be terminated:

- immediately by us for "cause" or upon the bankruptcy of Wells Capital or a material breach of the advisory agreement by Wells Capital;

- without cause by a majority of the independent directors of the Wells REIT or a majority of the directors of Wells Capital upon 60 days' written notice; or

- immediately with "good reason" by Wells Capital.

"Good reason" is defined in the advisory agreement to mean either:

- any failure by us to obtain a satisfactory agreement from our successor to assume and agree to perform our obligations under the advisory agreement; or

- any material breach of the advisory agreement of any nature whatsoever by us.

"Cause" is defined in the advisory agreement to mean fraud, criminal conduct, willful misconduct or willful or negligent breach of fiduciary duty by Wells Capital or a breach of the advisory agreement by Wells Capital.

Wells Capital and its affiliates expect to engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our business. However, pursuant to the advisory agreement, Wells Capital must devote sufficient resources to the administration of the Wells REIT to discharge its obligations. Wells Capital may assign the advisory agreement to an affiliate upon approval of a majority of the independent directors. We may assign or transfer the advisory agreement to a successor entity.

Wells Capital may not make any acquisition of property or financing of such acquisition on our behalf without the prior approval of a majority of our independent directors. The actual terms and conditions of transactions involving investments in properties shall be determined in the sole discretion of Wells Capital, subject at all times to such board approval.

We will reimburse Wells Capital for all of the costs it incurs in connection with the services it provides to us, including, but not limited to:

- organization and offering expenses in an amount up to 3.0% of gross offering proceeds, which include actual legal, accounting, printing and expenses attributable to preparing the SEC registration statement, qualification of the shares for sale in the states and filing fees incurred by Wells Capital, as well as reimbursements for marketing, salaries and direct expenses of its employees while engaged in registering and marketing the shares and other marketing and organization costs, other than selling commissions and the dealer manager fee;

- the annual cost of goods and materials used by us and obtained from entities not affiliated with Wells Capital, including brokerage fees paid in connection with the purchase and sale of securities;

- administrative services including personnel costs; provided, however, that no reimbursement shall be made for costs of personnel to the extent that personnel are used in transactions for which Wells Capital receives a separate fee; and

- acquisition expenses, which are defined to include expenses related to the selection and acquisition of properties, at the lesser of actual cost or 90% of competitive rates charged by unaffiliated persons providing similar services.

Wells Capital must reimburse us at least annually for reimbursements paid to Wells Capital in any year to the extent that such reimbursements to Wells Capital cause our operating expenses to exceed the greater of (1) 2% of our average invested assets, which generally consists of the average book value of our real estate properties before reserves for depreciation or bad debts, or (2) 25% of our net income, which is defined as our total revenues less total expenses for any given period excluding reserves for depreciation and bad debt. Such operating expenses do not include amounts payable out of capital contributions which are capitalized for tax and accounting purposes such as the acquisition and advisory fees payable to Wells Capital. To the extent that operating expenses payable or reimbursable by us exceed this limit and the independent directors determine that the excess expenses were justified based on unusual and nonrecurring factors which they deem sufficient, Wells Capital may be reimbursed in future years for the full amount of the excess expenses, or any portion thereof, but only to the extent the reimbursement would not cause our operating expenses to exceed the limitation in any year. Within 60 days after the end of any of our fiscal quarters for which total operating expenses for the 12 months then ended exceed the limitation, there shall be sent to the shareholders a written disclosure, together with an explanation of the factors the independent directors considered in arriving at the conclusion that the excess expenses were justified.

Wells Capital and its affiliates will be paid fees in connection with services provided to us. (See "Management Compensation.") In the event the advisory agreement is terminated, Wells Capital will be paid all accrued and unpaid fees and expense reimbursements, and any subordinated acquisition fees earned prior to the termination. We will not reimburse Wells Capital or its affiliates for services for which Wells Capital or its affiliates are entitled to compensation in the form of a separate fee.

Shareholdings

Wells Capital currently owns 20,000 limited partnership units of Wells OP, our operating partnership, for which it contributed $200,000 and which constitutes 100% of the limited partner units outstanding at this time. Wells Capital may not sell any of these units during the period it serves as our advisor. Wells Capital, also owns 100 shares of the Wells REIT, which it acquired upon the initial formation of the Wells REIT. (See "The Operating Partnership Agreement.") Any resale of the shares that Wells Capital currently owns and the resale of any shares which may be acquired by our affiliates are subject to the provisions of Rule 144 promulgated under the Securities Act of 1933, which rule limits the number of shares that may be sold at any one time and the manner of such resale. Although Wells Capital and its affiliates are not prohibited from acquiring additional shares, Wells Capital has no options or warrants to acquire any additional shares and has no current plans to acquire additional shares. Wells Capital has agreed to abstain from voting any shares it now owns or hereafter acquires in any vote for the election of directors or any vote regarding the approval or termination of any contract with Wells Capital or any of its affiliates.

Affiliated Companies

Property Manager

Our properties will be managed and leased initially by Wells Management Company, Inc. (Wells Management), our Property Manager. Wells Real Estate Funds, Inc. is the sole shareholder of Wells Management, and Mr. Wells is the President, Treasurer and sole director of Wells Management. (See "Conflicts of Interest.") The other principal officers of Wells Management are as follows:

Name	Age	Positions

M. Scott Meadows	36	Senior Vice President and Secretary
Michael C. Berndt	53	Vice President and Chief Investment Officer
Michael L. Watson	55	Vice President

Wells Management is engaged in the business of real estate management. It was organized and commenced active operations in 1983 to lease and manage real estate projects which Wells Capital and its affiliates operate or in which they own an interest. As of September 30, 2000, Wells Management was managing in excess of 4,293,000 square feet of office buildings and shopping centers. We will pay Wells Management property management and leasing fees not exceeding the lesser of: (A) 4.5% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Wells REIT, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as the excess of (1) the aggregate of the fair market value of all properties owned by the Wells REIT (excluding vacant properties), over (2) the aggregate outstanding debt of the Wells REIT (excluding debts having maturities of one year or less). In addition, we may pay Wells Management a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).

In the event that Wells Management assists a tenant with tenant improvements, a separate fee may be charged to the tenant and paid by the tenant. This fee will not exceed 5.0% of the cost of the tenant improvements.

Wells Management derives all of its income from its property management and leasing operations. For the fiscal year ended December 31, 1999, Wells Management reported $1,983,066 in gross operating revenues and $400,937 in net income.

Wells Management will hire, direct and establish policies for employees who will have direct responsibility for each property's operations, including resident managers and assistant managers, as well as building and maintenance personnel. Some or all of the other employees may be employed on a part-time basis and may also be employed by one or more of the following:

- Wells Capital;
- Wells Management;
- partnerships organized by Wells Management and its affiliates; and
- other persons or entities owning properties managed by Wells Management.

Wells Management will also direct the purchase of equipment and supplies and will supervise all maintenance activity.

The management fees to be paid to Wells Management will cover, without additional expense to the Wells REIT, the property manager's general overhead costs such as its expenses for rent and utilities.

The principal office of Wells Management is located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092.

Dealer Manager

Wells Investment Securities, Inc. (Wells Investment Securities), our Dealer Manager, is a member firm of the National Association of Securities Dealers, Inc. (NASD). Wells Investment Securities was organized in May 1984 for the purpose of participating in and facilitating the distribution of securities of Wells programs.

Wells Investment Securities will provide certain wholesaling, sales promotional and marketing assistance services to the Wells REIT in connection with the distribution of the shares offered pursuant to this prospectus. It may also sell a limited number of shares at the retail level. (See "Plan of Distribution.")

Wells Real Estate Funds, Inc. is the sole shareholder of Wells Investment Securities, and Mr. Wells is the President, Treasurer and sole director of Wells Investment Securities. (See "Conflicts of Interest.")

IRA Custodian

Wells Advisors, Inc. (Wells Advisors) was organized in 1991 for the purpose of acting as a non-bank custodian for IRAs investing in the securities of Wells real estate programs. Wells Advisors currently charges no fees for such services. Wells Advisors was approved by the Internal Revenue Service to act as a qualified non-bank custodian for IRAs on March 20, 1992. In circumstances where Wells Advisors acts as an IRA custodian, the authority of Wells Advisors is limited to holding limited partnership units or REIT shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in such units or shares solely at the direction of the beneficiary of the IRA. Well Advisors is not authorized to vote any of such units or shares held in any IRA except in accordance with the written instructions of the beneficiary of the IRA. Mr. Wells is the President and sole director and owns 50% of the common stock and all of the preferred stock of Wells Advisors. As of September 30, 2000, Wells Advisors was acting as the IRA custodian for in excess of $85,843,000 in Wells real estate program investments.

Management Decisions

The primary responsibility for the management decisions of Wells Capital, our advisor, including the selection of our investments and the negotiation for these investments, will reside in Leo F. Wells, III. Wells Capital seeks to invest in commercial properties that satisfy our investment objectives, typically office buildings located in densely populated suburban markets in which the major tenant is a company with a net worth of in excess of $100,000,000. The board of directors must approve all acquisitions of real estate properties.

Management Compensation

The following table summarizes and discloses all of the compensation and fees, including reimbursement of expenses, to be paid by the Wells REIT to Wells Capital and its affiliates.

Form of Compensation and Entity Receiving	Determination of Amount	Estimated Maximum Dollar Amount(1)
	Organizational and Offering Stage	
Selling Commissions - Wells Investment Securities	Up to 7.0% of gross offering proceeds before reallowance of commissions earned by participating broker-dealers. Wells Investment Securities, our Dealer Manager, intends to reallow 100% of commissions earned to participating broker-dealers.	$94,500,000
Dealer Manager Fee - Wells Investment Securities	Up to 2.5% of gross offering proceeds before reallowance to participating broker-dealers. Wells Investment Securities, in its sole discretion, may reallow a portion of its dealer manager fee of up to 1.5% of the gross offering proceeds to be paid to such participating broker-dealers as a marketing fee and due diligence expense reimbursement, based on such factors as the	$33,750,000

	volume of shares sold by such participating broker-dealers, marketing support and bona fide conference fees incurred.	
Reimbursement of Organization and Offering Expenses - Wells Capital or its Affiliates	Up to 3.0% of gross offering proceeds. All organization and offering expenses (excluding selling commissions and the dealer manager fee) will be advanced by Wells Capital or its affiliates and reimbursed by the Wells REIT up to 3.0% of gross offering proceeds. We currently estimate that approximately $18,600,000 of organization and offering costs will be incurred if the maximum offering of 135,000,000 shares is sold.	$18,600,000
	Acquisition and Development Stage	
Acquisition and Advisory Fees - Wells Capital or its Affiliates (2)	Up to 3.0% of gross offering proceeds for the review and evaluation of potential real property acquisitions.	$40,500,000
Reimbursement of Acquisition Expenses - Wells Capital or its Affiliates (2)	Up to 0.5% of gross offering proceeds for reimbursement of expenses related to real property acquisitions, such as legal fees, travel expenses, property appraisals, title insurance premium expenses and other closing costs.	$ 6,750,000

	Operational Stage	
Property Management and Leasing Fees - Wells Management	For the management and leasing of our properties, we will pay Wells Management, our Property Manager, property management fees equal to 2.5% of gross revenues and leasing fees equal to 2.0% of gross revenues; provided, however, that aggregate property management and leasing fees payable to Wells Management shall not exceed the lesser of: (A) 4.5% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Wells REIT, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as the excess of (1) the aggregate of the fair market value of all properties owned by the Wells REIT (excluding vacant properties), over (2) the aggregate outstanding debt of the Wells REIT (excluding debts having maturities of one year or less). In addition, we may pay Wells Management a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Real Estate Commissions - Wells Capital or its Affiliates	In connection with the sale of properties, an amount not exceeding the lesser of: (A) 50% of the reasonable, customary and competitive real estate brokerage commissions customarily paid for the sale of a comparable property in light of the size, type and location of the property, or (B) 3.0% of the contract price of each property sold, subordinated to distributions to investors from sale proceeds of an amount which, together with prior distributions to the investors, will equal (1) 100% of their capital contributions plus (2) an 8.0% annual cumulative, noncompounded return on their net capital contributions.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Subordinated Participation in Net Sale Proceeds - Wells Capital (3)	After investors have received a return of their net capital contributions and an 8.0% per year cumulative, noncompounded return, then Wells Capital is entitled to receive 10.0% of remaining net sales proceeds.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

Subordinated Incentive Listing Fee - Wells Capital (4)(5)	Upon listing, a fee equal to 10.0% of the amount by which (1) the market value of the outstanding stock of the Wells REIT plus distributions paid by the Wells REIT prior to listing, exceeds (2) the sum of the total amount of capital raised from investors and the amount cash flow necessary to generate an 8.0% per year cumulative, noncompounded return to investors. The Wells REIT may not reimburse any entity for operating expenses in excess of the greater of 2% of our average invested assets or 25% of our net income for the year.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

____
(Footnotes to "Management Compensation")

1. The estimated maximum dollar amounts are based on the sale of a maximum of 125,000,000 shares to the public at $10 per share and the sale of 10,000,000 shares at $10 per share pursuant to our dividend reinvestment plan.

2. Notwithstanding the method by which we calculate the payment of acquisition fees and expenses, as described in the table, the total of all such acquisition fees and acquisition expenses shall not exceed, in the aggregate, an amount equal to 6.0% of the contract price of all of the properties which we will purchase, as required by the NASAA Guidelines.

3. The subordinated participation in net sale proceeds and the subordinated incentive listing fee to be received by Wells Capital are mutually exclusive of each other. In the event that the Wells REIT becomes listed and Wells Capital receives the subordinated incentive listing fee prior to its receipt of the subordinated participation in net sale proceeds, Wells Capital shall not be entitled to any such participation in net sale proceeds.

4. If at any time the shares become listed on a national securities exchange or included for quotation on Nasdaq, we will negotiate in good faith with Wells Capital a fee structure appropriate for an entity with a perpetual life. A majority of the independent directors must approve the new fee structure negotiated with Wells Capital. In negotiating a new fee structure, the independent directors shall consider all of the factors they deem relevant, including but not limited to:

   - the size of the advisory fee in relation to the size, composition and profitability of our portfolio;

   - the success of Wells Capital in generating opportunities that meet our investment objectives;

   - the rates charged to other REITs and to investors other than REITs by advisors performing similar services;

   - additional revenues realized by Wells Capital through their relationship with us;

   - the quality and extent of service and advice furnished by Wells Capital;

   - the performance of our investment portfolio, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations; and

- the quality of our portfolio in relationship to the investments generated by Wells Capital for the account of other clients.

The board, including a majority of the independent directors, may not approve a new fee structure that is, in its judgment, more favorable to Wells Capital than the current fee structure.

5. The market value of the outstanding stock of the Wells REIT will be calculated based on the average market value of the shares issued and outstanding at listing over the 30 trading days beginning 180 days after the shares are first listed on a stock exchange.

   We have the option to pay the listing fee in the form of stock, cash, a promissory note or any combination thereof. In the event the subordinated incentive listing fee is paid to Wells Capital as a result of the listing of the shares, we will not be required to pay Wells Capital any further subordinated participation in net sales proceeds.

In addition, Wells Capital and its affiliates will be reimbursed only for the actual cost of goods, services and materials used for or by the Wells REIT. Wells Capital may be reimbursed for the administrative services necessary to the prudent operation of the Wells REIT provided that the reimbursement shall be at the lower of the advisor's actual cost or the amount the Wells REIT would be required to pay to independent parties for comparable administrative services in the same geographic location. We will not reimburse Wells Capital or its affiliates for services for which they are entitled to compensation by way of a separate fee. Excluded from allowable reimbursement shall be: (1) rent or depreciation, utilities, capital equipment, other administrative items; and (2) salaries, fringe benefits, travel expenses and other administrative items incurred by or allocated to any controlling persons of Wells Capital or its affiliates.

Since Wells Capital and its affiliates are entitled to differing levels of compensation for undertaking different transactions on behalf of the Wells REIT such as the property management fees for operating the properties and the subordinated participation in net sale proceeds, the advisor has the ability to affect the nature of the compensation it receives by undertaking different transactions. However, Wells Capital is obligated to exercise good faith and integrity in all its dealings with respect to our affairs pursuant to the advisory agreement. (See "Management -- The Advisory Agreement.") Because these fees or expenses are payable only with respect to certain transactions or services, they may not be recovered by Wells Capital or its affiliates by reclassifying them under a different category.

Stock Ownership

The following table shows, as of September 30, 2000, the amount of our common stock beneficially owned (unless otherwise indicated) by (1) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, (2) our directors, (3) our executive officers, and (4) all of our directors and executive officers as a group.

	Shares Beneficially Owned	
	Shares	Percentage
Name and Address of Beneficial Owner		
Leo F. Wells, III (1) 6200 The Corners Parkway, Suite 250 Norcross, GA 30092	344	*
Douglas P. Williams (1) 6200 The Corners Parkway, Suite 250	100	*

Norcross, GA 30092		
John L. Bell (2) 800 Mt. Vernon Highway, Suite 230 Atlanta, GA 30328	1,000	*
Richard W. Carpenter (2) Realmark Holdings Corporation P.O. Box 421669 (30342) 5570 Glenridge Drive Atlanta, GA 30342	1,000	*
Bud Carter (2) The Executive Committee 100 Mount Shasta Lane Alpharetta, GA 30022-5440	1,000	*
William H. Keogler, Jr. (2) 469 Atlanta Country Club Drive Marietta, GA 30067	1,000	*
Donald S. Moss (2) 114 Summerour Vale Duluth, GA 30097	12,150	*
Walter W. Sessoms (2) 5995 River Chase Circle NW Atlanta, GA 30328	2,075	*
Neil H. Strickland (2) Strickland General Agency, Inc. 3109 Crossing Park P.O. Box 129 Norcross, GA 30091	1,000	*
Northern Trust Co., Custodian for Wayne County Employees' Retirement System Attn: Laura Santiago P.O. Box 92996 Chicago, IL 60675	2,230,262	8.52%
Luzerne County Employees Retirement Plan and Trust Dated 1/1/42 Attn: Retirement Office North River & West Jackson Street Courthouse Annex Wilkes-Barre, PA 18711	1,043,259	3.99%

	Shares Beneficially Owned	
	Shares	Percentage
Police & Fireman Retirement System City of Detroit Attn: ________________ 908 Coleman A. Young Municipal Center Detroit, MI 48226	2,083,333	7.96%
All directors and executive officers as a group/(1)(3)/	19,669	*

* Less than 1% of the outstanding common stock.

(1) Includes 100 shares owned by Wells Capital, which is a wholly-owned subsidiary of Wells Real Estate Funds, Inc. Messrs. Wells and Williams are both control persons of Wells Capital, and Mr. Wells is a control person of Wells Real Estate Funds, Inc. Mr. Williams disclaims beneficial ownership of the shares owned by Wells Capital.

(2) Includes options to purchase up to 1,000 shares of common stock, which are exercisable within 60 days of September 30, 2000.

(3) Includes options to purchase an aggregate of up to 7,000 shares of common stock, which are exercisable within 60 days of September 30, 2000.

Conflicts of Interest

We are subject to various conflicts of interest arising out of our relationship with Wells Capital, our advisor, and its affiliates, including conflicts related to the arrangements pursuant to which Wells Capital and its affiliates will be compensated by the Wells REIT. (See "Management Compensation.")

The independent directors have an obligation to function on our behalf in all situations in which a conflict of interest may arise and will have a fiduciary obligation to act on behalf of the shareholders. These conflicts include, but are not limited to, the following:

Interests in Other Real Estate Programs

Wells Capital and its affiliates are general partners of other Wells programs, including partnerships which have investment objectives similar to those of the Wells REIT, and we expect that they will organize other such partnerships in the future. Wells Capital and such affiliates have legal and financial obligations with respect to these partnerships which are similar to their obligations to the Wells REIT. As general partners, they may have contingent liability for the obligations of such partnerships as well as those of the Wells REIT which, if such obligations were enforced against them, could result in substantial reduction of their net worth.

In addition, Wells Capital and its affiliates are currently sponsoring a real estate program known as Wells Real Estate Fund XII, L.P. The registration statement of Wells Real Estate Fund XII, L.P. was declared effective by the Securities and Exchange Commission on March 22, 1999 for the offer and sale to the public of up to 7,000,000 units of limited partnership interest at a price of $10.00 per unit.

As described in the "Prior Performance Summary," Wells Capital and its affiliates have sponsored the following 13 other public real estate programs with substantially identical investment objectives as those of the Wells REIT:

1. Wells Real Estate Fund I (Wells Fund I),
2. Wells Real Estate Fund II (Wells Fund II),
3. Wells Real Estate Fund II-OW (Wells Fund II-OW),
4. Wells Real Estate Fund III, L.P. (Wells Fund III),
5. Wells Real Estate Fund IV, L.P. (Wells Fund IV),
6. Wells Real Estate Fund V, L.P. (Wells Fund V),
7. Wells Real Estate Fund VI, L.P. (Wells Fund VI),
8. Wells Real Estate Fund VII, L.P. (Wells Fund VII),
9. Wells Real Estate Fund VIII, L.P. (Wells Fund VIII),
10. Wells Real Estate Fund IX, L.P. (Wells Fund IX),
11. Wells Real Estate Fund X, L.P. (Wells Fund X),
12. Wells Real Estate Fund XI, L.P. (Wells Fund XI), and
13. Wells Real Estate Fund XII, L.P. (Wells Fund XII)

In the event that the Wells REIT, or any other Wells program or other entity formed or managed by Wells Capital or its affiliates is in the market for similar properties, Wells Capital will review the investment portfolio of each such affiliated entity prior to making a decision as to which Wells program will purchase such properties. (See "Certain Conflict Resolution Procedures.")

Wells Capital may acquire, for its own account or for private placement, properties which it deems not suitable for purchase by the Wells REIT, whether because of the greater degree of risk, the complexity of structuring inherent in such transactions, financing considerations or for other reasons, including properties with potential for attractive investment returns.

Other Activities of Wells Capital and its Affiliates

We rely on Wells Capital for the day-to-day operation of our business. As a result of its interests in other Wells programs and the fact that it has also engaged and will continue to engage in other business activities, Wells Capital and its affiliates will have conflicts of interest in allocating their time between the Wells REIT and other Wells programs and activities in which they are involved. (See "Risk Factors -- Investment Risks.") However, Wells Capital believes that it and its affiliates have sufficient personnel to discharge fully their responsibilities to all of the Wells programs and ventures in which they are involved.

In addition to the real estate programs sponsored by Wells Capital and its affiliates discussed above, they are also sponsoring an index mutual fund which invests in various REIT stocks known as the Wells S&P REIT Index Fund (REIT Fund). The REIT Fund is a mutual fund which seeks to provide investment results corresponding to the performance of the S&P REIT Index by investing in the REIT stocks included in the S&P REIT Index.

Wells Capital or any of its affiliates may temporarily enter into contracts relating to investment in properties to be assigned to the Wells REIT prior to closing or may purchase property in their own name and temporarily hold title for the Wells REIT provided that such property is purchased by the Wells REIT at a price no greater than the cost of such property, including acquisition and carrying costs, to Wells Capital or the affiliate. Further, Wells Capital or such affiliate may not have held title to any such property on our behalf for more than 12 months prior to the commencement of this offering; Wells Capital or its affiliates shall not sell property to the Wells REIT if the cost of the property exceeds the funds reasonably anticipated to be available for the Wells REIT to purchase any such property; and all

profits and losses during the period any such property is held by the Wells REIT or its affiliates will accrue to the Wells REIT. In no event may the Wells REIT:

- loan funds to Wells Capital or any of its affiliates; or
- enter into agreements with Wells Capital or its affiliates for the provision of insurance covering the Wells REIT or any of our properties.

Competition

Conflicts of interest will exist to the extent that we may acquire properties in the same geographic areas where properties owned by other Wells programs are located. In such a case, a conflict could arise in the leasing of properties in the event that the Wells REIT and another Wells program were to compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that the Wells REIT and another Wells program were to attempt to sell similar properties at the same time. (See "Risk Factors -- Investment Risks"). Conflicts of interest may also exist at such time as the Wells REIT or our affiliates managing property on our behalf seek to employ developers, contractors or building managers as well as under other circumstances. Wells Capital will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In addition, Wells Capital will seek to reduce conflicts which may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. However, these conflicts cannot be fully avoided in that Wells Capital may establish differing compensation arrangements for employees at different properties or differing terms for resales or leasing of the various properties.

Affiliated Dealer Manager

Since Wells Investment Securities, our Dealer Manager, is an affiliate of Wells Capital, we will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with the offering of securities. (See "Plan of Distribution.")

Affiliated Property Manager

Since we anticipate that properties we acquire will be managed and leased by Wells Management, our Property Manager, we will not have the benefit of independent property management. (See "Management -- Affiliated Companies.")

Lack of Separate Representation

Holland & Knight LLP is counsel to the Wells REIT, Wells Capital, Wells Investment Securities and their affiliates in connection with this offering and may in the future act as counsel to the Wells REIT, Wells Capital, Wells Investment Securities and their affiliates. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Wells REIT and Wells Capital, Wells Investment Securities or any of their affiliates, separate counsel for such matters will be retained as and when appropriate.

Joint Ventures with Affiliates of Wells Capital

We have entered into joint ventures with other Wells programs to acquire and own properties and are likely to enter into one or more joint venture agreements with other Wells programs for the

acquisition, development or improvement of properties. (See "Investment Objectives and Criteria -- Joint Venture Investments.") Wells Capital and its affiliates may have conflicts of interest in determining which Wells program should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals which are or which may become inconsistent with our business interests or goals. In addition, should any such joint venture be consummated, Wells Capital may face a conflict in structuring the terms of the relationship between our interests and the interest of the affiliated co-venturer and in managing the joint venture. Since Wells Capital and its affiliates will control both the Wells REIT and the affiliated co-venturer, agreements and transactions between the co-venturers with respect to any such joint venture will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers. (See "Risk Factors--Investment Risks.")

Receipt of Fees and Other Compensation by Wells Capital and its Affiliates

A transaction involving the purchase and sale of properties may result in the receipt of commissions, fees and other compensation by Wells Capital and its affiliates, including acquisition and advisory fees, the dealer manager fee, property management and leasing fees, real estate brokerage commissions, and participation in nonliquidating net sale proceeds. However, the fees and compensation payable to Wells Capital and its affiliates relating to the sale of properties are subordinated to the return to the shareholders of their capital contributions plus cumulative returns on such capital. Subject to oversight by the board of directors, Wells Capital has considerable discretion with respect to all decisions relating to the terms and timing of all transactions. Therefore, Wells Capital may have conflicts of interest concerning certain actions taken on our behalf, particularly due to the fact that such fees will generally be payable to Wells Capital and its affiliates regardless of the quality of the properties acquired or the services provided to the Wells REIT. (See "Management Compensation.")

Every transaction we enter into with Wells Capital or its affiliates is subject to an inherent conflict of interest. The board may encounter conflicts of interest in enforcing our rights against any affiliate in the event of a default by or disagreement with an affiliate or in invoking powers, rights or options pursuant to any agreement between us and any affiliate. A majority of the independent directors who are otherwise disinterested in the transaction must approve each transaction between us and Wells Capital or any of its affiliates as being fair and reasonable to us and on terms and conditions no less favorable to us than those available from unaffiliated third parties.

Certain Conflict Resolution Procedures

In order to reduce or eliminate certain potential conflicts of interest, our articles of incorporation contain a number of restrictions relating to (1) transactions we enter into with Wells Capital and its affiliates, (2) certain future offerings, and (3) allocation of properties among affiliated entities. These restrictions include, among others, the following:

- We will not accept goods or services from Wells Capital or its affiliates unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transactions approve such transactions as fair and reasonable to the Wells REIT and on terms and conditions not less favorable to the Wells REIT than those available from unaffiliated third parties.

- We will not purchase or lease properties in which Wells Capital or its affiliates has an interest without a determination by a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction, that such transaction is competitive and commercially reasonable to the Wells REIT and at a price to the Wells REIT no greater than the cost of the property to Wells Capital or its affiliates unless there

is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event will we acquire any such property at an amount in excess of its appraised value. We will not sell or lease properties to Wells Capital or its affiliates or to our directors unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, determine the transaction is fair and reasonable to the Wells REIT.

- We will not make any loans to Wells Capital or its affiliates or to our directors. In addition, Wells Capital and its affiliates will not make loans to us or to joint ventures in which we are a joint venture partner for the purpose of acquiring properties. Any loans made to us by Wells Capital or its affiliates or to our directors for other purposes must be approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, as fair, competitive and commercially reasonable, and no less favorable to the Wells REIT than comparable loans between unaffiliated parties. Wells Capital and its affiliates shall be entitled to reimbursement, at cost, for actual expenses incurred by them on behalf of the Wells REIT or joint ventures in which we are a joint venture partner, subject to the limitation on reimbursement of operating expenses to the extent that they exceed the greater of 2% of our average invested assets or 25% of our net income, as described in the "Management -- The Advisory Agreement" section of this prospectus.

- In the event that an investment opportunity becomes available which is suitable, under all of the factors considered by Wells Capital, for the Wells REIT and one or more other public or private entities affiliated with Wells Capital and its affiliates, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered such investment opportunity. In determining whether or not an investment opportunity is suitable for more than one program, Wells Capital, subject to approval by the board of directors, shall examine, among others, the following factors:

- the cash requirements of each program;
- the effect of the acquisition both on diversification of each program's investments by type of commercial property and geographic area, and on diversification of the tenants of its properties;
- the policy of each program relating to leverage of properties;
- the anticipated cash flow of each program;
- the income tax effects of the purchase of each program;
- the size of the investment; and
- the amount of funds available to each program and the length of time such funds have been available for investment.

If a subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of our board of directors and Wells Capital, to be more appropriate for a program other than the program that committed to make the investment, Wells Capital may determine that another program affiliated with Wells Capital or its

affiliates will make the investment. Our board of directors has a duty to ensure that the method used by Wells Capital for the allocation of the acquisition of properties by two or more affiliated programs seeking to acquire similar types of properties shall be reasonable.

Investment Objectives and Criteria

General

We invest in commercial real estate properties, including properties which are under development or construction, are newly constructed or have been constructed and have operating histories. Our investment objectives are:

- to maximize cash dividends paid to you;
- to preserve, protect and return your capital contributions;
- to realize growth in the value of our properties upon our ultimate sale of such properties; and
- to provide you with liquidity of your investment by listing the shares on a national exchange or, if we do not obtain listing of the shares by January 30, 2008, by selling our properties and distributing the net proceeds from such sales to you.

We cannot assure you that we will attain these objectives or that our capital will not decrease. We may not change our investment objectives, except upon approval of shareholders holding a majority of the shares.

Decisions relating to the purchase or sale of properties will be made by Wells Capital, as our advisor, subject to approval by the board of directors. See "Management" for a description of the background and experience of the directors and executive officers.

Acquisition and Investment Policies

We will seek to invest substantially all of the offering proceeds available for investment after the payment of fees and expenses in the acquisition of high grade commercial office buildings, which are newly constructed, under construction, or which have been previously constructed and have operating histories. We are not limited to such investments, however. We may invest in other commercial properties such as shopping centers, business and industrial parks, manufacturing facilities and warehouse and distribution facilities. We will primarily attempt to acquire commercial properties which are less than five years old, the space in which has been leased or preleased to one or more large corporate tenants who satisfy our standards of creditworthiness. (See "Terms of Leases and Tenant Creditworthiness.") The trend of Wells Capital and its affiliates in the most recently sponsored Wells programs, including the Wells REIT, has been to invest primarily in office buildings located in densely populated suburban markets. (See "Description of Properties" and "Prior Performance Summary.")

We will seek to invest in properties that will satisfy the primary objective of providing cash dividends to shareholders. However, because a significant factor in the valuation of income-producing real properties is their potential for future income, we anticipate that the majority of properties we acquire will have both the potential for growth in value and providing cash dividends to shareholders. To the extent feasible, we will strive to invest in a diversified portfolio of properties, in terms of geography, type of property and industry group of our tenants, that will satisfy our investment objectives of maximizing

cash available for payment of dividends, preserving our capital and realizing growth in value upon the ultimate sale of our properties.

We anticipate that a minimum of 84% of the proceeds from the sale of shares will be used to acquire real estate properties and the balance will be used to pay various fees and expenses. (See "Estimated Use of Proceeds.")

We will not invest more than 10% of the net offering proceeds available for investment in properties in unimproved or non-income producing properties. A property which is expected to produce income within two years of its acquisition will not be considered a non-income producing property.

Our investment in real estate generally will take the form of holding fee title or a long-term leasehold estate. We will acquire such interests either directly in Wells OP (See "The Operating Partnership Agreement") or indirectly through limited liability companies or through investments in joint ventures, general partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties, affiliates of Wells Capital or other persons. (See "Joint Venture Investments" below.) In addition, we may purchase properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" so that we will be treated as the owner of the property for federal income tax purposes, we cannot assure you that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is recharacterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. (See "Federal Income Tax Considerations -- Sale-Leaseback Transactions.")

Although we are not limited as to the geographic area where we may conduct our operations, we intend to invest in properties located in the United States.

We are not specifically limited in the number or size of properties we may acquire or on the percentage of net proceeds of this offering which we may invest in a single property. The number and mix of properties we acquire will depend upon real estate and market conditions and other circumstances existing at the time we are acquiring our properties and the amount of proceeds we raise in this offering.

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

Our obligation to close the purchase of any investment will generally be conditioned upon the delivery and verification of certain documents from the seller or developer, including, where appropriate:

- plans and specifications;
- environmental reports;
- surveys;
- evidence of marketable title subject to such liens and encumbrances as are acceptable to Wells Capital;

- audited financial statements covering recent operations of properties having operating histories unless such statements are not required to be filed with the Securities and Exchange Commission and delivered to shareholders; and
- title and liability insurance policies.

We will not close the purchase of any property unless and until we obtain an environmental assessment, a minimum of a Phase I review, for each property purchased and are generally satisfied with the environmental status of the property.

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

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

In purchasing, leasing and developing real estate properties, we will be subject to risks generally incident to the ownership of real estate, including:

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive;
- changes in tax, real estate, environmental and zoning laws;
- periods of high interest rates and tight money supply which may make the sale of properties more difficult;
- tenant turnover; and
- general overbuilding or excess supply in the market area.

Development and Construction of Properties

We may invest substantially all of the proceeds available for investment in properties on which improvements are to be constructed or completed although we may not invest in excess of 10% of the offering proceeds available for investment in properties which are not expected to produce income within two years of their acquisition. To help ensure performance by the builders of properties which are under construction, completion of properties under construction shall be guaranteed at the price contracted either by an adequate completion bond or performance bond. Wells Capital may rely upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an affiliate of the person entering into the construction or development contract as an alternative to a completion bond or performance bond. Development of real

estate properties is subject to risks relating to a builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. (See "Risk Factors -- Real Estate Risks.")

We may directly employ one or more project managers to plan, supervise and implement the development of any unimproved properties which we may acquire. Such persons would be compensated directly by the Wells REIT.

Acquisition of Properties from Wells Development Corporation

Although we have rarely done so in the past, we may acquire properties, directly or through joint ventures with affiliated entities, from Wells Development Corporation (Wells Development), a corporation formed by Wells Management as a wholly owned subsidiary for the purposes of (1) acquiring existing income-producing commercial real estate properties, and (2) acquiring land, developing commercial real properties, securing tenants for such properties, and selling such properties upon completion to the Wells REIT or other Wells programs. In the case of properties to be developed by Wells Development and sold to the Wells REIT, we anticipate that Wells Development will:

- acquire a parcel of land;

- enter into contracts for the construction and development of a commercial building thereon;

- enter into an agreement with one or more tenants to lease all or a majority of the property upon its completion; and

- secure a financing commitment from a commercial bank or other institutional lender to finance the acquisition and development of the property.

Contracts between Wells Development and the Wells REIT will generally provide for the Wells REIT to acquire the developed property upon its completion and upon the tenant taking possession under its lease.

We will be required to pay a substantial sum to Wells Development at the time of entering into the contract as a refundable earnest money deposit to be credited against the purchase price at closing, which Wells Development will apply to the cost of acquiring the land and initial development costs. We expect that the earnest money deposit will represent approximately twenty to thirty percent (20-30%) of the purchase price of the developed property set forth in the purchase contract.

In the case of properties we acquire from Wells Development that have already been developed, Wells Development will be required to obtain an appraisal for the property prior to our contracting with them, and the purchase price we will pay under the purchase contract will not exceed the fair market value of the property as determined by the appraisal. In the case of properties we acquire from Wells Development which have not yet been constructed at the time of contracting, Wells Development will be required to obtain an independent "as built" appraisal for the property prior to our contracting with them, and the purchase price we will pay under the purchase contract will not exceed the anticipated fair market value of the developed property as determined by the appraisal.

We anticipate that Wells Development will use the earnest money deposit received from the Wells REIT upon execution of a purchase contract as partial payment for the cost of the acquisition of the land and construction expenditures. Wells Development will borrow the remaining funds necessary to complete the development of the property from an independent commercial bank or other institutional

lender by pledging the real property, development contracts, leases and all other contract rights relating to the project as security for such borrowing. Our contract with Wells Development will require it to deliver to us at closing title to the property, as well as an assignment of leases. Wells Development will hold the title to the property on a temporary basis only for the purpose of facilitating the acquisition and development of the property prior to its resale to the Wells REIT and other affiliates of Wells Capital.

We may enter into a contract to acquire property from Wells Development notwithstanding the fact that at the time of contracting, we have not yet raised sufficient proceeds to enable us to pay the full amount of the purchase price at closing. We anticipate that we will be able to raise sufficient additional proceeds from the offering during the period between execution of the contract and the date provided in the contract for closing. In the case of properties to be developed by Wells Development, the contract will likely provide that the closing will occur immediately following the completion of the development by Wells Development. However, the contract may also provide that we may elect to close the purchase of the property before the development has been completed, in which case we would obtain an assignment of the construction and development contracts from Wells Development and would complete the construction either directly or through a joint venture with an affiliate. Any contract between the Wells REIT, directly or indirectly through a joint venture with an affiliate, and Wells Development for the purchase of property to be developed by Wells Development will provide that we will be obligated to purchase the property only if:

- Wells Development completes the development of the improvements in accordance with the specifications of the contract, and an approved tenant takes possession of the building under a lease satisfactory to our advisor; and

- we have sufficient proceeds available for investment in properties at closing to pay the balance of the purchase price remaining after payment of the earnest money deposit.

Wells Capital will not cause the Wells REIT to enter into a contract to acquire property from Wells Development if it does not reasonably anticipate that funds will be available to purchase the property at the time of closing. If we enter into a contract to acquire property from Wells Development and, at the time for closing, are unable to purchase the property because we do not have sufficient proceeds available for investment, we will not be required to close the purchase of the property and will be entitled to a refund of our earnest money deposit from Wells Development. Because Wells Development is an entity without substantial assets or operations, however, Wells Development's obligation to refund our earnest money deposit will be guaranteed by Wells Management. See the "Management -- Affiliated Companies" section of this prospectus for a description of Wells Management.

If Wells Management is required to make good on its guaranty, we may not be able to obtain the earnest money deposit from Wells Management in a lump sum since Wells Management's only significant assets are its contracts for property management and leasing services, in which case we would more than likely be required to accept installment payments over some period of time out of Wells

Management's operating revenues. (See "Risk Factors -- Real Estate Risks.")

Terms of Leases and Tenant Creditworthiness

The terms and conditions of any lease we enter into with our tenants may vary substantially from those we describe in this prospectus. However, we expect that a majority of our leases will be what is generally referred to as "triple net" leases. A "triple net" lease provides that the tenant will be required to pay or reimburse the Wells REIT for all real estate taxes, sales and use taxes, special assessments,

utilities, insurance and building repairs, and other building operation and management costs, in addition to making its lease payments.

Wells Capital has developed specific standards for determining the creditworthiness of potential tenants of our properties. While authorized to enter into leases with any type of tenant, we anticipate that a majority of our tenants will be large corporations or other entities which have a net worth in excess of $100,000,000 or whose lease obligations are guaranteed by another corporation or entity with a net worth in excess of $100,000,000. As of September 30, 2000, approximately 75% of the aggregate gross rental income of the Wells REIT was derived from tenants which are corporations, each of which at the time of lease execution had a net worth of at least $100,000,000 or whose lease obligations were guaranteed by another corporation having a net worth of at least $100,000,000.

In an attempt to limit or avoid speculative purchases, to the extent possible, Wells Capital will seek to secure, on our behalf, leases with tenants at or prior to the closing of our acquisitions of properties.

We anticipate that tenant improvements required to be funded by the landlord in connection with newly acquired properties will be funded from our offering proceeds. However, at such time as a tenant at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract new tenants, we will be required to expend substantial funds for tenant improvements and tenant refurbishments to the vacated space. Since we do not anticipate maintaining permanent working capital reserves, we may not have access to funds required in the future for tenant improvements and tenant refurbishments in order to attract new tenants to lease vacated space. (See "Risk Factors -- Real Estate Risks.")

Joint Venture Investments

We have entered into joint ventures in the past, and are likely to enter into joint ventures in the future with affiliated entities for the acquisition, development or improvement of properties for the purpose of diversifying our portfolio of assets. (See "Description of Properties -- Joint Ventures with Affiliates.") In this connection, we will likely enter into joint ventures with Wells Fund XII, Wells Fund XIII or other Wells programs. Wells Capital also has the authority to cause us to enter into joint ventures, general partnerships, co-tenancies and other participations with real estate developers, owners and others for the purpose of developing, owning and operating real properties. (See "Conflicts of Interest.") In determining whether to invest in a particular joint venture, Wells Capital will evaluate the real property which such joint venture owns or is being formed to own under the same criteria described elsewhere in this prospectus for the selection of real estate property investments of the Wells REIT. (See generally "Investment Objectives and Criteria.")

At such time as Wells Capital believes that a reasonable probability exists that we will enter into a joint venture with another Wells program for the acquisition or development of a specific property, this prospectus will be supplemented to disclose the terms of such proposed investment transaction. Based upon Wells Capital's experience, in connection with the development of a property which is currently owned by a Wells program, this would normally occur upon the signing of legally binding purchase agreement for the acquisition of a specific property or leases with one or more major tenants for occupancy at a particular property and the satisfaction of all major contingencies contained in such purchase agreement, but may occur before or after any such time, depending upon the particular circumstances surrounding each potential investment. You should not rely upon such initial disclosure of any proposed transaction as an assurance that we will ultimately consummate the proposed transaction or that the information we provide in any supplement to this prospectus concerning any proposed transaction will not change after the date of the supplement.

We intend to enter into joint ventures with other Wells programs for the acquisition of properties, but we may only do so provided that:

- a majority of our directors, including a majority of the independent directors, approve the transaction as being fair and reasonable to the Wells REIT;

- the investment by the Wells REIT and such affiliate are on substantially the same terms and conditions; and

- we will have a right of first refusal to buy if such co-venturer elects to sell its interest in the property held by the joint venture.

In the event that the co-venturer were to elect to sell property held in any such joint venture, however, we may not have sufficient funds to exercise our right of first refusal to buy the other co-venturer's interest in the property held by the joint venture. In the event that any joint venture with an affiliated entity holds interests in more than one property, the interest in each such property may be specially allocated based upon the respective proportion of funds invested by each co-venturer in each such property. Entering into joint ventures with other Wells programs will result in certain conflicts of interest. (See "Conflicts of Interest -- Joint Ventures with Affiliates of Wells Capital.")

Borrowing Policies

While we strive for diversification, the number of different properties we can acquire will be affected by the amount of funds available to us. See "Description of Properties -- Real Estate Loans" for a description of our existing loans and the outstanding loan balances.

Our ability to increase our diversification through borrowing could be adversely impacted by banks and other lending institutions reducing the amount of funds available for loans secured by real estate. When interest rates on mortgage loans are high or financing is otherwise unavailable on a timely basis, we may purchase certain properties for cash with the intention of obtaining a mortgage loan for a portion of the purchase price at a later time.

There is no limitation on the amount we may invest in any single improved property or on the amount we can borrow for the purchase of any property. The NASAA Guidelines only limit our borrowing to 75% of the value of all properties unless any excess borrowing is approved by a majority of the independent directors and is disclosed to shareholders in our next quarterly report. However, under our articles of incorporation, we have a self-imposed limitation on borrowing which precludes us from borrowing in the aggregate in excess of 50% of the value of all of our properties. As of November 30, 2000, we had an aggregate debt leverage ratio of 20% of the value of our properties.

By operating on a leveraged basis, we will have more funds available for investment in properties. This will allow us to make more investments than would otherwise be possible, resulting in a more diversified portfolio. Although our liability for the repayment of indebtedness is expected to be limited to the value of the property securing the liability and the rents or profits derived therefrom, our use of leveraging increases the risk of default on the mortgage payments and a resulting foreclosure of a particular property.

(See "Risk Factors -- Real Estate Risks.") To the extent that we do not obtain mortgage loans on our properties, our ability to acquire additional properties will be restricted. Wells Capital will use its best efforts to obtain financing on the most favorable terms available to us. Lenders may have recourse to assets not securing the repayment of the indebtedness.

Wells Capital will refinance properties during the term of a loan only in limited circumstances, such as when a decline in interest rates makes it beneficial to prepay an existing mortgage, when an existing mortgage matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include an increased cash flow resulting from reduced debt service requirements, an increase in dividend distributions from proceeds of the refinancing, if any, and/or an increase in property ownership if some refinancing proceeds are reinvested in real estate.

We may not borrow money from any of our directors or from Wells Capital and its affiliates for the purpose of acquiring real properties. Any loans by such parties for other purposes must be approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, as fair, competitive and commercially reasonable and no less favorable to the Wells REIT than comparable loans between unaffiliated parties.

Disposition Policies

We intend to hold each property we acquire for an extended period. However, circumstances might arise which could result in the early sale of some properties. A property may be sold before the end of the expected holding period if:

- the tenant has involuntarily liquidated;
- in the judgment of Wells Capital, the value of a property might decline substantially;
- an opportunity has arisen to improve other properties;
- we can increase cash flow through the disposition of the property;
- the tenant is in default under the lease; or
- in our judgment, the sale of the property is in our best interests.

The determination of whether a particular property should be sold or otherwise disposed of will be made after consideration of relevant factors, including prevailing economic conditions, with a view to achieving maximum capital appreciation. We cannot assure you that this objective will be realized. The selling price of a property which is net leased will be determined in large part by the amount of rent payable under the lease. If a tenant has a repurchase option at a formula price, we may be limited in realizing any appreciation. In connection with our sales of properties we may lend the purchaser all or a portion of the purchase price. In these instances, our taxable income may exceed the cash received in the sale. (See "Federal Income Considerations -- Failure to Qualify as a REIT.") The terms of payment will be affected by custom in the area in which the property being sold is located and the then prevailing economic conditions.

If our shares are not listed for trading on a national securities exchange or included for quotation on Nasdaq by January 30, 2008, our articles of incorporation require us to begin the sale of all of our properties and distribute the net sale proceeds to you in liquidation of the Wells REIT. In making the decision to apply for listing of our shares, the directors will try to determine whether listing our shares or liquidating our assets will result in greater value for the shareholders. It cannot be determined at this time the circumstances, if any, under which the directors will agree to list our shares.

Even if our shares are not listed or included for quotation, we are under no obligation to actually sell our portfolio within this period since the precise timing will depend on real estate and financial markets, economic conditions of

the areas in which the properties are located and federal income tax effects on shareholders which may prevail in the future. Furthermore, we cannot assure you that we will be able to liquidate our assets, and it should be noted that we will continue in existence until all properties are sold and our other assets are liquidated.

Investment Limitations

Our articles of incorporation place numerous limitations on us with respect to the manner in which we may invest our funds. These limitations cannot be changed unless our articles of incorporation are amended, which requires the approval of the shareholders. Unless the articles are amended, we will not:

- invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages;

- invest in real estate contracts of sale, otherwise known as land sale contracts, unless the contract is in recordable form and is appropriately recorded in the chain of title;

- make or invest in mortgage loans except in connection with a sale or other disposition of a property;

- make or invest in mortgage loans unless an appraisal is obtained concerning the underlying property except for those mortgage loans insured or guaranteed by a government or government agency. Mortgage debt on any property shall not exceed such property's appraised value. In cases where the board of directors determines, and in all cases in which the transaction is with any of our directors or Wells Capital and its affiliates, such appraisal shall be obtained from an independent appraiser. We will maintain such appraisal in our records for at least five years and it will be available for your inspection and duplication. We will also obtain a mortgagee's or owner's title insurance policy as to the priority of the mortgage;

- make or invest in mortgage loans that are subordinate to any mortgage or equity interest of any of our directors, Wells Capital or its affiliates;

- make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property as determined by appraisal unless substantial justification exists because of the presence of other underwriting criteria;

- invest in junior debt secured by a mortgage on real property which is subordinate to the lien or other senior debt except where the amount of such junior debt plus any senior debt exceeds 90% of the appraised value of such property, if after giving effect thereto, the value of all such mortgage loans of the Wells REIT would not then exceed 25% of our net assets, which shall mean our total assets less our total liabilities;

- borrow in excess of 50% of the aggregate value of all properties owned by us, provided that we may borrow in excess of 50% of the value of an individual property;

- engage in any short sale or borrow on an unsecured basis, if the borrowing will result in asset coverage of less than 300%. "Asset coverage," for the purpose of this clause, means

the ratio which the value of our total assets, less all liabilities and indebtedness for unsecured borrowings, bears to the aggregate amount of all of our unsecured borrowings;

- make investments in unimproved property or indebtedness secured by a deed of trust or mortgage loans on unimproved property in excess of 10% of our total assets;

- issue equity securities on a deferred payment basis or other similar arrangement;

- issue debt securities in the absence of adequate cash flow to cover debt service;

- issue equity securities which are non-voting or assessable;

- issue "redeemable securities" as defined in Section 2(a)(32) of the Investment Company Act of 1940;

- grant warrants or options to purchase shares to officers or affiliated directors or to Wells Capital or its affiliates except on the same terms as the options or warrants are sold to the general public and the amount of the options or warrants does not exceed an amount equal to 10% of the outstanding shares on the date of grant of the warrants and options;

- engage in trading, as compared with investment activities, or engage in the business of underwriting or the agency distribution of securities issued by other persons;

- invest more than 5% of the value of our assets in the securities of any one issuer if the investment would cause us to fail to qualify as a REIT;

- invest in securities representing more than 10% of the outstanding voting securities of any one issuer if the investment would cause us to fail to qualify as a REIT; or

- lend money to Wells Capital or its affiliates.

Wells Capital will continually review our investment activity to attempt to ensure that we do not come within the application of the Investment Company Act of 1940. Among other things, Wells Capital will attempt to monitor the proportion of our portfolio that is placed in various investments so that we do not come within the definition of an "investment company" under the act. If at any time the character of our investments could cause us to be deemed an investment company for purposes of the Investment Company Act of 1940, we will take the necessary action to attempt to ensure that we are not deemed to be an "investment company."

Change in Investment Objectives and Limitations

Our articles of incorporation require that the independent directors review our investment policies at least annually to determine that the policies we are following are in the best interest of the shareholders. Each determination and the basis therefor shall be set forth in our minutes. The methods of implementing our investment policies also may vary as new investment techniques are developed. The methods of implementing our investment objectives and policies, except as otherwise provided in the organizational documents, may be altered by a majority of the directors, including a majority of the independent directors, without the approval of the shareholders.

Description of Properties

General

As of December 15, 2000, we had purchased interests in 27 real estate properties located in 15 states, all of which are leased to tenants on a triple-net basis. The cost of each of the properties will be depreciated for tax purposes over a 40 year period on a straight-line basis. We believe all of the properties are adequately covered by insurance and are suitable for their intended purposes. The following table provides certain additional information about these properties.

Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent	Lease Expiration
Motorola, Inc.	Plainfield, NJ	100%	$33,648,156	236,710	$ 3,324,428	10/2010
Quest Software, Inc.	Irvine, CA	7%	$ 7,193,000	65,006	$ 1,287,119	12/2003
Delphi Automotive Systems, LLC	Troy, MI	100%	$19,800,000	107,152	$ 1,848,372	04/2007
Avnet, Inc.	Tempe, AZ	100%	$13,250,000	132,070	$ 1,516,164	04/2010
Siemens Automotive Corp.	Troy, MI	50%	$14,265,000	77,054	$ 1,309,918	08/2010
Motorola, Inc.	Tempe, AZ	100%	$16,000,000	133,225	$ 1,843,834	08/2005
ASM Lithography, Inc.	Tempe, AZ	100%	$17,355,000	95,133	$ 1,927,788	06/2013
Dial Corporation	Scottsdale, AZ	100%	$14,250,000	129,689	$ 1,387,672	08/2008
Metris Direct, Inc.	Tulsa, OK	100%	$12,700,000	101,100	$ 1,187,925	01/2010
Cinemark USA, Inc./ The Coca Cola Co.	Plano, TX	100%	$21,800,000	66,024/ 52,084	$ 1,366,491/ $ 1,250,016	12/2009 11/2006
The Gartner Group, Inc.	Ft. Myers, FL	57%	$ 8,320,000	62,400	$ 790,642	12/2008
Marconi Data Systems, Inc.	Wood Dale, IL	100%	$32,630,940	250,354	$ 2,838,952	11/2011
Johnson Matthey, Inc.	Tredyffrin Township, PA	57%	$ 8,000,000	130,000	$ 789,750	6/2007
Alstom Power, Inc.(1)	Richmond, VA	100%	$11,400,000	102,000	$ 1,183,731	7/2007
Sprint Communications Company, L.P.	Leawood, KA	57%	$9,9500,000	68,900	$ 999,048	5/2007
EYBL Cartex, Inc.	Greenville, SC	57%	$ 5,085,000	169,510	$ 508,530	2/2008

Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent	Lease Expiration
Matsushita Avionics Systems Corporation(1)	Lake Forest, CA	100%	$18,400,000	150,000	$ 1,830,000	1/2007
Pennsylvania Cellular Telephone Corp.	Harrisburg, PA	100%	$12,291,200	81,859	$ 1,416,221	11/2007
Pricewaterhouse-Coopers, LLP	Tampa, FL	100%	$21,127,854	130,091	$ 1,915,741	12/2008
Cort Furniture Rental Corporation	Fountain Valley, CA	43.7%	$ 6,400,000	52,000	$ 758,964	10/2003

Fairchild Technologies U.S.A., Inc.	Fremont, CA	77.5%	$ 8,900,000	58,424	$ 842,062	11/2004
Iomega Corporation	Ogden City, UT	3.7%	$ 5,025,000	108,000	$ 480,000	07/2006
ODS Technologies, L.P. and GAIAM, Inc.	Broomfield, CO	3.7%	$ 8,275,000	51,974	$ 839,400	10/2001
Ohmeda, Inc.	Louisville, CO	3.7%	$10,325,000	106,750	$ 1,004,520	01/2005
ABB Flakt, Inc.	Knoxville, TN	3.7%	$ 7,900,000	87,000	$ 881,150	12/2007
Avaya, Inc.	Oklahoma City, OK	3.7%	$ 5,504,276	55,017	$ 508,383	01/2008

(1) Includes the actual costs incurred by Wells OP to develop and construct the building in addition to the purchase price of the land.

Joint Ventures with Affiliates

The Wells Fund VIII-Fund IX-REIT Joint Venture

Wells OP entered into a Joint Venture Agreement with the Fund VIII-IX Joint Venture known as the Wells Fund VIII-Fund IX-REIT Joint Venture (VIII-IX-REIT Joint Venture) for the purpose of the ownership, leasing, operation, sale and management of the Quest Building. The investment objectives of Wells Fund VIII and Wells Fund IX are substantially identical to our investment objectives.

The Quest Building was originally purchased by the Fund VIII-IX Joint Venture in January 1997. On June 9, 2000, the Fund VIII-IX Joint Venture entered into a lease for the Quest Building with Quest Software, Inc. (Quest) and subsequently contributed the Quest Building to the VIII-IX-REIT Joint Venture as its capital contribution at an agreed upon value of $7,612,733. Wells OP is anticipated to contribute a total of approximately $1,250,000 as its capital contribution to the VIII-IX-REIT Joint Venture to fund the necessary tenant improvements required under the lease with Quest Software, Inc., leasing commissions and costs and expenses associated with the transfer of the Quest Building to the VIII-IX-REIT Joint Venture.

The VIII-IX-REIT Joint Venture Agreement provides that all income, loss, profit, net cash flow, resale gain and sale proceeds of the VIII-IX-REIT Joint Venture are to be allocated and distributed between Wells OP, Wells Fund VIII and Wells Fund IX based upon their respective capital contributions to the joint venture. As of September 30, 2000, the joint venture partners of the VIII-IX-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$ 515,760	7.00%
Wells Fund VIII	$3,757,897	50.96%
Wells Fund IX	$3,099,992	42.04%

The Wells Fund XII-REIT Joint Venture

Wells Fund XII and Wells OP entered into a Joint Venture Partnership Agreement for the purpose of acquiring, owning, leasing, operating and managing real properties. The joint venture partnership is known as the Wells Fund XII-

REIT Joint Venture Partnership (XII-REIT Joint Venture). The investment objectives of Wells Fund XII are substantially identical to our investment objectives.

The XII-REIT Joint Venture Agreement provides that all income, loss, profit, net cash flow, resale gain and sale proceeds of the XII-REIT Joint Venture are to be allocated and distributed between Wells OP and Wells Fund XII based upon their respective capital contributions to the joint venture. As of September 30, 2000, the joint venture partners of the XII-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$7,096,245	50.00%
Wells Fund XII	$7,096,245	50.00%

The XII-REIT Joint Venture owns the Siemens Building, which is described below.

The Wells Fund XI-Fund XII-REIT Joint Venture

Wells OP entered into an Amended and Restated Joint Venture Partnership Agreement with Wells Fund XI and Wells Fund XII for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties known as The Wells Fund XI-Fund XII-REIT Joint Venture (XI-XII-REIT Joint Venture). The XI-XII-REIT Joint Venture was originally formed on May 1, 1999 between Wells OP and Wells Fund XI. On June 21, 1999, Wells Fund XII was admitted to the XI-XII-REIT Joint Venture as a joint venture partner. The investment objectives of Wells Fund XI and Wells Fund XII are substantially identical to our investment objectives.

The XI-XII-REIT Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the XI-XII-REIT Joint Venture will be allocated and distributed among Wells OP, Wells Fund XI and Wells Fund XII based on their respective capital contributions to the joint venture. As of September 30, 2000, the joint venture partners of the XI-XII-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$17,641,211	56.77%
Wells Fund XI	$ 8,131,351	26.17%
Wells Fund XII	$ 5,300,000	17.06%

The XI-XII-REIT Joint Venture owns the EYBL CarTex Building, the Sprint Building, the Johnson Matthey Building and the Gartner Building, which are described below.

The Fund IX, Fund X, Fund XI and REIT Joint Venture

Wells OP entered into an Amended and Restated Joint Venture Agreement with Wells Fund IX, Wells Fund X and Wells Fund XI, known as The Fund IX, Fund X, Fund XI and REIT Joint Venture (IX-X-XI-REIT Joint Venture) for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties. The IX-X-XI-REIT Joint Venture, formerly known as Fund IX and X Associates, was originally formed on March 20, 1997 between Wells Fund IX and Wells Fund X. On June 11, 1998, Wells OP and Wells Fund XI were admitted as joint venture partners to the IX-X-XI-REIT Joint Venture. The investment objectives of Wells Fund IX, Wells Fund X and Wells Fund XI are substantially identical to our investment objectives.

The IX-X-XI-REIT Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the IX-X-XI-REIT Joint Venture will be allocated and distributed among Wells OP, Wells Fund IX, Wells Fund X and Wells Fund XI based on their respective capital contributions to the IX-X-XI-REIT Joint Venture. As of September 30, 2000, the joint venture partners of the IX-X-XI-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$ 1,421,466	3.74%
Wells Fund IX	$14,833,708	39.00%
Wells Fund X	$18,420,162	48.43%
Wells Fund XI	$ 3,357,436	8.83%

The IX-X-XI-REIT Joint Venture owns the Avaya Building, the ABB Knoxville Building, the Ohmeda Building, the Interlocken Building and the Iomega Building, which are described below.

The Fremont Joint Venture

Wells OP entered into a Joint Venture Agreement known as Wells/Fremont Associates (Fremont Joint Venture) with Fund X and Fund XI Associates (X-XI Joint Venture), a joint venture between Wells Fund X and Wells Fund XI. The purpose of the Fremont Joint Venture is the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, the Fairchild Building.

As of September 30, 2000, Wells OP had made total capital contributions to the Fremont Joint Venture of $6,983,110 and held an equity percentage interest in the Fremont Joint Venture of 77.50%, and the Fund X-XI Joint Venture had made total capital contributions to the Fremont Joint Venture of $2,000,000 and held an equity percentage interest in the Fremont Joint Venture of 22.50%.

The Cort Joint Venture

Wells OP entered into a Joint Venture Agreement with the X-XI Joint Venture known as Wells/Orange County Associates (Cort Joint Venture) for the purpose of the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, the Cort Furniture Building.

As of September 30, 2000, Wells OP had made total capital contributions to the Cort Joint Venture of $2,871,430 and held an equity percentage interest in the Cort Joint Venture of 43.67%, and the Fund X-XI Joint Venture made total capital contributions to the Cort Joint Venture of $3,695,000 and held an equity percentage interest in the Cort Joint Venture of 56.33%.

General Provisions of Joint Venture Agreements

Wells OP is acting as the initial Administrative Venturer of the VIII-IX-REIT Joint Venture, the XII-REIT Joint Venture, the XI-XII-REIT Joint Venture, the IX-X-XI-REIT Joint Venture, the Fremont Joint Venture and the Cort Joint Venture and, as such, is responsible for establishing policies and operating procedures with respect to the business and affairs of each of these joint ventures. However, approval of the other joint venture partners will be required for any major decision or any action which materially affects these joint ventures or their real property investments.

The XII-REIT Joint Venture Agreement, the XI-XII-REIT Joint Venture Agreement and the IX-X-XI-REIT Joint Venture Agreement each allow any joint venture partner to make a buy/sell election upon receipt by any other joint venture partner of a bona fide third-party offer to purchase all or substantially all of the properties or the last remaining property of the respective joint venture. Upon receipt of notice of such third-party offer, each joint venture partner must elect within 30 days after receipt of the notice to either (1) purchase the entire interest of each venture partner that wishes to accept the offer on the same terms and conditions as the third-party offer to purchase, or (2) consent to the sale of the properties or last remaining property pursuant to such third-party offer.

The Motorola Plainfield Building

The Motorola Plainfield Building is a three-story office building containing approximately 236,710 rentable square feet on a 34.5 acre tract of land. Wells OP purchased the Motorola Plainfield Building on November 1, 2000 for a purchase price of $33,648,156. In exchange for a reduction of the purchase price and immediate occupancy in the Motorola Plainfield Building, Wells OP agreed to assume a liability in the amount of $424,760 in the form of a rental guaranty from Motorola, Inc. (Motorola) on the remainder of Motorola's previous lease. Construction of the Motorola Plainfield Building was completed in 1976.

The Motorola Plainfield Building is located near Rutgers University in Middlesex County, partially in the Borough of South Plainfield and partially in the Township of Edison.

The Motorola Plainfield Building is leased to Motorola. Motorola is a global leader in providing integrated communications solutions and embedded electronic solutions, including software-enhanced wireless telephones, two-way radios and digital and analog systems and set-top terminals for broadband cable television operators.

The initial term of the Motorola lease is ten years which commenced on November 1, 2000 and expires on October 31, 2010. Motorola has the right to extend the Motorola lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) 95% of the then-current "fair market rental rate." The base rent payable for the initial lease term is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-5	$3,324,428	$277,036
Years 6-10	$3,557,819	$296,485

The Motorola lease grants Motorola a right of first refusal to purchase the Motorola Plainfield Building if Wells OP attempts to sell the property during the term of the lease.

Additionally, upon giving written notice to Wells OP, Motorola has an expansion right for an additional 143,000 rentable square feet. Upon completion of the expansion, the term of the Motorola lease shall be extended an additional ten years after Motorola occupies the expansion space. The base rent for the expansion space shall be determined by the construction costs and fees for the expansion. The base rent for the original building for the extended ten year period shall be the greater of (i) the then-current base rent, or (ii) 95% of the then-current "fair market rental rate."

The Quest Building

The Quest Building (formerly the Bake Parkway Building) is a two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land in Irvine, California. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources.") Construction of the Quest Building was completed in 1984 and the building was refurbished in 1996. The VIII-IX Joint Venture purchased the Quest Building on January 10, 1997 for a purchase price of $7,193,000. On July 1, 2000, the VIII-IX Joint Venture contributed the Quest Building to the VIII-IX-REIT Joint Venture and was credited with making a capital contribution to the joint venture in the amount of $7,612,733.

The Quest Building is currently leased to Quest Software, Inc. (Quest). Quest is a publicly traded corporation that provides software database management and disaster recovery services for its clients. Quest was established in April 1987 to develop and market software products to help insure uninterrupted, high performance access to enterprise and custom computing applications and databases. Quest has organized their product offerings to target application development and deployment, performance and availability, and information delivery needs of the Oracle and other open systems markets. Quest has grown to more than 1,000 people worldwide and has more than 5,000 installed customer sites.

The initial term of the lease is forty-two (42) months which commenced on June 9, 2000 and expires on December 31, 2003. The base rent payable for the initial six months of the lease is $653,400. The annual base rent payable for the remaining portion of the initial lease term is $1,287,119. Quest has the right to extend the lease for two additional one year periods of time at an annual base rent of $1,365,126.

The Delphi Building

The Delphi Building is a three-story office building containing approximately 107,152 rentable square feet on a 5.52 acre tract of land. Wells OP purchased the Delphi Building on June 29, 2000 for a purchase price of $19,800,000. Construction of the Delphi Building was completed in May 2000.

The Delphi Building is located in Troy, Oakland County, Michigan, in the heart of what is generally called "Automation Alley."

The Delphi Building is leased to Delphi Automotive Systems LLC (Delphi LLC). Delphi LLC is a wholly owned subsidiary of Delphi Automotive Systems Corporation (Delphi), formally the Automotive Components Group of General Motors, which was spun off from General Motors in May 1999. Delphi is the world's largest automotive components supplier and sells its products to almost every major manufacturer of light vehicles in the world.

The initial term of the Delphi lease is seven years which commenced on May 1, 2000 and expires on April 30, 2007. Delphi LLC has the right to extend the Delphi lease for two additional five year periods of time at 95% of the then current fair market rental rate. The base rent payable for the initial lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$1,848,372	$154,031
Year 2	$1,901,948	$158,496
Year 3	$1,955,524	$162,960
Year 4	$2,009,100	$167,425
Year 5	$2,062,676	$171,890
Year 6	$2,116,252	$176,354
Year 7	$2,169,828	$180,819

The Avnet Building

The Avnet Building is a two-story office building containing approximately 132,070 rentable square feet on a 9.63 acre tract of land located in Tempe, Arizona. Wells OP purchased the Avnet Building on June 12, 2000 for a purchase price of $13,250,000. Construction of the Avnet Building was completed in April 2000.

The Avnet Building is located on a 9.63 acre tract of land within the Arizona State University Research Park. The land upon which the Avnet Building is situated is subject to a long-term ground lease with Price-Elliott Research Park, Inc.

The Avnet Building is leased to Avnet, Inc. (Avnet). Avnet is a Fortune 300 company and one of the world's largest industrial distributors of electronic components and computer products, including microprocessors, semi-conductors and electromechanical devices, serving customers in sixty countries. Additionally, Avnet distributes a variety of computer products to consumers and resellers. Avnet sells products of more than one hundred of the world's leading component manufacturers to customers around the world.

The initial term of the Avnet lease is ten years which commenced on May 1, 2000 and expires on April 30, 2010. Avnet has the right to extend the Avnet lease for two additional five year periods of time. The yearly rent payable for the first three years of each extension period will be at the current fair market rental rate at the end of the preceding term. The yearly rent payable for the fourth and fifth years of each extension period will be the current fair market rental rate at the end of the preceding term multiplied by a factor of 1.093.

The base rent payable for the initial lease term is as follows:

Lease Years	Annual Rent	Monthly Rent

Years 1-3	$1,516,164	$126,347
Years 4-6	$1,657,479	$138,123
Years 7-10	$1,812,000	$151,000

Avnet has a right of first refusal to purchase the Avnet Building if Wells OP attempts to sell the Avnet Building during the term of the Avnet lease.

Avnet also has an expansion option which allows Avnet the ability to expand the Avnet Building during the term of the Avnet lease. Wells OP has the option to undertake the expansion or allow Avnet to undertake the expansion at its own expense, subject to certain terms and conditions.

The Avnet ground lease commenced on April 5, 1999 and expires on September 30, 2083. The ground lease payments required pursuant to the Avnet ground lease are as follows:

Lease Years	Annual Rent
Years 1-10	$230,777
Years 11-20	$302,108
Years 21-30	$390,223
Years 31-40	10% of fair market value of land in year 30
Years 41-50	Rent from year 45 plus 3% per year increase
Years 51-60	Rent from year 55 plus 3% per year increase
Years 61-70	10% of fair market value of land in Year 65
Years 71-85	Rent from year 75 plus 3% per year increase

Wells OP has the right to terminate the Avnet ground lease prior to the expiration of the 30/th/ year.

The Siemens Building

The Siemens Building is a three-story office building containing approximately 77,054 rentable square feet on a 5.3 acre tract of land located in Troy, Michigan. The XII-REIT Joint Venture purchased the Siemens Building on May 10, 2000 for a purchase price of $14,265,000. The Siemens Building is located at 4685 Investment Drive in Troy Michigan in the heart of "Automation Alley."

The Siemens Building is leased to Siemens Automotive Corporation (Siemens). Siemens is a subsidiary of Siemens Corporation USA, a domestic corporation which conducts the American operations of Siemens AG, the world's second largest manufacturer of electronic capital goods. Siemens, part of the worldwide Automotive Systems Group of Siemens AG, is a supplier of advanced electronic and electrical products and systems to automobile manufacturers.

The initial term of the Siemens lease is ten years which commenced on March 3, 2000 and expires on August 31, 2010. Siemens has the right to extend the

Siemens lease for two additional five year periods of time at 95% of the then current fair market rental rate. The base rent payable for the initial lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$1,309,918	$109,160
Year 2	$1,342,281	$111,857
Year 3	$1,374,643	$114,554
Year 4	$1,407,006	$117,251
Year 5	$1,439,369	$119,947
Year 6	$1,471,731	$122,644
Year 7	$1,504,094	$125,341
Year 8	$1,536,457	$128,038
Year 9	$1,568,819	$130,735
Year 10 and first 6 months of Year 11	$1,601,182	$133,432

Siemens has a one-time right to cancel the Siemens lease effective after the 90/th/ month of the lease term if Siemens (a) provides written notice of such cancellation on or before the last day of the 78/th/ month, and (b) pays a cancellation fee to the XII-REIT Joint Venture currently calculated to be approximately $1,234,160.

The Motorola Tempe Building

The Motorola Tempe Building is a two-story office building containing approximately 133,225 rentable square feet in Tempe, Arizona. Wells OP purchased the Motorola Tempe Building on March 29, 2000 for a purchase price of $16,000,000. Construction of the Motorola Tempe Building was completed in July 1998.

The Motorola Tempe Building is located on a 12.44 acre tract of land at 8075 South River Parkway within the Arizona State University Research Park. The land upon which the Motorola Tempe Building is situated is subject to a long-term ground lease with Price-Elliott Research Park, Inc.

The purchase of the Motorola Tempe Building was partially financed with $5,000,000 in loan proceeds provided by Ryan Companies US, Inc. as seller financing in connection with the purchase of the Motorola Tempe Building (Motorola Loan). The Motorola Loan, which is more particularly described in the "Real Estate Loans" section of the prospectus, is secured by a first mortgage against the Motorola Tempe Building.

The Motorola Tempe Building is leased to Motorola, Inc. (Motorola). The Motorola Tempe Building is occupied by Motorola's Satellite Communications Division (SATCOM). SATCOM is a worldwide developer and manufacturer of space and ground communications equipment and systems. SATCOM is the prime contractor for the Iridium System and is primarily engaged in computer design and development functions.

The initial term of the Motorola lease is seven years which commenced on August 17, 1998 and expires on August 31, 2005. Motorola has the right to extend the Motorola lease for four additional five-year periods of time at the then prevailing market rental rate. The rent payable under the Motorola lease, out of which Wells OP will be required to make the ground lease payments described below, is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-4	$1,843,834	$153,653
Years 5-7	$2,054,329	$171,194

Motorola has an expansion option which allows Motorola the ability to expand the building between 21,000 and 40,000 rentable square feet with additional parking spaces to be constructed by Wells OP. Motorola must exercise its expansion right before August 17, 2001. In the event that Motorola exercises its expansion option, the rent on the expansion space will be calculated based upon a 10.5% return on costs of the expansion, including construction costs, and Wells OP will be entitled to a development fee in an amount equal to 8% of the cost of the construction of the expansion building shell.

The Motorola ground lease commenced November 19, 1997 and expires on December 31, 2082. The ground lease payments required pursuant to the Motorola ground lease are as follows:

Lease Years	Annual Rent
Years 1-15	$243,825
Years 16-25	$357,240
Years 26-35	$466,015
Years 36-45	10% of Fair Market Value of Land in year 35
Years 46-55	Rent from year 45 plus 3% per year increase
Years 56-65	Rent from year 55 plus 3% per year increase
Years 66-75	10% of Fair Market Value in year 65
Years 76-85	Rent from year 75 plus 3% per year increase

Wells OP has the right to terminate the Motorola ground lease prior to the expiration of the 30th year and prior to the expiration of each subsequent ten-year period thereafter.

The ASML Building

The ASML Building is a two-story office and warehouse building containing approximately 95,133 rentable square feet located in Tempe, Arizona. Wells OP purchased the ASML Building on March 29, 2000 for a purchase price of $17,355,000. Construction on the ASML Building was completed in June 1995.

The ASML Building is subject to a first priority mortgage interest in favor of SouthTrust securing the SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of the prospectus.

The ASML Building is located on a 9.51 acre tract of land at 8555 South River Parkway within the Arizona State University Research Park. The land upon which the ASML Building is situated is subject to a long-term ground lease with Price-Elliott Research Park, Inc.

The ASML Building is leased to ASM Lithography, Inc. (ASML). ASML is a wholly-owned subsidiary of ASM Lithography Holdings NV (ASML Holdings), a Dutch multi-national corporation that supplies lithography systems used for printing integrated circuit designs onto very thin disks of silicon, commonly referred to as wafers. These systems are supplied to integrated circuit manufacturers throughout the United States, Asia, and Western Europe. ASML Holdings is 24% owned by Philips Electronics and has strategic partnerships with a number of major companies including Lucent Technologies, Applied Materials, Samsung, Hyundai and Motorola.

The initial term of the ASML lease is 15 years which commenced on June 4, 1998 and expires on June 30, 2013. The base rent payable for the ASML Building, out of which Wells OP will be required to make the ground lease payments described below, is as follows:

Lease Years	Annual Rent	Monthly Rent
1-5	$1,927,788	$160,649
6-10	$2,130,124	$177,510
11-15	$2,354,021	$196,168

ASML has an expansion option which allows ASML the ability to expand the building into at least an additional 30,000 rentable square feet, to be constructed by Wells OP. If the expansion option exercised is for less than 30,000 square feet, Wells OP may reject the exercise at its sole discretion. In the event that ASML exercises its expansion option after the first five years of the initial lease term, such lease term will be extended to ten years from the date of such expansion.

The ASML ground lease commenced on August 22, 1997 and expires on December 31, 2082. The ground lease payments required pursuant to the ASML ground lease are as follows:

Lease Years	Annual Rent
Years 1-15	$186,368
Years 16-25	$273,340
Years 26-35	$356,170

Years 36-45	10% of Fair Market Value of Land in year 35
Years 46-55	Rent from year 45 plus 3% per year increase

Lease Years	Annual Rent
Years 56-65	Rent from year 55 plus 3% per year increase
Years 66-75	10% of Fair Market Value in Year 65
Years 76-85	Rent from year 75 plus 3% per year increase

Wells OP has the right to terminate the ASML ground lease prior to the expiration of the 30/th/ year, and prior to the expiration of each subsequent ten-year period thereafter.

The Dial Building

The Dial Building is a two-story office building containing approximately 129,689 rentable square feet located in Scottsdale, Arizona. Wells OP purchased the Dial Building on March 29, 2000 for a purchase price of $14,250,000. Construction of the Dial Building was completed in 1997.

The Dial Building is subject to a first priority mortgage interest in favor of SouthTrust securing the SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of the prospectus.

The Dial Building is located at 15501 N. Dial Boulevard within the Scottsdale Airpark Development in the City of Scottsdale which is eight miles northeast of the center of Phoenix and is an integral part of metropolitan Phoenix.

The Dial Building is leased to Dial Corporation (Dial). Dial currently has its headquarters in the Dial Building and is one of the leading consumer product manufacturers in the United States. Dial's brands include Dial soap, Purex detergents, Renuzit air fresheners, Armour canned meats, and a variety of other leading consumer products.

The initial term of the Dial lease is 11 years which commenced on August 14, 1997 and expires on August 31, 2008. Dial has the right to extend the Dial lease for two additional five year periods of time at 95% of the then current fair market rental rate. The annual rent payable for the initial term of the Dial lease is $1,387,672.

The Metris Building

The Metris Building is a three-story office building containing approximately 101,100 rentable square feet located in Tulsa, Oklahoma. Wells OP purchased the Metris Building on February 11, 2000 for a purchase price of $12,740,000. Construction of the Metris Building was completed on January 14, 2000.

Wells OP borrowed $8,000,000 from an existing revolving credit facility (Metris Loan) at the time it purchased the Metris Building. The Metris Loan, which is more particularly described in the "Real Estate Loans" section of the prospectus, is secured by a first mortgage against the Metris Building.

The Metris Building is located on a 14.6 acre tract of land located at 4848 South 129/th/ East Avenue in the Silos Corporate Center, a prominent 126 acre mixed-use park owned by State Farm Insurance Companies. The site is about 11 miles southeast of the Tulsa Commercial Business District and is bordered by the Broken Arrow Expressway, the primary east-west thoroughfare linking the suburb of Broken Arrow to downtown Tulsa.

The Metris Building is leased to Metris Direct, Inc. (Metris). Metris is a principal subsidiary of Metris Companies Inc. (Metris Companies), a publicly traded company on the New York Stock Exchange and guarantor of the Metris lease. Metris Companies is an information-based direct marketer of consumer

credit products and fee-based services primarily to moderate income consumers. Metris Companies' consumer credit products are primarily unsecured credit cards issued by its subsidiary, Direct Merchants Credit Card Bank. The company's customers and prospects include individuals for whom credit bureau information is available and existing customers of a former affiliate, Fingerhut Corporation.

The initial term of the Metris lease is ten years which commenced on February 1, 2000 and expires on January 31, 2010. Metris has the right to extend the Metris lease for two additional five year periods of time. The base rent payable for the Metris lease is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-5	$1,187,925	$ 98,994
Years 6-10	$1,306,718	$108,893

The monthly base rent payable for the renewal terms of the Metris lease shall be equal to the then current market rate based on the then existing rates for comparable space of equivalent quality in suburban Tulsa, Oklahoma taking into account location, quality, age of the office building, size of premises and any other relevant term or condition in making such fair market value rental rate determination as of 12 months prior to commencement of the renewal term. If the parties are unable to agree upon the market rate within 11 months prior to commencement of the renewal term, the market rate shall then be determined by arbitration.

The Cinemark Building

The Cinemark Building is a five-story office building containing approximately 118,108 rentable square feet located in Plano, Texas. Wells OP purchased the Cinemark Building on December 21, 1999 for a purchase price of $21,800,000. Construction of the Cinemark Building was completed in September 1999.

The Cinemark Building is subject to a first priority mortgage interest in favor of SouthTrust securing the SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of the prospectus.

The Cinemark Building is located on a 3.52-acre tract of land located at 3900 Dallas Parkway in Plano, Texas. The site is in a good location with quick access to and visibility from the toll road. The City of Plano is located approximately 20 miles north of downtown Dallas and is the largest city in Collin County with a population of nearly 200,000 people.

The entire 118,108 rentable square feet of the Cinemark Building is currently leased to two tenants. Cinemark USA, Inc. (Cinemark) occupies 66,024 rentable square feet of the Cinemark Building, and The Coca-Cola Company (Coca-Cola) occupies the remaining 52,084 rentable square feet of the Cinemark Building.

Cinemark, a privately owned company, is one of the largest motion picture exhibitors in North and South America. Cinemark currently operates in excess of 2,575 screens in 32 states within the United States and internationally in countries such as Argentina, Brazil, Canada, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Mexico and Peru.

The initial term of the Cinemark lease is ten years which commenced on December 21, 1999 and expires on December 20, 2009. Cinemark has the right to extend the Cinemark lease for two additional five year periods of time. The base rent payable for the Cinemark lease and first renewal term is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-7	$1,366,491	$113,874
Years 8-10	$1,481,738	$123,478
Years 11-15	$1,567,349	$130,612

The monthly base rent payable for the second renewal term of the Cinemark lease shall be equal to 95% of the then current market rate based on the then existing rates for comparable space of equivalent quality in Plano, Texas taking into account location, quality, age of the office building, size of premises and any other relevant term or condition in making such fair market value rental rate determination. If the parties are unable to agree upon the market rate within 15 business days after receipt of the renewal notice, each party shall appoint a real estate appraiser to determine the market rate. If the two appraisers cannot agree upon the market rate within 15 days of the commencement of their deliberation, they shall appoint a third appraiser. The market rate shall then be determined by the agreement of any two of the appraisers or the average of the two closest rates if two appraisers cannot agree.

Cinemark shall have a right of first refusal to lease any of the remaining rentable area of the Cinemark Building which subsequently becomes vacant and in which Wells OP receives or makes an acceptable offer or proposal to lease such vacant space to a bona fide third party. Wells OP shall offer to Cinemark in writing the right to include the vacant space under its lease at the rental rate set forth in the third party offer. Cinemark shall then have 15 days to exercise this right of first refusal.

Coca-Cola is the global soft-drink industry leader with world headquarters in Atlanta, Georgia. Coca-Cola manufactures and sells syrups, concentrates and beverage bases for Coca-Cola, the company's flagship brand, and over 160 other soft drink brands in nearly 200 countries around the world.

The initial term of the Coca-Cola lease is seven years which commenced on December 1, 1999 and expires on November 30, 2006. The base rent payable for the Coca-Cola lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$1,250,016	$104,168
Year 2	$1,302,100	$108,508
Year 3	$1,354,184	$112,848
Year 4	$1,406,268	$117,189
Year 5	$1,458,352	$121,529
Year 6	$1,510,436	$125,870
Year 7	$1,562,520	$130,210

Coca-Cola has the right to extend the lease for two additional five year periods of time upon 240 days advance notice prior to the end of the term. Within 30 days of the delivery of the renewal notice by Coca-Cola, Wells OP shall deliver a rental notice to Coca-Cola stating the base rent payable during the renewal term, which base rent shall be based upon the prevailing rental rates for space of similar quality, size, utility, location, length of renewal term and credit standing of the tenant. Coca-Cola must then notify Wells OP of its intent to renew the lease on such terms within 30 days of delivery of the rental notice by Wells OP.

The Gartner Building

The Gartner Building is a two-story office building containing approximately 62,400 rentable square feet located in Fort Myers, Florida. The XI-XII-REIT Joint Venture purchased the Gartner Building on September 20, 1999 for a purchase price of $8,320,000. Construction of the Gartner Building was completed in 1998.

The site is a 4.9 acre tract of land within the Gateway development at 12600 Gateway Boulevard. Gateway is a mixed use development with over 3,000 acres planned for residential purposes and over 800 acres planned for commercial purposes. Sony Electronics and Ford Motor Credit Company are two of the commercial tenants in this development.

The Gartner Building is currently leased to The Gartner Group, Inc. (Gartner). The Gartner Building will be occupied by Gartner's Financial Services Division. Gartner, which was founded in 1979, is one of the world's leading independent providers of research and analysis related to information and technology solutions. Gartner serves as a consultant to business clients for their information technology purchasing decisions. Gartner has over 80 locations worldwide and over 12,000 clients.

The initial term of the Gartner lease is ten years which commenced on February 1, 1998 and expires on January 31, 2008. Gartner has the right to extend the lease for two additional five year periods of time. The base rent payable for the remainder of the lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 3	$790,642	$65,887
Year 4	$810,408	$67,534
Year 5	$830,668	$69,222

Year 6	$851,435	$70,953
Year 7	$872,721	$72,727
Year 8	$894,539	$74,545
Year 9	$916,902	$76,409
Year 10	$939,825	$78,319

The monthly base rent payable for each extended term of the lease will be equal to the lesser of (i) the prior rate increased by 2.5%, or (ii) 95% of the then current market rate which is calculated as a full-service rental rate less anticipated annual operating expenses on a rentable square foot basis charged for space of comparable location, size and conditions in comparable office buildings in the Fort Myers area.

Gartner also has two expansion options for additional buildings under the Gartner lease. The two option plans are described in the lease as the "Small Option Building" and the "Large Option Building".

The "Small Option Building" and the "Large Option Building" expansion options allow Gartner the ability to expand into separate, free standing facilities of 30,000 to 32,000 rentable square feet and 60,000 to 75,000 rentable square feet respectively. Gartner may exercise its rights for either expansion option by providing notice in writing to the joint venture on or before February 15, 2002. In the event that Gartner exercises either expansion option, the parties shall enter into a separate lease within 30 days of such notice by Gartner with a guaranteed ten year lease term and yearly base rent to be determined by mutual agreement of the parties.

The Marconi Building

The Marconi Building (formerly known as the Viedojet Building) is a two-story office, assembly and manufacturing building containing approximately 250,354 rentable square located in Wood Dale, Illinois. Wells OP purchased the Marconi Building on September 10, 1999 for a purchase price of $32,630,940. Construction of the Marconi Building was completed in 1991.

The site is a 15.3 acre tract of land located within the Chancellory Business Park which is adjacent to the western entrance to O'Hare International Airport. The site is also situated very convenient to most of Chicago's major interstates, including the Elgin/O'Hare Expressway which, when finished, will extend along Thorndale Road adjacent to the main entrance to the Chancellory Business Park. The Chancellory Business Park consists of good quality office, manufacturing and warehouse buildings mostly occupied by national tenants such as Sony, Mitsubishi, NEC Minolta and United Airlines.

The Marconi Building is leased to Marconi Data Systems, Inc. (formerly known as Videojet Systems International, Inc. until a December 1999 name change). Marconi Data Systems, Inc. (Marconi) is the world's leading producer of state-of-the-art industrial ink jet marking and coding products. Marconi manufactures and distributes industrial ink jet printers, digital imaging systems, laser coding systems, inks and fluids to customers worldwide. The Marconi lease is guaranteed by GEC Incorporated, a Delaware corporation which is a wholly-owned subsidiary of Marconi, p.l.c. (formerly known as General Electric Company, p.l.c.), a publicly traded United Kingdom corporation that ranks among the largest electronic system and equipment manufacturers in the world.

The initial term of the Marconi lease is 20 years which commenced in November 1991 and expires in November 2011. Marconi has the right to extend the Marconi lease for one additional five year period of time. The base rent payable for the remainder of the lease term is as follows:

Lease Years	Annual Rent	Monthly Rent
Year 9-10	$2,838,952	$236,579
Years 11-20	$3,376,746	$281,396
Extension Term	$4,667,439	$388,953

The Johnson Matthey Building

The Johnson Matthey Building is a 130,000 square foot research and development, office and warehouse building. The XI-XII-REIT Joint Venture purchased the Johnson Matthey Building on August 17, 1999 for a purchase price of $8,000,000. The Johnson Matthey Building was first constructed in 1973 as a multi-tenant facility and it was subsequently converted into a single-tenant facility in 1998.

The site consists of a 10.0 acre tract of land located at 434-436 Devon Park Drive in Tredyffrin Township, Chester County, Pennsylvania. The site is located along the Route 202 "high tech" corridor close to King of Prussia and is considered a suburb of Philadelphia. The site is within five minutes of Route 422, the Pennsylvania Turnpike and Interstate 76.

The Johnson Matthey Building is currently leased to Johnson Matthey, Inc. (Johnson Matthey). Johnson Matthey is a wholly owned subsidiary of Johnson Matthey, PLC of the United Kingdom, a world leader in advanced materials technology. Johnson Matthey, PLC applies the latest technology to add value to precious metals and other specialized materials. Johnson Matthey, PLC is a publicly traded company that is over 175 years old, has operations in 38 countries and employs 12,000 people.

Johnson Matthey is one of the parent company's primary operating companies in the U.S. and includes the Catalytic Systems Division (CSD). The CSD is the world's leading supplier of catalytic converters for automotive exhaust emission and air pollution control. In addition, Johnson Matthey is the largest U.S. supplier of diesel catalytic converters, which enable customers to meet constantly tightening regulatory requirements.

The lease term of the Johnson Matthey lease is ten years which commenced in July 1998 and expires in June 2007. Johnson Matthey has the right to extend the lease for two additional three year periods of time. The base rent payable under the Johnson Matthey lease for the remainder of the lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 3	$789,750	$65,813
Year 4	$809,250	$67,438
Year 5	$828,750	$69,063
Year 6	$854,750	$71,229
Year 7	$874,250	$72,854
Year 8	$897,000	$74,750
Year 9	$916,500	$76,375
Year 10	$939,250	$78,271

The monthly base rent payable for each extension term will be equal to the fair market rent taking into consideration rental rates for comparable industrial and research and development properties in the local market area. If the parties cannot agree upon the fair market rent, the matter shall be submitted to arbitration.

Johnson Matthey has a right of first refusal to purchase the Johnson Matthey Building in the event that the XI-XII-REIT Joint Venture desires to sell the building to an unrelated third-party. The XI-XII-REIT Joint Venture must give Johnson Matthey written notice of its intent to sell the Johnson Matthey Building, and Johnson Matthey will have ten days from the date of such notice to provide written notice of its intent to purchase the building. If Johnson Matthey exercises its right of first refusal, it must purchase the Johnson Matthey Building on the same terms contained in the offer.

The Alstom Power Building

The Alstom Power Building (formerly known as the ABB Richmond Building) is a four-story brick office building containing 102,000 gross square feet located in Midlothian, Virginia. Wells REIT, LLC - VA I (Wells LLC VA), a limited liability company wholly owned by Wells OP, purchased a 7.49 acre tract of land on July 22, 1999 for a purchase price of $936,250. Wells LLC VA completed construction of the Alstom Power Building in July 2000 at an aggregate cost of approximately $11,400,000, including the cost of the land.

Wells OP obtained a construction loan (Alstom Power Loan) from SouthTrust Bank, N.A. in the maximum principal amount of $9,280,000, the proceeds of which was used to fund the development and construction of the Alstom Power Building. The Alstom Power Loan, which is more specifically detailed in the "Real Estate Loans" section of the Prospectus, is secured by a pledge of the real estate, an assignment of the landlord's interest in the Alstom Power lease and a $4,000,000 letter of credit issued by Unibank.

The Alstom Power Building is part of a 250-acre office park in the Clover Hill District of Chesterfield County, one of the fastest growing counties in Virginia. Midlothian is located approximately nine miles southwest of the Richmond central business district.

The Alstom Power Building is leased to Alstom Power, Inc. (Alstom Power). Alstom Power is the result of the December 30, 1999, merger between ABB Power Generation, Inc. (ABB Power) and ABB Alstom Power, Inc. As of June 22, 2000, ABB Alstom Power, Inc. changed its name to Alstom Power, Inc. ABB Power was a subsidiary of Asea Brown Boveri, Inc., a large multi-national engineering and construction company headquartered in Switzerland.

The initial term of the Alstom Power lease is seven years which commenced on July 24, 2000 and expires on July 23, 2007. Alstom Power has the right to extend the lease for two additional five year periods of time. Each extension option must be exercised by giving notice to the landlord at least 12 months prior to the expiration of the then-current lease term. The base rent payable under the Alstom Power lease will be as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$1,183,731	$ 98,644
Year 2	$1,213,324	$101,110
Year 3	$1,243,657	$103,638
Year 4	$1,274,748	$106,229
Year 5	$1,306,618	$108,885

Year 6	$1,339,283	$111,607
Year 7	$1,372,765	$114,397

The monthly base rent payable for each extended term of the Alstom Power lease will be equal to the "Market Rate" for new leases of office space in that portion of the Richmond, Virginia market that is located south of the James River and west of I-95 for space similar to the premises. In the event the parties are unable to agree upon the Market Rate, then each party shall appoint a real estate appraiser. If the appraisers are unable to agree upon the Market Rate, they shall appoint a third appraiser and each shall make a determination of the Market Rate. The appraisal that is farthest from the middle appraisal shall be disregarded and the remaining two appraisals shall be averaged to establish the Market Rate.

Alstom Power has a one-time option to terminate the Alstom Power lease as to a portion of the premises containing between 12,500 and 13,000 rentable square feet as of the third anniversary of the rental commencement date. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay a termination fee equal to eight times the sum of the next due installments of rent plus the unamortized portions of the base improvement allowance, additional allowance and broker commission, each being amortized in equal monthly installments of principal and interest over the initial term of the lease at a rate of ten percent (10%) per annum. Alstom Power must give notice of its intent to exercise such option to terminate at least seven months in advance of the third anniversary; provided, however, that Alstom Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

In the event that Alstom Power exercises its termination option as of the third anniversary of the rental commencement date, Alstom Power has a one-time option to terminate the Alstom Power lease as to a portion of the premises containing between 12,500 and 13,000 rentable square feet as of the fifth anniversary of the rental commencement date. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay a termination fee equal to six times the sum of the next due installments of rent plus the unamortized portions of the base improvement allowance, additional allowance and broker commission, each being amortized in equal monthly installments of principal and interest over the initial term of the lease at a rate of ten percent (10%) per annum. Alstom Power must give notice of its

intent to exercise such option to terminate at least seven months in advance of the fifth anniversary; provided, however, that Alstom Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

In the event that Alstom Power does not exercise its termination option as of the third anniversary of the rental commencement date, Alstom Power has a one-time option to terminate the Alstom Power lease as to a portion of the premises containing between 24,500 and 25,500 rentable square feet as of the fifth anniversary of the rental commencement date. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay a termination fee equal to six times the sum of the next due installments of rent plus the unamortized portions of the base improvement allowance, additional allowance and broker commission, each being amortized in equal monthly installments of principal and interest over the initial term of the lease at a rate of ten percent (10%) per annum. Alstom Power must give notice of its intent to exercise such option to terminate at least nine months in advance of the fifth anniversary; provided, however, that Alstom Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

The Sprint Building

The Sprint Building is a three-story office building with approximately

68,900 rentable square feet. The XI-XII-REIT Joint Venture purchased the Sprint Building on July 2, 1999 for a purchase price of $9,500,000. Construction of the Sprint Building was completed in 1992.

The Sprint Building is located on a 7.1 acre tract of land located adjacent to the Leawood Country Club in Leawood, Kansas near the affluent Overland Park suburb of Kansas City. The site is within walking distance of Ward Parkway Mall and is convenient to downtown Kansas City and I-435, the interstate loop around Kansas City.

The Sprint Building is leased to Sprint Communications Company L.P. (Sprint). Sprint is the nation's third largest long distance phone company, which operates on an all-digital long distance telecommunications network using state-of-the-art fiber optic and electronic technology. Sprint provides domestic and international voice, video and data communications services as well as integration management and support services for computer networks.

The initial term of the Sprint lease is ten years which commenced on May 19, 1997 and expires in May 2007, subject to Sprint's right to extend the lease for two additional five year periods of time. The monthly base rent payable under the Sprint lease is $83,254 through May 18, 2002 and $91,867 for the remainder of the lease term. The monthly base rent payable for each extended term of the Sprint lease will be equal to 95% of the then-current market rate for comparable office buildings in the suburban south Kansas City, Missouri and south Johnson County, Kansas areas. If the parties are unable to agree upon the current market rate within 30 days of the date negotiations begin, the current market rate shall be determined by three licensed real estate brokers, one of which will be selected by Sprint, one of which will be selected by the XI-XII-REIT Joint Venture and the final appraiser will be selected by the two appraisers previously selected.

The Sprint lease contains a termination option which may be exercised by Sprint effective as of May 18, 2004 provided that Sprint has not exercised either expansion option, as described below. Sprint must provide notice to the XI-XII-REIT Joint Venture of its intent to exercise its termination option on or before August 21, 2003. If Sprint exercises its termination option, it will be required to pay the joint venture a termination payment equal to $6.53 per square foot, or $450,199.

Sprint also has an expansion option for an additional 20,000 square feet of office space which may be exercised in two expansion phases. Sprint's expansion rights involve building on unfinished ground level space that is currently used as covered parking within the existing building footprint and shell. At each exercise of an expansion option, the remaining lease term will be extended to be a minimum of an additional five years from the date of the completion of such expansion space.

Sprint must give written notice to the XI-XII-REIT Joint Venture of its election to exercise each expansion option at least 270 days prior to the date Sprint will require delivery of the expansion space.

If Sprint exercises either expansion option, the XI-XII-REIT Joint Venture will be required to construct the expansion improvements in accordance with the specific drawings and plans attached as an exhibit to the Sprint lease. The joint venture will be required to fund the expansion improvements and to fund to Sprint a tenant finish allowance of $10 per square foot for the expansion space.

The base rental per square foot for the expansion space shall be determined by the XI-XII-REIT Joint Venture taking into consideration the value of the joint venture's work related to such expansion space and the base rental rate increase per square foot applicable at the end of year five of the lease term. The expansion space base rental rate shall be presented to Sprint no later than 45 days after delivery to the XI-XII-REIT Joint Venture of each expansion notice. In no event shall such rental rate be greater than the base rental rate for the Sprint Building as of the date of the expansion space commencement date.

The EYBL CarTex Building

The EYBL CarTex Building is a manufacturing and office building consisting of a total of 169,510 square feet located in Greenville, South Carolina. The XI-XII-REIT Joint Venture purchased the EYBL CarTex Building on May 18, 1999 for a purchase price of $5,085,000. Construction of the EYBL CarTex Building was originally completed in the early 1980s and an addition was completed in 1989.

The EYBL CarTex Building is located on an 11.9 acre tract of land at 111 SouthChase Boulevard in the SouthChase Industrial Park, which is located adjacent to I-385 in southwest Greenville, South Carolina.

The EYBL CarTex Building is leased to EYBL CarTex, Inc. (EYBL CarTex). EYBL CarTex produces automotive textiles for BMW, Mercedes, GM Bali, VW Mexico and Golf A4. EYBL CarTex is a wholly-owned subsidiary of EYBL International, AG, Krems/Austria. EYBL International is the world's largest producer of circular knit textile products and loop pile plushes for the automotive industry. It has plants in Austria, Germany, Hungary, Slovakia, Brazil and the United States.

The initial term of the EYBL CarTex lease is ten years which commenced on March 1, 1998 and expires in February 2008, subject to EYBL CarTex's right to extend the lease for two additional five year periods of time. The base rent payable under the EYBL CarTex lease for the remainder of the lease term shall be as follows:

Lease Year	Annual Rent	Monthly Rent
Year 3	$508,530	$42,378
Year 4	$508,530	$42,378
Year 5	$550,908	$45,909
Year 6	$550,908	$45,909
Year 7	$593,285	$49,440
Year 8	$593,285	$49,440
Year 9	$610,236	$50,853
Year 10	$610,236	$50,853

The monthly base rent payable for each extended term of the lease will be equal to the fair market rent as submitted by the landlord. If the tenant does not agree to the proposed rent by the landlord for the extension term, tenant may require the fair market rent be determined by three appraisers, one of which will be selected by the tenant, one by the landlord and the final appraiser shall be selected by the first two appraisers.

Under the lease, EYBL CarTex has an option to purchase the EYBL CarTex Building at the expiration of the initial lease term by giving notice to the landlord by March 1, 2007. Within 30 days after landlord receives notice of tenant's intent to exercise its purchase option, landlord shall submit a proposed purchase price for the EYBL CarTex Building based upon its good faith estimate of the fair market value of the building. If tenant does not agree to the purchase price, tenant may require that the purchase price be established by three appraisers, one of which will be selected by the tenant, one of which will be selected by the landlord and the final appraiser shall be selected by the first two appraisers. In no event, however, will the purchase price under the purchase option be less than $5,500,000.

The Matsushita Building

The Matsushita Building is a two-story office building containing 150,000 rentable square feet. Wells OP purchased an 8.8 acre tract of land on March 15, 1999, for a purchase price of $4,450,230. Wells OP completed construction of the Matsushita Building on January 4, 2000 at an aggregate cost of approximately $18,400,000, including the cost of the land.

Wells OP obtained a construction loan (Matsushita Loan) from Bank of America, N.A. in the maximum principal amount of $15,375,000, the proceeds of which was used to fund the development and construction of the Matsushita Building. The Matsushita Loan, which is more specifically detailed in the "Real Estate Loans" section of the prospectus, is secured by a first priority mortgage against the Matsushita Building.

The site is located in the Pacific Commercentre, which is a 33 acre master-planned business park positioned near the Irvine Spectrum in the heart of Southern California's Technology Coast. Pacific Commercentre is a nine building complex featuring office, technology, and light manufacturing uses, and is located in the city of Lake Forest in Southern Orange County.

The Matsushita Building is leased to Matsushita Avionics Systems Corporation (Matsushita Avionics). Matsushita Avionics is a wholly owned subsidiary of Matsushita Electric Corporation of America (Matsushita Electric). Matsushita Avionics manufactures and sells audio-visual products to the airline industry for passenger use in airplanes. Matsushita Electric is a wholly-owned subsidiary of Matsushita Electric Industrial Co., Ltd. (Matsushita Industrial), a Japanese company which is the world's largest consumer electronics manufacturer. Matsushita Electric has guaranteed the obligations of Matsushita Avionics under the Matsushita lease.

The initial term of the Matsushita lease is seven years which commenced on January 4, 2000 and expires in January 2007. Matsushita Avionics has the option to extend the initial term of the Matsushita lease for two successive five-year periods. Each extension option must be exercised not more than 19 months and not less than 15 months prior to the expiration of the then-current lease term. The base rent payable under the Matsushita lease shall be as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-2	$1,830,000	$152,500
Years 3-4	$1,947,120	$162,260
Years 5-6	$2,064,240	$172,020
Year 7	$2,181,360	$181,780

The monthly base rent payable during the option term shall be 95% of the stated rental rate at which, as of the commencement of the option term, tenants are leasing non-expansion, non-affiliated, non-sublease, non-encumbered, non-equity space comparable in size, location and quality to the Matsushita project for a term of five years in the Lake Forest and Irvine area of Southern California. The monthly base rent during the option term shall be adjusted upward during the option term at the beginning of the 24/th/ and 48/th/ month of each option term by an amount equal to 6% of the monthly base rent payable immediately preceding such period. Within 30 days of tenant providing written notice of its intent to exercise a renewal option, Wells OP shall deliver to Matsushita Avionics notice containing the proposed rent for the option term. If, after reasonable good faith efforts, landlord and tenant are unable to agree upon the option rent before the 13/th/ month prior to the expiration of the appropriate lease term, option rent shall be determined by arbitration.

The AT&T Building

The AT&T Building (formerly known as the Vanguard Building) is a four-story office building containing approximately 81,859 rentable square feet located in Harrisburg, Pennsylvania. Wells OP purchased the AT&T Building on February 4, 1999 for a purchase price of $12,291,200. Construction of the AT&T Building was completed in November 1998.

Wells OP obtained a loan from Bank of America, N.A. (BOA Loan) in connection with its original purchase of the AT&T Building. The BOA Loan, which is more particularly described in the "Real Estate Loans" section of the prospectus, is secured in part by a first mortgage against the AT&T Building.

The AT&T Building is located on 10.5 acres of land in Commerce Park, which is located in the Lower Paxton Township, a planned business park, at the intersection of Progress Avenue and Interstate Drive just off of the Progress Avenue exit of Interstate 81.

The AT&T Building is leased to Pennsylvania Cellular Telephone Corp. (Pennsylvania Telephone), a subsidiary of Vanguard Cellular Systems, Inc. (Vanguard Cellular), and the obligations of Pennsylvania Telephone under the Vanguard Cellular lease are guaranteed by Vanguard Cellular. Vanguard Cellular is an independent operator of cellular telephone systems in the United States with over 664,000 subscribers located in 26 markets in the Mid-Atlantic, Ohio Valley and New England regions of the United States. Vanguard Cellular markets its wireless products and services under the name CellularOne, a nationally recognized brand name partially owned by Vanguard Cellular. Vanguard Cellular operates primarily in suburban and rural areas that are close in proximity to major urban areas, which it believes affords several advantages over its traditional urban competitors, including (1) greater network capacity, (2) greater roaming revenue opportunities, (3) lower distribution costs, and (4) higher barriers to entry by competitors.

On May 3, 1999, Vanguard Cellular was merged with and became a wholly-owned subsidiary of AT&T Corp.

The initial term of the Vanguard Cellular lease is ten years which commenced on November 16, 1998 and expires in November 2007. Vanguard has the option to extend the initial term of the Vanguard Cellular lease for three additional five year periods and one additional four year and 11 month period. Each extension option must be exercised by giving written notice to the landlord at least 12 months prior to the expiration date of the then-current lease term. The following table summarizes the annual base rent payable during the remainder of the initial term of the Vanguard Cellular lease:

Lease Year	Annual Rent	Monthly Rent
Year 3	$1,416,221	$118,018
Year 4	$1,442,116	$120,176
Year 5	$1,468,529	$122,377
Year 6	$1,374,011	$114,501
Year 7	$1,401,491	$116,791
Year 8	$1,429,521	$119,127
Year 9	$1,458,111	$121,509
Year 10	$1,487,274	$123,939

The annual base rent for each extended term under the lease will be equal to 93% of the "fair market rent" determined either (1) as agreed upon by the parties, or (2) as determined by appraisal pursuant to the terms and conditions of the Vanguard Cellular lease. The fair market rent shall be multiplied by the "fair market escalator" (which represents the yearly rate of increases in the fair market rent for the entire renewal term), if any. If the fair market rent is to be determined by appraisal, both the landlord and the tenant shall designate an independent appraiser, and both appraisers shall mutually designate a third appraiser. After their appointment, the appraisers shall determine the fair market rent and the fair market escalator by submitting independent appraisals. The fair market rent and fair market escalator shall be deemed to be the middle appraisal of the three submitted.

In addition, the Vanguard Cellular lease contains an option to expand the premises to create additional office space of not less than 40,000 gross square feet and not more than 90,000 gross square feet, as well as additional parking to accommodate such office space. If Pennsylvania Telephone exercises its option for the expansion improvements, Wells OP will be obligated to expend the funds necessary to construct the expansion improvements. Pennsylvania Telephone may exercise its expansion option by delivering written notice to Wells OP at any time before the last business day of the 96th month of the initial term of the Vanguard Cellular lease.

Within 60 days after Wells OP's receipt of the expansion notice, Wells OP shall consult with Pennsylvania Telephone concerning Pennsylvania Telephone's specific requirements with regard to the expansion improvements and, within such 60 day period, Wells OP shall notify Pennsylvania Telephone in writing of the total estimated expansion costs to be incurred in planning and constructing the expansion improvements. Within 60 days after Pennsylvania Telephone receives Wells OP's written notification of the costs for the expansion improvements, Pennsylvania Telephone shall notify Wells OP in writing either (1) that Pennsylvania Telephone authorizes Wells OP to proceed with the construction of the expansion improvements, (2) that Pennsylvania Telephone intends to submit revised specifications within 60 days to reduce the estimated costs of the expansion improvements to an amount satisfactory to Pennsylvania Telephone, or (3) that Pennsylvania Telephone elects not to expand the premises. If Pennsylvania Telephone fails to deliver its notice to proceed within the above mentioned 60 day period, then Pennsylvania Telephone shall be deemed to have elected not to expand.

If Pennsylvania Telephone delivers its notice to proceed with the expansion improvements, Pennsylvania Telephone shall be deemed to have exercised its option for such full or partial renewal terms such that, as of the date of substantial completion of the expansion improvements, the remaining lease term shall be ten years from such date of substantial completion. Pennsylvania Telephone shall continue to have the right to exercise its option for any of the renewal terms discussed above which remain beyond the ten year additional term; provided that, if the remaining portion of a renewal term after the ten year extension shall be less than one year, then the ten year term shall be further extended to include the remaining portion of the renewal term which is less than one year.

The annual base rent for the expansion improvements for the first twelve months shall be equal to the product of (a) the expansion costs, multiplied by (b) a factor of 1.07, multiplied by (c) the greater of (X) 10.50%, or (Y) an annual interest rate equal to 375 basis points in excess of the ten year United States Treasury Note Rate then most recently announced by the United States Treasury as of the commencement date of the expansion improvements. Thereafter, the annual base rent for the expansion improvements shall be increased annually by the lesser of (1) 5%, or (2) 75% of the percentage by which the United States, Bureau of Labor Statistics, Consumer Price Index for All Items - All Urban Wage Earners and Clerical Workers for the Philadelphia Area published nearest to the expiration date of each 12 month period subsequent to the expansion commencement date is greater than the CPI Index most recently published prior to the commencement date.

The PwC Building

The PwC Building is a four-story office building containing approximately 130,090 rentable square feet located in Tampa, Florida. Wells OP purchased the PwC Building on December 31, 1998 for a purchase price of $21,127,854. Construction of the PwC Building was completed in 1998.

Wells OP purchased the PwC Building subject to a loan from SouthTrust Bank, N.A. (SouthTrust Loan). The SouthTrust Loan, which is more particularly described in the "Real Estate Loans" section of the prospectus, is secured by a first mortgage against the PwC Building.

The PwC Building is located on approximately 9 acres of land located in Sunforest Business Park between Eisenhower Boulevard and George Road approximately 1,250 feet south of West Hillsborough Avenue. The Sunforest Business Park is located in the Westshore Business District, which is a suburban business center surrounding Tampa International Airport.

The PwC Building is leased to PricewaterhouseCoopers (PwC). PwC provides a full range of business advisory services to leading global, national and local companies and to public institutions. These services include audit, accounting and tax advice; management, information technology and human resource consulting; financial advisory services including mergers and acquisitions, business recovery, project finance and litigation support; business process outsourcing services; and legal advice through a global network of affiliated law firms. PwC employs more than 140,000 people in 152 countries.

The initial term of the PwC lease is ten years which commenced on December 28, 1998 and expires in December 2008, subject to PwC's right to extend the lease for two additional five year periods of time. The annual base rent payable under the PwC lease is $1,973,213 ($15.17 per square foot) payable in equal monthly installments of $164,434 during 2000. The base rent escalates at the rate of 3% per year throughout the ten year lease term. In addition, PwC is required to pay a "reserve" of $13,009 ($.10 per square foot) as additional rent.

The annual base rent for each renewal term under the lease will be equal to the greater of (a) 90% of the "market rent rate" for such space multiplied by the rentable area of the leased premises, or (b) 100% of the base rent paid during the last lease year of the initial term, or the then-current renewal term, as the case may be. If the base rent for the first lease year under the renewal term is determined pursuant to clause (a) above, then the base rent for each lease year of such renewal term after the first lease year shall be 103% of the base rent for the immediately preceding lease year. If the base rent for the first lease year of a renewal term is determined pursuant to clause (b) above, then there shall be no escalation of the base rent until such time that the total base rent paid during the renewal term is equal to the total base rent that would have been paid during such renewal term if the base rent had been determined pursuant to clause (a) above; and thereafter, the base rent for each subsequent lease year of such renewal term shall be 103% of the base rent for the immediately preceding lease year.

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

In addition, the PwC lease contains an option to expand the premises to include a second three or four-story building with an amount of square feet up to a total of 132,000 square feet which, if exercised by PwC, will require Wells OP to expend funds necessary to construct the expansion building. PwC may exercise its expansion option by delivering written notice to Wells OP at any time between the 60th day after the rental commencement date and the expiration of the initial term of the lease. If PwC for any reason fails to deliver the expansion notice on or prior to the last day of the initial term, the expansion option shall automatically expire. Upon PwC's delivery of the expansion notice and commencement of construction of the improvements by Wells OP, the term of the lease shall automatically be extended for an additional period of ten years from the date of substantial completion of the expansion building, without further action by either PwC or Wells OP. During the first five lease years of the initial term, Wells OP shall be obligated to construct the expansion building if PwC delivers the expansion notice. Wells OP and PwC have agreed that Wells OP shall not be required to construct the expansion building, however, if PwC delivers the expansion notice after the end of the fifth lease year and, following delivery of such expansion notice, Wells OP determines not to construct the expansion building based upon the base rent it would receive for the expansion building. If Wells OP notifies PwC in writing of such determination within 30 days after Wells OP's receipt of the expansion notice, PwC shall have the right to exercise its option to purchase the PwC building.

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

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

In the event that PwC elects to exercise its expansion option and Wells OP determines not to proceed with the construction of the expansion building as described above, or if Wells OP is otherwise required to construct the expansion building and fails to do so in a timely basis pursuant to the PwC lease, PwC may exercise its purchase option by giving Wells OP written notice of such exercise within 30 days after either such event. If PwC properly exercises its purchase option, PwC must simultaneously deliver a deposit in the amount of $50,000. The purchase price for the PwC Building pursuant to the purchase option shall be equal to (a) the average of the monthly base rent for each month remaining in the initial

term as of the closing date on the Purchase Option multiplied by 12, and (b) such average annual base rent shall be multiplied by 11.

The Fairchild Building

The Fairchild Building is a two-story manufacturing and office building with 58,424 rentable square feet located in Fremont, Alameda County, California. The Fremont Joint Venture purchased the Fairchild Building on July 21, 1998 for a purchase price of $8,900,000. Construction of the Fairchild Building was completed in 1985.

The Fairchild Building is located on approximately 3 acres at 47320 Kato Road on the corner of Kato Road and Auburn Road in the City of Fremont, California.

The Fairchild Building is leased to Fairchild Technologies U.S.A., Inc. (Fairchild). Fairchild is a global leader in the design and manufacture of production equipment for semiconductor and compact disk manufacturing. The semiconductor equipment group recently unveiled a new line of semiconductor wafer processing equipment which will provide alternatives to the traditional semiconductor chip production methods.

Fairchild is a wholly-owned subsidiary of the Fairchild Corporation (Fairchild Corp). Fairchild Corp is the largest aerospace fastener and fastening system manufacturer and is one of the largest independent aerospace parts distributors in the world. Fairchild Corp is a leading supplier to aircraft manufacturers such as Boeing, Airbus, Lockheed Martin, British Aerospace and Bombardier and to airlines such as Delta Airlines and U.S. Airways. The obligations of Fairchild under the Fairchild lease are guaranteed by Fairchild Corp.

The initial term of the Fairchild lease is seven years which commenced on December 1, 1997 and expires in November 2004, subject to Fairchild's right to extend the Fairchild lease for an additional five year period. The base rent payable under the remainder of the Fairchild lease is as follows:

Year	Annual Rent	Monthly Rent
Year 4	$867,324	$72,277
Year 5	$893,340	$74,445
Year 6	$920,136	$76,678
Year 7	$947,736	$78,978

The base rent during the first year of the extended term of the Fairchild lease, if exercised by Fairchild, shall be 95% of the then fair market rental value of the Fairchild Building subject to the annual 3% increase adjustments. If Fairchild and the Fremont Joint Venture are unable to agree upon the fair rental value for the extended lease term, each party shall select an appraiser and the two appraisers shall establish the rent by agreement.

The Cort Furniture Building

The Cort Furniture Building is a one-story office, showroom and warehouse building with 52,000 rentable square feet located in Fountain Valley, California. The Cort Joint Venture purchased the Cort Furniture Building on July 31, 1998 for a purchase price of $6,400,000. Construction of the Cort Furniture Building was completed in 1975.

The Cort Furniture Building is located on two parcels of land totaling approximately 3.6 acres at 10700 Spencer Street on the southeast corner of Spencer Avenue and Mt. Langley Street adjacent on the south side to Interstate 405.

The Cort Furniture Building is leased to Cort Furniture Rental Corporation (Cort). Cort uses the Cort Furniture Building as its regional corporate headquarters with an attached clearance showroom and warehouse storage areas. Cort is a wholly-owned subsidiary of Cort Business Services Corporation, a New York Stock Exchange Company trading under the symbol CBZ (Cort Business Services). Cort Business Services is the largest and only national provider of high-quality office and residential rental furniture and related accessories.

Cort Business Services has operations that cover 32 states and the District of Columbia and includes 119 rental showrooms. The obligations of Cort under the Cort Furniture lease are guaranteed by Cort Business Services.

The initial term of the Cort lease is 15 years which commenced on November 1, 1988 and expires in October 2003. Cort has an option to extend the Cort lease for an additional five year period of time. The monthly base rent payable under the Cort lease is $63,247 through April 30, 2001 at which time the monthly base rent will be increased 10% to $69,574 for the remainder of the lease term. The monthly base rent during the first year of the extended term shall be 90% of the then fair market rental value of the Cort Furniture Building, but will be no less than the rent in the 15th year of the Cort lease. If Cort and the Cort Joint Venture are unable to agree upon a fair rental value for the extended lease term, each party shall select an appraiser and the two appraisers shall provide appraisals on the Cort Furniture Building. If the appraisal values established are within 10% of each other, the average of such appraised value shall be the fair market rental value. If said appraisals are varied by more than 10%, the two appraisers shall appoint a third appraiser and the middle appraisal of the three shall be the fair rental value.

The Iomega Building

The Iomega Building is a warehouse and office building with 108,000 rentable square feet located in Ogden City, Utah. Wells Fund X originally purchased the Iomega Building on April 1, 1998 for a purchase price of $5,025,000 and contributed the Iomega Building to the IX-X-XI-REIT Joint Venture on July 1, 1998.

The Iomega Building is located on an approximately 8 acre tract of land at 2976 South Commerce Way in the Ogden Commercial and Industrial Park, which is one mile north of Roy City, one mile northwest of Riverdale City and three miles southwest of the Ogden central business district.

The Iomega Building is leased to Iomega Corporation (Iomega). Iomega, a New York Stock Exchange company, is a manufacturer of computer storage devices used by individuals, businesses, government and educational institutions, including "Zip" drives and disks, "Jaz" one gigabyte drives and disks, and tape backup drives and cartridges.

The initial term of the Iomega lease is ten years which commenced on August 1, 1996 and expires in July 2006. In March 1999, the IX-X-XI-REIT Joint Venture acquired an adjacent parcel of land and constructed additional parking at the site at an aggregate cost of $874,625. As a result, Iomega increased its monthly base rent and extended the term of its lease until April 30, 2009. The Iomega lease contains no further extension provisions. Iomega's world headquarters are located within one mile of the Iomega Building. The monthly base rent payable under the Iomega lease is $54,989. On March 1, 2003 and July 1, 2006, the monthly base rent payable under the Iomega lease will be increased to reflect an amount equal to 100% of the increase in the Consumer Price Index during the preceding 40 months; provided however, that in no event shall the base rent be increased with respect to any one year by more than 6% or

by less than 3% per year, compounded annually, on a cumulative basis from the beginning of the lease term.

The Interlocken Building

The Interlocken Building is a three-story multi-tenant office building with 51,974 rentable square feet located in Broomfield, Colorado. The IX-X-XI-REIT Joint Venture purchased the Interlocken Building on March 20, 1998 for a purchase price of $8,275,000. Construction of the Interlocken Building was completed in December 1996.

The Interlocken Building is located on a 5.1 acre tract of land in the Interlocken Business Park on Highway 36, the Boulder-Denver Turnpike, which is the main thoroughfare between Boulder and Denver. The Interlocken Building is located approximately eight miles southeast of Boulder and approximately 15 miles northwest of Denver. The Interlocken Building is currently leased as follows:

Floor	Tenant	Rentable Sq. Ft.
1	Multiple	15,599
2	ODS Technologies, L.P.	17,146
3	GAIAM, Inc.	19,229

The entire third floor of the Interlocken Building containing 19,229 rentable square feet (37% of the total rentable square feet) is currently under lease to GAIAM, Inc. (GAIAM). GAIAM, formerly known as Transecom, Inc., is a consumer distributor of environmental friendly products, including on-site video and audio production of environmental and alternative health videos using state-of-the-art electronics and sound stage. GAIAM was founded in 1988 and currently employs approximately 60 people.

The GAIAM lease currently expires in October 2001, subject to GAIAM's right to extend for one additional term of five years upon 180 days' notice. The monthly base rent payable under the GAIAM lease is approximately $26,150 for the initial term of the lease. In accordance with the GAIAM lease, Golden Rule, Inc., an affiliate of GAIAM, occupies 6,621 rentable square feet of the third floor. GAIAM guarantees the entire payment due under the GAIAM lease. GAIAM also leases 1,510 rentable square feet on the first floor. The base rent payable for this space for the remainder of the lease term is as follows:

Year	Annual Rent	Monthly Rent
Year 2	$25,800	$2,150
Year 3	$26,400	$2,200

GAIAM currently subleases 2,910 rentable square feet on the first floor from TECWorks, Inc./Enterprise Bank. The monthly base rent payable for this space is $4,001.

The entire second floor of the Interlocken Building containing 17,146 rentable square feet (34% of total rentable square feet) is currently under lease to ODS Technologies, L.P. (ODS). ODS provides in-home financial transaction services via telephone and television, and it has developed interactive computer-based applications for such in-home purchasing. Originally based in Tulsa, Oklahoma, ODS relocated its business to the Interlocken Building.

The ODS lease expires in September 2003, subject to ODS's right to extend for one additional term of three years upon 180 days' notice. The base rent payable for the remainder of the ODS lease is as follows:

Year	Annual Rent	Monthly Rent
Year 2	$277,200	$23,100
Year 3	$282,600	$23,550
Year 4	$288,600	$24,050

Year 5	$294,600	$24,550

The rental payments to be made by the tenant under the ODS lease are also secured by the assignment of a $275,000 letter of credit which may be drawn upon by the landlord in the event of a tenant default under the lease.

The first floor of the Interlocken Building containing 15,599 rentable square feet is occupied by several tenants, in addition to GAIAM, whose leases expire in 2002. The aggregate monthly base rent payable under these leases for 2000 is approximately $20,308.

The Ohmeda Building

The Ohmeda Building is a two-story office building with approximately 106,750 rentable square feet located in Louisville, Colorado. The IX-X-XI-REIT Joint Venture purchased the Ohmeda Building on February 13, 1998 for a purchase price of $10,325,000. Construction of the Ohmeda Building was completed in January 1988.

The Ohmeda Building is located on a 15 acre tract of land in the Centennial Valley Business Park approximately five miles southeast of Boulder and approximately 17 miles northwest of Denver. The Ohmeda Building is situated near Highway 36, which is the main thoroughfare between Boulder and Denver.

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

On April 13, 1998, Instrumentarium Corporation, a Finnish company, acquired the division of Ohmeda that occupies the Ohmeda Building. Instrumentarium is an international health care company concentrating on selected fields of medical technology manufacturing, marketing and distribution.

The Ohmeda lease currently expires in January 2005, subject to (1) Ohmeda's right to effectuate an early termination of the Ohmeda lease under the terms and conditions described below, and (2) Ohmeda's right to extend the Ohmeda Lease for two additional five year periods of time. The base rent payable under the Ohmeda lease is as follows:

Years	Annual Rent	Monthly Rent
Years 1-5	$1,004,520	$83,710
Year 6	$1,054,692	$87,891
Year 7	$1,107,000	$92,250

The Ohmeda lease contains an early termination clause that allows Ohmeda the right to terminate the Ohmeda lease, subject to certain conditions, on either January 31, 2001 or January 31, 2002. In order

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

In addition, the Ohmeda Lease contains an option to expand the premises by an amount of square feet up to a total of 200,000 square feet which, if exercised by Ohmeda, will require the IX-X-XI-REIT Joint Venture to expend funds necessary to acquire additional land, if necessary, and to construct the expansion space. Ohmeda's option to expand the premises is subject to deliverance of at least four months' prior written notice to the IX-X-XI-REIT Joint Venture. During the four months subsequent to the notice of Ohmeda's intention to expand the premises, Ohmeda and the IX-X-XI-REIT Joint Venture shall negotiate in good faith and enter into an amendment to the Ohmeda lease for the construction and rental of the expansion space. If Ohmeda exercises its option to expand the premises, the right to terminate clause described above will automatically be canceled, and the primary lease term shall be extended for a period of ten years from the date on which a certificate of occupancy is issued by the City of Louisville with respect to the expansion space.

The base rental for the expansion space payable under the Ohmeda lease shall be calculated to generate a rate of return to the IX-X-XI-REIT Joint Venture on its project costs and any retrofit expenses with respect to the existing premises incurred by landlord over the new, ten year extended primary lease term, equal to the prime lending rate published by Norwest Bank, N.A. on the first day of such extended primary lease term, plus 3%, plus full amortization of the tenant finish costs with respect to the expansion space and the existing premises. This base rental shall be payable through January 31, 2005. The base rental payable under the Ohmeda lease from February 1, 2005 through the remaining balance of the new, extended ten year primary lease term, shall be based on a combined rental rate equal to the sum of (1) the base rental payable by Ohmeda during lease year number seven for the existing premises, plus (2) the base rent payable by Ohmeda during lease year number seven for the expansion space, plus an amount equal to 2% of the combined rental rate. Thereafter, the base rent payable for the entire premises shall be the base rent payable during the previous lease year plus an amount equal to 2% of the base rent payable during such previous lease year.

The ABB Knoxville Building

The ABB Knoxville Building is a three-story multi-tenant steel-framed office building containing approximately 84,404 square feet located in Knoxville, Tennessee. Wells Fund IX purchased the land and constructed the ABB Knoxville Building. Wells Fund IX contributed the ABB Knoxville Building to the IX-X-XI-REIT Joint Venture on March 26, 1997 and was credited with making a $7,900,000 capital contribution. Construction of the ABB Knoxville Building was completed in December 1997.

The ABB Knoxville Building is located on approximately 5.6 acres located in an office park known as Center Point Business Park on Pellissippi Parkway just north of the intersection of Interstates

40 and 75, in Knox County, Tennessee approximately 10 miles west of the Knoxville central business district.

The ABB Knoxville Building is currently leased to ABB Flakt, Inc. (ABB). ABB is principally engaged in the business of pollution control engineering and consulting. ABB will use the leased area as office space for approximately 220 employees. ABB Asea Brown Boveri, Ltd., a Swiss corporation based in Zurich, is the holding company of the ABB Asea Brown Boveri Group which is comprised of approximately 1,000 companies around the world, including ABB. The ABB Group revenue is predominately provided by contracts with utilities and independent power producers for the design and engineering, construction, manufacture and marketing of products, services and systems in connection with the generation, transmission and distribution of electricity. In addition, the ABB Group generates a significant portion of its revenues from the sale of industrial automation products, systems and services to pulp and paper, automotive and other manufacturers.

As security for ABB's obligations under its lease, ABB has provided to the IX-X-XI-REIT Joint Venture an irrevocable standby letter of credit in accordance with the terms and conditions set forth in the ABB lease. The letter of credit maintained by ABB is required to be in the amount of $4,000,000 until the seventh anniversary of the rental commencement date, at which time it will be reduced by $1,000,000 each year until the end of the lease term.

The initial term of the ABB lease is nine years and 11 months which commenced on January 1, 1998 and expires in December 2007. The annual base rent payable under the ABB lease is $1,106,520 payable in equal monthly installments of $92,210 during the first five years of the initial lease term, $1,233,120 payable in equal monthly installments of $102,760 during the next 2 years of the initial lease term, and $1,220,484 payable in equal monthly installments of $101,707 during the last 2 years and 11 months of the initial lease term.

The IX-X-XI-REIT Joint Venture has agreed to provide ABB on the fifth anniversary of the rental commencement date a redecoration allowance of an amount equal to (1) $5.00 per square foot of useable area of the premises leased which has been leased and occupied by ABB for at least three consecutive years ending with such fifth anniversary reduced by (2) $177,000.

ABB has a one-time option to terminate the ABB lease as of the seventh anniversary of the rental commencement date which is exercisable by written notice to the IX-X-XI-REIT Joint Venture at least 12 months in advance of such seventh anniversary. If ABB elects to exercise this termination option, ABB is required to pay to the IX-X-XI-REIT Joint Venture, on or before 90 days prior to the seventh anniversary of the rental commencement date, a termination payment intended to compensate the IX-X-XI-REIT Joint Venture for the present value of certain sums which the joint venture has expended in connection with the ABB lease amortized over and attributable to the remaining lease term and a rent payment equal to approximately 15 months of monthly base rental payments. We currently anticipate that the termination payment required to be paid by ABB in the event it exercises its option to terminate the ABB lease on the seventh anniversary would be approximately $1,800,000 based upon certain assumptions.

The Avaya Building

The Avaya Building (formerly known as the Lucent Technologies Building) is a one-story office building containing approximately 57,186 rentable square feet which was developed and constructed on certain real property located in Oklahoma City, Oklahoma by Wells Development. The Avaya Building was purchased by the IX-X-XI-REIT Joint Venture on June 24, 1998 for a purchase price of $5,504,276, which was equal to the aggregate cost to Wells Development of the acquisition, construction and development of the Avaya Building, including interest and other carrying costs, and accordingly, Wells

Development made no profit from the sale of the Avaya Building to the IX-X-XI-REIT Joint Venture. Construction of the Avaya Building was completed in January 1998.

The Avaya Building is located on approximately 5.3 acres located in the Quail Springs Office Park, 1400 Hertz Quail Springs Parkway, in the northwest sector of Oklahoma City.

The Avaya Building is leased to Avaya, Inc. (Avaya), the former Enterprise

Networks Group of Lucent Technologies Inc. (Lucent Technologies). Lucent Technologies, the former tenant, assigned the lease to Avaya on September 30, 2000. Lucent Technologies, who remains liable on the lease, is a telecommunications company which was spun off by AT&T in April 1996. Lucent Technologies, which is traded on the New York Stock Exchange, is in the business of designing, developing and marketing communications systems and technologies ranging from microchips to whole networks and is one of the world's leading designers, developers and manufacturers of telecommunications system software and products.

The initial term of the Avaya lease is ten years which commenced on January 5, 1998 and expires in January 2008. Avaya has the option to extend the initial term of the Avaya lease for two additional five year periods. The annual base rent payable under the Avaya lease will be $508,383 payable in equal monthly installments of $42,365 during the first five years of the initial lease term, and $594,152 payable in equal monthly installments of $49,513 during the second five years of the initial lease term. The annual base rent for each extended term under the lease will be based upon the fair market rent then being charged by landlords under new leases of office space in the metropolitan Oklahoma City market for similar space in a building of comparable quality with comparable amenities. The Avaya lease provides that if the parties cannot agree upon the appropriate fair market value rate, the rate will be established by real estate appraisers.

Under the Avaya lease, Avaya also has a one-time option to terminate the Avaya lease on the seventh anniversary of the rental commencement date, which is exercisable by written notice to the landlord at least 12 months in advance of such seventh anniversary. If Avaya elects to exercise its option to terminate the Avaya lease, Avaya would be required to pay a termination payment intended to compensate the landlord for the present value of funds expended as a construction allowance and leasing commissions relating to the Avaya lease, amortized over and attributable to the remaining lease term, and a rental payment equal to approximately 18 months of monthly rental payments. We currently anticipate that the termination payment required to be paid by Avaya, in the event it exercises its option to terminate the Avaya lease on the seventh anniversary, would be approximately $1,339,000 based upon certain assumptions.

Property Management Fees

Wells Management, our Property Manager, has been retained to manage and lease all of the properties currently owned by the IX-X-XI-REIT Joint Venture and the VIII-IX-REIT Joint Venture. While Wells Fund XI and the Wells REIT are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 4.5% of gross revenues, Wells Fund VIII, Wells Fund IX and Wells Fund X are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 6% of gross revenues. Accordingly, a portion of the gross revenues of these joint ventures will be subject to a 6% management and leasing fee and a portion of gross revenues will be subject to a 4.5% management and leasing fee based upon the respective ownership percentages in the joint ventures.

Wells Management has been retained to manage and lease each of the remaining buildings for fees not exceeding the lesser of: (A) 4.5% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Wells REIT, calculated on an annual basis. For

purposes of this calculation, net asset value shall be defined as the excess of (1) the aggregate of the fair market value of all properties owned by the Wells REIT (excluding vacant properties), over (2) the aggregate outstanding debt of the Wells REIT (excluding debts having maturities of one year or less). In addition, we may pay Wells Management a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).

Wells Management received a one-time initial lease-up fee equal to the first month's rent for the leasing of the ABB Knoxville Building and the Avaya Building. In addition, Wells Management will receive a one-time initial lease-up fee equal to the first month's rent for the leasing of the Matsushita Building and the Alstom Power Building.

Real Estate Loans

The SouthTrust Loan

Wells OP has established a revolving credit facility from SouthTrust Bank, N.A. (SouthTrust Loan) whereby SouthTrust agreed to loan up to $15.2 million to Wells OP in connection with its purchase of real properties. The SouthTrust Loan was originally obtained in connection with the acquisition of the PwC Building. The SouthTrust Loan requires monthly payments of interest only and matures on December 31, 2000. The interest rate on the SouthTrust Loan is an annual variable rate equal to the London InterBank Offered Rate for a thirty day period plus 200 basis points. The current interest rate on the SouthTrust Loan is 8.62% per annum. The SouthTrust Loan is secured by a first mortgage against the PwC Building located in Tampa, Florida, which was purchased by Wells OP on December 31, 1998. As of September 30, 2000, there was no outstanding principal balance on the SouthTrust Loan.

The SouthTrust Line of Credit

Wells OP has established a line of credit from SouthTrust Bank, N.A. (SouthTrust Line of Credit) whereby SouthTrust agreed to loan up to $35 million to Wells OP in connection with its purchase of real properties. The SouthTrust Line of Credit requires monthly payments of interest only and matures on June 10, 2002. The interest rate on the SouthTrust Line of Credit is an annual variable rate equal to the London InterBank Offered Rate for a thirty day period plus 200 basis points. The current interest rate on the SouthTrust Line of Credit is 8.62% per annum. The SouthTrust Line of Credit is secured by first mortgages against the Cinemark Building, the Dial Building and the ASML Building. As of September 30, 2000, the outstanding principal balance of the SouthTrust Line of Credit was $100.

The BOA Loan

Wells OP originally obtained a loan in the amount of $6,425,000 from Bank of America, N.A. (BOA Loan), to fund a portion of the purchase price of the AT&T Building located in Harrisburg, Pennsylvania. On November 23, 1999, the BOA Loan was converted to a revolving credit loan in the maximum principal amount of $9,825,000 for the acquisition of real properties by Wells OP. On February 24, 2000, the credit limit of the BOA Loan was increased further to $26,725,000. The BOA Loan requires monthly payments of interest only and matures on February 1, 2001. The interest rate on the BOA Loan is a variable rate per annum equal to the London InterBank Offered Rate for a thirty day period plus 200 basis points. The current interest rate on the BOA Loan is 8.62% per annum. The BOA Loan is secured by first mortgages against both the AT&T Building and the Marconi Building. As of September 30, 2000, the outstanding principal balance of the BOA Loan was $21,500,000.

The Motorola Loan

Wells OP obtained $5,000,000 in financing from Ryan Companies US, Inc. in connection with the purchase of the Motorola Building (Motorola Loan). The Motorola Loan requires monthly payments of interest only and matures on April 1, 2001. The interest rate on the Motorola Loan is 9.00% per annum, and is secured by a first mortgage against the Motorola Building. As of September 30, 2000, the outstanding principal balance of the Motorola Loan was $100,000.

The Metris Loan

Wells OP assumed a loan (Metris Loan) with Richter-Schroeder Company, Inc. in connection with its purchase of the Metris Building. Wells OP extended the Metris Loan which matures on February 11, 2003. The Metris Loan requires monthly payments of interest only. The interest rate on the Metris Loan is an annual variable rate equal to the LIBOR for a thirty day period plus 175 basis points. The current interest rate on the Metris Loan is 8.38% per annum. The Metris Loan is secured by a first mortgage against the Metris Building. As of September 30, 2000, the outstanding principal balance of the Metris Loan is $8,000,000.

The Matsushita Loan

Wells OP obtained the Matsushita Loan from Bank of America, N.A. in the maximum principal amount of $15,375,000, the proceeds of which were used to fund the development and construction of the Matsushita Building. The Matsushita Loan matures on May 9, 2001. The interest rate on the Matsushita loan is a variable rate equal to either (1) the Bank of America "prime rate," or (2) at the option of Wells OP, the rate per annum appearing on Telerate Page 3750 as the London Inter Bank Offered Rate for a 30 day period, plus 200 basis points. Wells OP is making monthly installments of principal in the amount of $10,703 plus accrued and unpaid interest until maturity. On the maturity date, the entire outstanding principal balance plus any accrued but unpaid interest shall be due and payable. The Matsushita Loan is secured by a first mortgage against the Matsushita Building. As of September 30, 2000, the outstanding principal balance of the Matsushita Loan was $9,181,877.

The Alstom Power Loan

Wells LLC VA obtained the Alstom Power Loan from SouthTrust Bank, N.A. in the maximum principal amount of $9,280,000, the proceeds of which were used to fund the development and construction of the Alstom Power Building (formerly known as the ABB Richmond Building). The Alstom Power Loan matures on July 10, 2002. The interest rate on the Alstom Power Loan is 225 basis points over the London Inter Bank Offered Rate. The loan is secured by a pledge of the real estate, the Alstom Power lease and a $4,000,000 letter of credit issued by Unibank. As of September 30, 2000, there was no outstanding principal balance on the Alstom Power Loan.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our accompanying financial statements and the notes thereto.

This section and other sections of the prospectus contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including discussion and analysis of the financial condition of the Wells REIT, anticipated capital expenditures required to complete certain projects, amounts of cash distributions anticipated to be distributed to shareholders in the future and certain other matters. Readers of this prospectus should be

aware that there are various factors that could cause actual results to differ materially from any forward-looking statement made in this prospectus, which include changes in general economic conditions, changes in real estate conditions, construction costs which may exceed estimates, construction delays, increases in interest rates, lease-up risks, inability to obtain new tenants upon the expiration of existing leases, lack of availability of financing and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

Liquidity and Capital Resources

We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999, and on December 20, 1999, we commenced a follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of December 31, 1999, we had raised an aggregate of $134,710,850 in offering proceeds through the sale of 13,471,085 shares. As of December 31, 1999, we had paid $4,714,880 in acquisition and advisory fees and acquisition expenses, $16,838,857 in selling commissions and organizational and offering expenses, and $112,287,969 in capital contributions to Wells OP for investments in joint ventures and acquisitions of real properties. As of December 31, 1999, we were holding net offering proceeds of approximately $869,144 available for investment in additional properties.

Between December 31, 1999, and September 30, 2000, we raised an additional $127,695,246 in offering proceeds through the sale of an additional 12,769,524 shares. Accordingly, as of September 30, 2000, we had raised a total of $262,406,096 in offering proceeds through the sale of 26,240,610 shares of common stock. As of September 30, 2000, we had paid a total of $9,161,189 in acquisition and advisory fees and acquisition expenses, had paid a total of $32,718,532 in selling commissions and organizational and offering expenses, had made capital contributions of $211,641,497 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $657,844 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $8,227,034 available for investment in additional properties.

Cash and cash equivalents at September 30, 2000 and 1999 were $12,257,161 and $2,850,263, respectively. The increase in cash and cash equivalents resulted primarily from raising additional capital which was offset by increased investments in real property acquisitions.

Operating cash flows are expected to increase as additional properties are added to our investment portfolio. Dividends to be distributed to the shareholders are determined by the board of directors and are dependent upon a number of factors relating to the Wells REIT, including funds available for payment of dividends, financial condition, capital expenditure requirements and annual distribution requirements in order to maintain our status as a REIT under the Internal Revenue Code.

As of September 30, 2000, we had acquired interests in 25 real estate properties. These properties are generating sufficient cash flow to cover our operating expenses and pay quarterly dividends. Dividends declared for the third quarter of 2000 and the third quarter of 1999 totaled $0.188 and $0.175 per share, respectively, which were declared on a daily record date basis in the amount of $0.2038 and $0.1902, respectively, per share payable to the shareholders of record at the close of business of each day during the quarter.

On February 18, 1999, Wells OP entered into a Rental Income Guaranty Agreement with Fund VIII and Fund IX Associates, a Georgia joint venture partnership between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. (VIII-IX Joint Venture), whereby Wells OP guaranteed the VIII-IX Joint Venture that it would receive rental income on the Quest Building (formerly

known as the Bake Parkway Building) previously leased to Matsushita Avionics at least equal to the rental and building expenses that the VIII-IX Joint Venture would have received over the remaining term of its original lease with Matsushita Avionics. Matsushita Avionics vacated the Quest Building in December 1999, with the existing lease term ending in September 2003. On June 15, 2000, the VIII-IX-REIT Joint Venture was formed between Wells OP and the VIII-IX Joint Venture for purposes of owning and operating the Quest Building. On July 1, 2000, the VIII-IX Joint Venture transferred the Quest Building to the VIII-IX-REIT Joint Venture as its capital contribution. (See "Description of Properties -- Joint Ventures with Affiliates.") Under the Rental Income Guaranty Agreement, Wells OP also guaranteed that, if a joint venture such as the VIII-IX-REIT Joint Venture was ever formed by the parties for the ownership and operation of the Quest Building, Wells OP would guaranty to the VIII-IX Joint

Venture that it would receive monthly cash flow distributions from such joint venture at least equal to the rent and building expenses guaranteed under the Rental Income Guaranty Agreement. Currently the Quest Building is leased by Quest Software, Inc. (Quest) pursuant to a 42 month lease that expires on December 31, 2003. (See "Description of Properties -- Quest Building.")

Wells OP had paid approximately $542,645 in rental income guaranty payments to the VIII-IX Joint Venture through September 30, 2000, and will continue making payments in the amount of $6,656 per month until the Quest Building is fully leased to Quest. Our maximum liability exposure to the VIII-IX Joint Venture for rental income and building expenses potentially payable under this Rental Income Guaranty Agreement of approximately $3,000,000 was taken into account in the economic analysis performed in making the determination to go forward with the development of the Matsushita Building. Although the lease of the Quest Building by Quest has, at least temporarily, relieved Wells OP of its obligations under the Rental Income Guaranty Agreement, we cannot, at this time, determine the amount of any future liability if Quest defaults or otherwise fails to make the required payments under its lease. Wells OP continues to guaranty payment under the Rental Income Guaranty Agreement and, consequently, continues to bear some risk, even though their risk has been substantially minimized by the lease with Quest. Any payment made to the VIII-IX Joint Venture under the Rental Income Guaranty Agreement will be made from the operating cash flow of Wells OP and may reduce the amount of cash available for payment of dividends.

Cash Flows From Operating Activities

Net cash provided by operating activities was $4,737,973 for the nine months ended September 30, 2000 and $2,273,102 for the nine months ended September 30, 1999. The increase in net cash provided by operating activities was due primarily to the purchase of additional properties in late 1999 and 2000.

Cash Flows From Investing Activities

The increase in net cash used in investing activities from $75,420,671 for the nine months ended September 30, 1999 to $113,424,119 for the nine months ended September 30, 2000 was due primarily to the raising of additional capital and funds that have been invested in real property acquisitions.

Cash Flows From Financing Activities

The increase in net cash provided by financing activities from $68,018,429 for the nine months ended September 30, 1999 to $118,013,503 for the nine months ended September 30, 2000 was due primarily to the raising of additional capital and the corresponding increase in funds borrowed to purchase additional properties. We raised $127,695,243 in offering proceeds for the nine months ended September 30, 2000, as compared to $76,927,944 for the nine months ended September 30, 1999. In addition, we

received loan proceeds from financing secured by properties of $67,883,130 and repaid notes payable in the amount of $52,903,328.

Results of Operations

As of September 30, 2000, our real estate properties were 100% occupied by tenants. Gross revenues for the nine months ended September 30, 1999 and for the nine months ended September 30, 2000 were $3,996,290 and $15,734,638, respectively. This increase in revenues was due to the purchase of additional properties during late 1999 and 2000. The purchase of interests in additional properties also resulted in an increase in operating expenses, management and leasing fees, and depreciation expense. Our net income increased to $5,737,537 for the first nine months of 2000 as compared to $2,272,432 for the first nine months of 1999.

Subsequent Events

On November 1, 2000, Wells OP acquired a three-story 236,710 square foot office building (Motorola Plainfield Building) located at Durham Avenue on Interstate 287 in South Plainfield, New Jersey for a purchase price of $34,150,000 plus closing costs of $141,598. The Motorola Plainfield Building is 100% leased to Motorola, Inc.

Property Operations

As of September 30, 2000, we have provided the following operational information relating to our real estate properties:

The ABB Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$288,969	$261,986	$895,551	$784,065
Interest income	19,871	15,024	53,575	46,765
	308,840	277,010	949,126	830,830
Expenses:				
Depreciation	98,454	135,499	295,362	403,699
Management and leasing expenses	36,277	32,260	112,232	93,666
Other operating expenses	(26,544)	(17,097)	(69,178)	(13,390)
	108,187	150,662	338,416	483,975
Net income	$200,653	$126,348	$610,710	$346,855
Occupied percentage	100%	98.28%	100%	98.28%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 11,074	$ 9,855	$ 33,513	$ 28,263
Net income allocated to the Wells REIT	$ 7,451	$ 4,721	$ 22,700	$ 13,043

Rental income increased in 2000, over 1999, due primarily to the increased occupancy level of the property. Total expenses decreased due to a decrease in depreciation expense. This decrease resulted from an accelerated depreciation on tenant improvements for a short-term lease in 1999 for 23,092 square feet. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for the

current year common area maintenance (CAM) which is then reconciled the following year and the difference billed to the tenant. Net income and cash distributions increased in 2000, over 1999, due to a combination of increased rental income and decreased operating expenses.

Our ownership percentage interest in the IX-X-XI-REIT Joint Venture decreased slightly due to additional capital contributions made by Wells Fund IX and Wells Fund X, respectively, to the IX-X-XI-REIT Joint Venture in the first and second quarters of 2000 for funding of capital improvements.

The Ohmeda Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				

Rental income	$256,829	$256,829	$770,486	$770,486
Expenses:				
Depreciation	81,576	81,576	244,728	244,728
Management and leasing expenses	12,826	11,618	41,656	35,293
Other operating expenses	(7,585)	3,899	73,410	(188)
	86,817	97,093	359,794	279,833
Net income	$170,012	$159,736	$410,692	$490,653
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 9,130	$ 8,804	$ 23,726	$ 26,992
Net income allocated to the Wells REIT	$ 6,312	$ 5,969	$ 15,265	$ 18,438

Net income decreased in 2000, as compared to 1999, due to an overall increase in expenses. Operating expenses increased significantly due, in part, to a significant rise in real estate taxes, which resulted from the revaluation of the property by Boulder County authorities in 1999. A later reduction in taxes resulting from an appeal in 2000 was offset by a CAM credit to the tenant.

Rental income remained stable for the three months ended September 30, 2000, as compared to the same period in 1999. Total expenses decreased for the three month period ended September 30, 2000, as compared to the same period for 1999, due largely to other operating expenses being negative. This was due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Cash distributions and net income allocated to the Wells REIT for the three month period ended September 30, 2000 increased slightly as compared to 1999.

The Interlocken Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 207,454	$ 207,791	$ 635,898	$ 622,070
Expenses:				
Depreciation	71,670	71,670	215,010	215,010
Management and leasing expenses	27,019	18,899	83,736	54,518
Other operating costs	(2,165)	(5,291)	(54,699)	5,342
	96,524	85,278	244,047	274,870
Net income	$ 110,930	$ 122,513	$ 391,851	$ 347,200
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 6,800	$ 7,200	$ 22,679	$ 20,952
Net income allocated to the Wells REIT	$ 4,119	$ 4,578	$ 14,566	$ 13,041

Rental income increased due to a tenant occupying additional space previously leased to another tenant at a lower rate. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for current year CAM which is then reconciled the following year and the difference billed to the tenants. Due to these CAM reimbursements, management and leasing fees increased since these fees are charged based on actual receipts.

Cash distributions and net income allocated to the Wells REIT for the quarter ended September 30, 2000 decreased in 2000, as compared to 1999, due to a decrease in net income.

The Avaya Building (formerly the Lucent Technologies Building)/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 145,752	$ 145,752	$ 437,256	$ 437,256
Expenses:				
Depreciation	45,801	45,801	137,403	137,403
Management and leasing expenses	5,369	5,370	16,109	16,109
Other operating expenses	1,669	1,766	9,688	13,964
	52,839	52,937	163,200	167,476
Net income	$ 92,913	$ 92,815	$ 274,056	$ 269,780
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 4,723	$ 4,750	$ 14,048	$ 14,006
Net income allocated to the Wells REIT	$ 3,450	$ 3,468	$ 10,187	$ 10,140

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses were slightly lower, due primarily to a one-time charge for consulting fees in 1999 which did not occur in 2000.

On September 30, 2000, Lucent Technologies, Inc. assigned its interest in the lease as tenant to Avaya, Inc., the former Enterprise Networks Group of Lucent Technologies.

The Iomega Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 168,250	$ 150,009	$ 504,750	$ 397,755
Expenses:				
Depreciation	55,062	48,495	165,186	145,485
Management and leasing expenses	7,319	8,291	21,879	17,629
Other operating expenses	2,253	1,290	12,620	3,815
	64,634	58,076	199,685	166,929
Net income	$ 103,616	$ 91,933	$ 305,065	$ 230,826
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 5,713	$ 5,103	$ 16,940	$ 13,702
Net income allocated to the Wells REIT	$ 3,848	$ 3,435	$ 11,339	$ 8,672

Rental income increased in 2000, as compared to 1999, due to the completion of the parking lot complex in the second quarter of 1999. Total expenses increased in 2000, over 1999, due to an increase in depreciation and real estate tax expenses relating to the new parking lot. Cash distributions increased in 2000, over 1999, due primarily to the increase in net income.

The Cort Building/The Cort Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 198,885	$ 198,885	$ 596,656	$ 596,656
Expenses:				
Depreciation	46,641	46,641	139,923	139,923
Management and leasing expenses	8,701	7,590	23,881	22,770
Other operating expenses	6,445	5,993	10,375	19,446
	61,787	60,224	174,179	182,139
Net income	$ 137,098	$ 138,661	$ 422,477	$ 414,517
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	43.7%	43.7%	43.7%	43.7%
Cash distributed to the Wells REIT	$ 76,243	$ 76,926	$ 233,613	$ 230,137
Net income allocated to the Wells REIT	$ 59,867	$ 60,550	$ 184,484	$ 181,008

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses are lower due to common area maintenance (CAM) reimbursements billed in 2000 to the tenants. Tenants are billed an estimated amount for CAM which is then reconciled the following year, and the difference is billed to the tenant. No CAM was charged to the tenant in 1999.

The Fairchild Building/The Fremont Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$225,195	$225,210	$675,585	$675,631
Expenses:				
Depreciation	71,382	71,382	214,146	214,146
Management and leasing expenses	9,175	9,303	27,525	27,970
Other operating expenses	3,244	6,457	9,856	13,772
	83,801	87,142	251,527	255,888
Net income	$141,394	$138,068	$424,058	$419,743
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	77.5%	77.5%	77.5%	77.5%
Cash distributed to the Wells REIT	$158,817	$151,627	$476,354	$459,174
Net income allocated to the Wells REIT	$109,587	$107,009	$328,663	$325,318

Rental income, net income and cash distributions to the Wells REIT remained stable in 2000, as compared to 1999.

The PwC Building

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$552,298	$552,297	$1,656,894	$1,656,637

Expenses:				
Depreciation	206,037	205,236	618,111	616,257
Management and leasing expenses	37,760	37,612	116,142	111,147
Other operating expenses	(28,672)	(77,618)	(134,352)	103,599
	215,125	165,230	599,901	831,003
Net income	$337,173	$387,067	$1,056,993	$ 825,634
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	100%	100%	100%	100%
Cash distributed to the Wells REIT	$488,547	$526,399	$1,512,625	$1,244,179
Net income allocated to the Wells REIT	$337,173	$387,067	$1,056,993	$ 825,634

Rental income has remained stable. Other operating expenses are negative due to increased CMA billings in 2000. Management and leasing fee reimbursements are also included in other operating expenses. Tenants are billed an estimated amount for current year CAM which is then reconciled the following year, and the difference billed to the tenants.

The AT&T Building

	Three Months Ended		Nine Months Ended	Eight Months Ended
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$340,832	$455,471	$1,022,497	$930,145
Expenses:				
Depreciation	120,744	120,750	362,232	321,972
Management and leasing expenses	15,525	20,532	46,201	29,082
Other operating expenses	831	3,362	6,941	12,931
Interest expense	2,915	27,470	9,331	206,046
	140,015	172,114	424,705	570,031
Net income	$200,817	$283,357	$ 597,792	$360,114
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	100%	100%	100%	100%
Cash distributed to the Wells REIT	$314,681	$300,004	$ 953,280	$579,189
Net income allocated to the Wells REIT	$200,817	$283,357	$ 597,792	$360,114

Rental income decreased for the three months ended September 30, 2000, as compared to the three months ended September 30, 1999, due to an understatement of straight line rent in that was adjusted in the third quarter of 1999. Interest expense has decreased in 2000 due to a substantial decrease in the note payable related to this property.

Since the AT&T Building was purchased in February 1999, comparable income and expenses figures for the prior period ended September 30, 1999 covered only eight months. Accordingly, the prior period is not comparable to the nine months ended September 30, 2000.

The EYBL CarTex Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Five Months Ended Sept. 30, 1999
Revenues:				
Rental income	$142,207	$140,048	$422,385	$210,173
Expenses:				
Depreciation	49,902	49,902	149,702	83,170

Management and leasing expenses	16,197	3,814	27,415	14,663
Other operating expenses	3,416	5,165	16,163	5,165
	69,515	58,881	193,280	102,998
Net income	$ 72,692	$ 81,167	$229,105	$107,175
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%	70.1%
Cash distributed to the Wells REIT	$ 67,917	$ 68,084	$190,825	$103,599
Net income allocated to the Wells REIT	$ 44,820	$ 46,791	$130,047	$ 65,039

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Rental income increased slightly for the three month period ended September 30, 2000, as compared to the same period in 1999. Total expenses increased for the three month period ended September 30, 2000, as compared to the same period in 1999, due to an annual leasing commission paid to an outside broker pursuant to the terms of the purchase agreement. Cash distributions and net income allocated to the Wells REIT decreased for the three month period ended September 30, 2000 because of the decrease in net income.

Since the EYBL CarTex Building was purchased in May 1999, comparable income and expense figures for the prior period ended September 30, 1999 covered only five months. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

Our ownership interest in the XI-XII-REIT Joint Venture decreased due to the admittance of Wells Fund XII to the XI-REIT Joint Venture on June 21, 1999. Our ownership interest was 70.1% for May and June of 1999 and 56.8% for July through September of 1999.

The Sprint Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999
Revenues:				
Rental income	$265,997	$264,654	$797,991	$264,654
Expenses:				
Depreciation	81,779	81,776	245,336	81,776
Management and leasing expenses	11,239	7,493	33,718	7,493
Other operating expenses	3,306	1,283	13,964	1,283
	96,324	90,552	293,018	90,552
Net income	$169,673	$174,102	$504,973	$174,102
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$133,516	$137,150	$398,252	$137,150
Net income allocated to the Wells REIT	$ 96,311	$100,192	$286,638	$100,192

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Rental income increased slightly for the three months ended September 30, 2000, as compared to the same period in 1999. Total expenses increased for the three months ended September 30, 2000, as compared to the same period in 1999, due largely to the increase in management and leasing fees as well as other operating expenses. Cash distributions and net income allocated to the Company decreased for the three months ended September 30, 2000 due to a decrease in net income.

Since the Sprint Building was purchased in July 1999, comparative income and expense figures for the prior period ended September 30, 1999 covered only three months. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Johnson Matthey Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Two Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$219,349	$123,566	$648,297
Expenses:			
Depreciation	63,869	42,567	191,606
Management and leasing expenses	9,230	0	27,089
Other operating expenses	(1,535)	470	8,594
	71,564	43,037	227,289
Net income	$147,785	$ 80,529	$421,008
Occupied percentage	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$110,419	$ 66,517	$318,504
Net income allocated to the Wells REIT	$ 83,836	$ 44,409	$238,977

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Since the Johnson Matthey Building was purchased in August 1999, comparative income and expense figures for the prior period covered only two months. Accordingly, the prior period cannot be compared to the nine months ended September 30, 2000.

The Gartner Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	One Month Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$216,567	$32,502	$637,375
Expenses:			
Depreciation	77,623	25,874	232,868
Management and leasing expenses	9,970	0	29,218
Other oserating expenses	(7,603)	0	(27,396)
	79,990	25,874	234,690
Net income	$136,577	$ 6,628	$402,685
Occupied percentage	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$110,861	$10,374	$328,570
Net income allocated to the Wells REIT	$ 77,525	$ 3,763	$228,574

Other operating expenses are negative due to an offset of tenant reimbursements in operating costs both for the first quarter of 2000 as well as the fourth quarter of 1999. Since the building was purchased in September of 1999, we were not able to estimate the amount to be billed for 1999 until the first quarter of 2000.

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Since the Gartner Building was purchased in September 1999, comparative income and expense figures for the prior period ended September 30, 1999 covered only one month. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Marconi Building

	Three Months Ended Sept. 30, 2000	One Month Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$817,819	$219,376	$2,453,457
Expenses:			
Depreciation	293,352	97,774	880,056
Management and leasing expenses	35,510	10,679	108,472
Other operating expenses	4,433	254	16,928
	333,295	108,707	1,005,456
Net income	$484,524	$110,669	$1,448,001
Occupied percentage	100%	100%	100%
Our ownership percentage	100%	100%	100%
Cash distributed to the Wells REIT	$673,367	$157,899	$2,016,472
Net income allocated to the Wells REIT	$484,524	$110,669	$1,448,001

Since the Marconi Building was purchased in September 1999, comparable income and expense figures for the prior period ended September 30, 1999 covered only one month. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Matsushita Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$492,420	$1,509,449
Expenses:		
Depreciation	244,909	754,423
Management and leasing expenses	48,022	138,940
Other operating expenses	17,211	51,891
	310,142	945,254
Net income	$182,278	$ 564,195

Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$441,254	$1,156,810
Net income generated to the Wells REIT	$182,278	$ 564,195

Construction of the Matsushita Building is complete, and the aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Matsushita Building was $18,576,701. The monthly base rent for the Matsushita Building is $154,602.

Since the Matsushita Building opened in January 2000, comparable income and expense figures for the prior period are not available.

The Cinemark Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$701,262	$ 2,104,128
Interest income	3,084	$ 4,332
	704,346	2,108,460
Expenses:		
Depreciation	212,310	636,896
Management and leasing expenses	38,127	100,167
Other operating expenses	144,809	453,912
	395,246	1,190,975
Net income	$309,100	$ 917,485
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$474,274	$1,412,711
Net income allocated to the Wells REIT	$309,100	$ 917,485

Since the Cinemark Building was purchased in December 1999, comparable income and expense figures for the prior period are not available.

The Metris Building

	Three Months Ended Sept. 30, 2000	Eight Months Ended Sept. 30, 2000
Revenues:		
Rental income	$308,459	$790,503
Expenses:		
Depreciation	120,792	318,298
Management and leasing expenses	13,365	34,102
Other operating expenses	3,892	10,970
	138,049	363,370
Net income	$170,410	$427,133
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$281,392	$717,190
Net income allocated to the Wells REIT	$170,410	$427,133

Since the Metris Building was purchased in February 2000, comparable income and expense figures for the prior period are not available.

The Dial Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$346,918	$705,027
Expenses:		
Depreciation	120,591	251,094
Management and leasing expenses	15,710	32,122
Other operating expenses	19,459	32,400
	155,760	315,616
Net income	$191,158	$389,411
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$325,069	$667,145
Net income allocated to the Wells REIT	$191,158	$389,411

Since the Dial Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The ASML Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$586,875	$1,189,297
Expenses:		
Depreciation	193,620	391,056
Management and leasing expenses	26,366	54,688
Other operating expenses	75,823	131,993
	295,809	577,737
Net income	$291,066	$ 611,560
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$401,031	$ 835,306
Net income allocated to the Wells REIT	$291,066	$ 611,560

Since the ASML Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The Motorola Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$485,835	$986,539
Expenses:		
Depreciation	184,064	366,103
Management and leasing expenses	20,654	42,352
Other operating expenses	84,162	150,817
	288,880	559,272
Net income	$196,955	$427,267
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$366,882	$764,851
Net income allocated to the Wells REIT	$196,955	$427,267

Since the Motorola Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The Siemens Building/The XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Five Months Ended Sept. 30, 2000
Revenues:		
Rental income	$376,103	$598,678
Expenses:		
Depreciation	106,736	176,070
Management and leasing expenses	14,736	18,020
Other operating expenses	1,805	2,032
	123,277	196,122
Net income	$252,826	$402,556
Occupied percentage	100%	100%
Our ownership percentage	50%	50%
Cash distributed to the Wells REIT	$155,462	$248,781
Net income allocated to the Wells REIT	$126,413	$201,278

Since the Siemens Building was purchased in May 2000, comparative income and expense figures for the prior period are not available.

The Avnet Building

	Three Months Ended Sept. 30, 2000	Four Months Ended Sept. 30, 2000

Revenues:		
Rental income	$442,449	$533,037
Expenses:		
Depreciation	132,714	176,952
Management and leasing expenses	21,008	21,008
Other operating expenses	59,576	72,007
	213,298	269,967
Net income	$229,151	$263,070
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$298,703	$366,292
Net income allocated to the Wells REIT	$229,151	$263,070

Since the Avnet Building was purchased in June 2000, comparable income and expense figures for the prior period are not available.

The Delphi Building

	Three Months Ended Sept. 30, 2000	Four Months Ended Sept. 30, 2000
Revenues:		
Rental income	$516,205	$532,947
Expenses:		
Depreciation	216,137	219,372
Management and leasing expenses	22,167	22,167
Other operating expenses	1,650	8,782
	239,954	250,321
Net income	$276,251	$282,626
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$458,077	$461,653
Net income allocated to the Wells REIT	$276,251	$282,626

Since the Delphi Building was purchased in June 2000, comparable income and expense figures for the prior period are not available.

The Alstom Power Building (formerly the ABB-Richmond Building)

	Three Months Ended Sept. 30, 2000
Revenues:	
Rental income	$228,597
Expenses:	
Depreciation	110,097
Management and leasing expenses	29,694
Other operating expenses	(34,658)
	105,133

Net income	$123,634
Occupied percentage	100%
Our ownership percentage	100%
Cash distributed to the Wells REIT	$243,186
Net income allocated to the Wells REIT	$123,464

On July 24, 2000, Wells OP completed a build-to-suit four-story office building containing approximately 99,057 rentable square feet on a 7.49 acre tract of land in Richmond, Virginia (Alstom Power Building). The aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Alstom Power Building was $11,654,666.

The building is 100% leased to Alstom Power, Inc. with a lease expiration of July 31, 2007. The monthly base rent for the Alstom Power Building is $98,644. On December 30, 1999, ABB Power Generation, Inc. merged into ABB Alstom Power, Inc., and on June 22, 2000, ABB Alstom Power, Inc. changed its name to Alstom Power, Inc.

Since the Alstom Power Building was completed in July 2000, comparable income and expense figures for the prior period are not available.

The Quest Building/VIII-IX-REIT Joint Venture

	Three Months Ended Sept. 30, 2000
Revenues:	
Rental income	$259,148
Expenses:	
Depreciation	46,368
Management and leasing expenses	0
Other operating expenses	16,283
	62,651
Net income	$196,497
Occupied percentage	100%
Our ownership percentage	7%
Cash distributed to the Wells REIT	$ 8,842
Net income allocated to the Wells REIT	$ 11,529

On June 15, 2000, the VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and IX Associates, a Georgia joint venture between Wells Fund VIII and Wells Fund IX. On July 1, 2000, Fund VIII and IX Associates contributed its interest in the two story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land located in Irvine, California (Quest Building), formerly known as the Bake Parkway Building, to the VIII-IX-REIT Joint Venture.

On August 1, 2000, Quest Software, Inc. commenced a 42 month lease for 100% of the Quest Building.

Construction of tenant improvements to the Quest Building required under the Quest lease are being funded by capital contributions from Wells OP and are anticipated to cost approximately $1,250,000 in the aggregate.

Inflation

The real estate market has not been affected significantly by inflation in the past three years due to the relatively low inflation rate. There are provisions in a majority of our tenant leases to protect us from the impact of inflation. These leases contain common area maintenance charges, real estate tax and insurance reimbursements on a per square foot basis, or in some cases, annual reimbursement of operating expenses above a certain per square foot allowance. These provisions should reduce our exposure to increases in costs and operating expenses resulting from inflation.

Prior Performance Summary

The information presented in this section represents the historical experience of real estate programs managed by Wells Capital and its affiliates. Investors in the Wells REIT should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior Wells real estate programs.

Of the 13 publicly offered real estate limited partnerships in which Leo F. Wells, III has served as a general partner, 12 of such limited partnerships have completed their respective offerings. These 12 limited partnerships and the year in which each of their offerings was completed are:

1. Wells Real Estate Fund I (1986)
2. Wells Real Estate Fund II (1988)
3. Wells Real Estate Fund II-OW (1988)
4. Wells Real Estate Fund III, L.P. (1990)
5. Wells Real Estate Fund IV, L.P. (1992)
6. Wells Real Estate Fund V, L.P. (1993)
7. Wells Real Estate Fund VI, L.P. (1994)
8. Wells Real Estate Fund VII, L.P. (1995)
9. Wells Real Estate Fund VIII, L.P. (1996)
10. Wells Real Estate Fund IX, L.P. (1996)
11. Wells Real Estate Fund X, L.P. (1997)
12. Wells Real Estate Fund XI, L.P. (1998).

In addition to the foregoing real estate limited partnerships, Wells Capital and its affiliates sponsored the initial public offering of shares of common stock of the Wells REIT. The initial public offering began on January 30, 1998 and was terminated on December 19, 1999. We received gross

proceeds of approximately $132,181,919 from the sale of approximately 13,218,192 shares from our initial public offering.

Wells Capital and its affiliates sponsored a second public offering of shares of common stock of the Wells REIT. The second public offering began on December 20, 1999 and was terminated on December 19, 2000. As of December 15, 2000, we had received gross proceeds of approximately $____________ from the sale of approximately ____________ shares from our second public offering.

Wells Capital and its affiliates are currently also sponsoring a public offering of 7,000,000 units on behalf of Wells Real Estate Fund XII, L.P., a public limited partnership. Wells Fund XII began its offering on March 22, 1999, and as of September 30, 2000, Wells Fund XII had raised $20,618,517 from 1,082 investors.

The Prior Performance Tables included in the back of this prospectus set forth information as of the dates indicated regarding certain of these Wells programs as to (1) experience in raising and investing funds (Table I); (2) compensation to sponsor (Table II); and (3) annual operating results of prior programs (Table III). No information is given as to results of completed programs or sales or disposals of property because, to date, none of the Wells programs have sold any of their properties.

In addition to the real estate programs sponsored by Wells Capital and its affiliates discussed above, they are also sponsoring an index mutual fund which invests in various REIT stocks known as the Wells S&P REIT Index Fund (REIT Fund). The REIT Fund is a mutual fund which seeks to provide investment results corresponding to the performance of the S&P REIT Index by investing in the REIT stocks included in the S&P REIT Index. The REIT Fund began its offering on January 12, 1998, and as of September 30, 2000, the REIT Fund had raised $48,330,317 from 2,080 investors.

Publicly Offered Unspecified Real Estate Programs

Wells Capital and its affiliates have previously sponsored the above listed 12 publicly offered real estate limited partnerships and are currently sponsoring Wells Fund XII offered on an unspecified property or "blind pool" basis. The total amount of funds raised from investors in the offerings of these 13 publicly offered limited partnerships, as of September 30, 2000, was approximately $284,902,809, and the total number of investors in such programs was approximately 25,627.

The investment objectives of each of the other Wells programs are substantially identical to the investment objectives of the Wells REIT. All of the proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW, Wells Fund III, Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX, Wells Fund X and Wells Fund XI available for investment in real properties have been invested in properties. As of September 30, 2000, approximately 65% of the aggregate gross rental income of the 12 publicly offered programs listed above was derived from tenants which are corporations, each of which at the time of lease execution had a net worth of at least $100,000,000 or whose lease obligations were guaranteed by another corporation with a net worth of at least $100,000,000.

Because of the cyclical nature of the real estate market, decreases in net income of the public partnerships could occur at any time in the future when economic conditions decline. Wells Fund I recently sold one of its buildings and is in the process of marketing the remainder of its properties for sale. However, none of the other Wells programs has liquidated its real estate portfolio or, except for the one building recently sold by Wells Fund I, sold any of its real properties to date. Accordingly, no assurance can be made that Wells programs will ultimately be successful in meeting their investment objectives. (See "Risk Factors.")

The aggregate dollar amount of the acquisition and development costs of the properties purchased by the previously sponsored Wells programs, as of December 31, 1999, was $370,247,877 of which $332,000 (or approximately .09%) had not yet been expended on the development of certain of the projects which are still under construction. Of the aggregate amount, approximately 82% was or will be spent on acquiring or developing office buildings, and approximately 18% was or will be spent on acquiring or developing shopping centers. Of the aggregate amount, approximately 9% was or will be spent on new properties, 58% on existing or used properties and 33% on construction properties. Following is a table showing a breakdown of the aggregate amount of the acquisition and development costs of the properties purchased by the Wells REIT, Wells Fund XII and the 12 Wells programs listed above as of September 30, 2000:

Type of Property	New	Used	Construction
Office Buildings	29.0%	38.2%	19.1%
Shopping Centers	0%	4.5%	9.2%

Wells Fund I terminated its offering on September 5, 1986, and received gross proceeds of $35,321,000 representing subscriptions from 4,895 limited partners. $24,679,000 of the gross proceeds were attributable to sales of Class A Units, and $10,642,000 of the gross proceeds were attributable to sales of

Class B Units. Limited partners in Wells Fund I have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund I owns interests in the following properties:

- a three-story medical office building in Atlanta, Georgia;

- a commercial office building in Atlanta, Georgia;

- a shopping center in DeKalb County, Georgia having Kroger as the anchor tenant;

- a shopping center in Knoxville, Tennessee;

- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant; and

- a project consisting of seven office buildings and a shopping center in Tucker, Georgia.

The prospectus of Wells Fund I provided that the properties purchased by Wells Fund I would typically be held for a period of eight to 12 years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund I and that the general partners were under no obligation to sell the properties at any particular time. Wells Fund I recently sold one of two commercial office buildings known as Peachtree Place located in a suburb of Atlanta, Georgia. Wells Fund I is in the process of marketing the remainder of its properties for sale pending the outcome of a proxy solicitation recommending that the Class A Limited Partners vote in favor of an amendment to the Partnership Agreement to change the method of distribution of net sale proceeds.

Wells Fund II and Wells Fund II-OW terminated their offerings on September 7, 1988, and received aggregate gross proceeds of $36,870,250 representing subscriptions from 4,659 limited partners. $28,829,000 of the gross proceeds were attributable to sales of Class A Units, and $8,041,250 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund II and Wells Fund II-OW have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund II and Wells Fund II-OW own all of their properties through a joint venture, which owns interests in the following properties:

- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;

- a project consisting of seven office buildings and a shopping center in Tucker, Georgia;

- a two-story office building in Charlotte, North Carolina leased to First Union Bank;

- a four-story office building in Houston, Texas leased to The Boeing Company;

- a restaurant property in Roswell, Georgia leased to Brookwood Grill of Roswell, Inc.; and

- a combined retail and office development in Roswell, Georgia.

The prospectus of Wells Fund II and Wells Fund II-OW provided that the properties purchased by Wells Fund II and Wells Fund II-OW would typically be held for a period of eight to 12 years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund II and Wells Fund II-OW and that the partnerships were under no obligation to sell their properties at any particular time. Wells Fund II and Wells Fund II-OW acquired their properties between 1987 and 1989, and have not yet liquidated or sold any of their properties.

Wells Fund III terminated its offering on October 23, 1990, and received gross proceeds of $22,206,310 representing subscriptions from 2,700 limited partners. $19,661,770 of the gross proceeds were attributable to sales of Class A Units, and $2,544,540 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund III have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund III owns interests in the following properties:

- a four-story office building in Houston, Texas leased to The Boeing Company;
- a restaurant property in Roswell, Georgia leased to Brookwood Grill of Roswell, Inc.;
- a combined retail and office development in Roswell, Georgia;
- a two-story office building in Greenville, North Carolina leased to International Business Machines Corporation (IBM);
- a shopping center in Stockbridge, Georgia having Kroger as the anchor tenant; and
- a two-story office building in Richmond, Virginia leased to General Electric.

Wells Fund IV terminated its offering on February 29, 1992, and received gross proceeds of $13,614,655 representing subscriptions from 1,286 limited partners. $13,229,150 of the gross proceeds were attributable to sales of Class A Units, and $385,505 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund IV have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund IV owns interests in the following properties:

- a shopping center in Stockbridge, Georgia having Kroger as the anchor tenant;
- a four-story office building in Jacksonville, Florida leased to IBM and Customized Transportation Inc. (CTI);
- a two-story office building in Richmond, Virginia leased to General Electric; and
- two-story office buildings in Stockbridge, Georgia, a substantial portion of which is leased to Georgia Baptist Hospital.

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of $17,006,020 representing subscriptions from 1,667 limited partners. $15,209,666 of the gross proceeds were attributable to sales of Class A Units, and $1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1998, $15,590,210 of units of Wells Fund V were treated as Class A Units, and $1,415,810 of units were treated as Class B Units. Wells Fund V owns interests in the following properties:

- a four-story office building in Jacksonville, Florida leased to IBM and CTI;
- two-story office buildings in Stockbridge, Georgia, a substantial portion of which is leased to Georgia Baptist Hospital;

- a four-story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;

- two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que; and

- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel.

Wells Fund VI terminated its offering on April 4, 1994, and received gross proceeds of $25,000,000 representing subscriptions from 1,793 limited partners. $19,332,176 of the gross proceeds were attributable to sales of Class A Units, and $5,667,824 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VI are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1998, $21,877,575 of units of Wells Fund VI were treated as Class A Units, and $3,122,425 of units were treated as Class B Units. Wells Fund VI owns interests in the following properties:

- a four-story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;

- two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que;

- a restaurant and retail building in Stockbridge, Georgia;

- a shopping center in Stockbridge, Georgia;

- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel;

- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;

- a combined retail and office development in Roswell, Georgia;

- a four-story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.; and

- a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant.

Wells Fund VII terminated its offering on January 5, 1995, and received gross proceeds of $24,180,174 representing subscriptions from 1,910 limited partners. $16,788,095 of the gross proceeds were attributable to sales of Class A Units, and $7,392,079 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VII are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1998, $20,095,174 of units in Wells Fund VII were treated as Class A Units, and $4,085,000 of units were treated as Class B Units. Wells Fund VII owns interests in the following properties:

- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel;

- a restaurant and retail building in Stockbridge, Georgia;

- a shopping center in Stockbridge, Georgia;

- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;

- a combined retail and office development in Roswell, Georgia;

- a two-story office building in Alachua County, Florida near Gainesville leased to CH2M Hill, Engineers, Planners, Economists, Scientists;

- a four-story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.;

- a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant; and

- a retail development in Clayton County, Georgia.

Certain financial information for Wells Fund VII is summarized below:

	1999	1998	1997	1996	1995
Gross Revenues	$962,630	$846,306	$816,237	$543,291	$925,246
Net Income	$895,795	$754,334	$733,149	$452,776	$804,043

Wells Fund VIII terminated its offering on January 4, 1996, and received gross proceeds of $32,042,689 representing subscriptions from 2,241 limited partners. $26,135,339 of the gross proceeds were attributable to sales of Class A Units, and $5,907,350 were attributable to sales of Class B Units. Limited partners in Wells Fund VIII are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units and certain repurchases made by Wells Fund VIII, as of December 31, 1998, $26,745,845 of units in Wells Fund VIII were treated as Class A Units, and $5,286,844 of units were treated as Class B Units. Wells Fund VIII owns interests in the following properties:

- a two-story office building in Alachua County, Florida near Gainsville leased to CH2M Hill, Engineers, Planners, Economists, Scientists;

- a four-story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.;

- a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant;

- a retail development in Clayton County, Georgia;

- a four-story office building in Madison, Wisconsin leased to US Cellular, a subsidiary of Bellsouth Corporation;

- a one-story office building in Farmers Branch, Texas leased to TCI Valwood Limited Partnership I;

- a two-story office building in Orange County, California; and

- a two-story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.

Certain financial information for Wells Fund VIII is summarized below:

	1999	1998	1997	1996	1995
Gross Revenues	$1,360,497	$1,362,513	$1,204,018	$1,057,694	$402,428
Net Income	$1,266,946	$1,269,171	$1,102,567	$ 936,590	$273,914

Wells Fund IX terminated its offering on December 30, 1996, and received gross proceeds of $35,000,000 representing subscriptions from 2,098 limited partners. $29,359,310 of the gross proceeds were attributable to sales of Class A Units, and $5,640,690 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1998, $29,898,750 of units in Wells Fund IX were treated as Class A Units, and $5,101,250 of units were treated as Class B Units. Wells Fund IX owns interests in the following properties:

- a one-story office building in Farmers Branch, Texas leased to TCI Valwood Limited Partnership I;
- a four-story office building in Madison, Wisconsin leased to US Cellular, a subsidiary of Bellsouth Corporation;
- a two-story office building in Orange County, California;
- a two-story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.;
- a two-story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- a three-story office building in Knox County, Tennessee leased to ABB Environmental Systems;
- a one-story office and warehouse building in Weber County, Utah leased to Iomega Corporation;
- a three-story office building in Boulder County, Colorado; and
- a one-story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, Inc.

Certain financial information for Wells Fund IX is summarized below:

	1999	1998	1997	1996
Gross Revenues	$1,593,734	$1,561,456	$1,199,300	$406,891
Net Income	$1,490,331	$1,449,955	$1,091,766	$298,756

Wells Fund X terminated its offering on December 30, 1997, and received gross proceeds of $27,128,912 representing subscriptions from 1,806 limited partners. $21,160,992 of the gross proceeds were contributable to sales of Class A Units, and $5,967,920 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units as of December 31, 1998, $21,258,042 of units in Wells Fund X were treated as Class A Units and $5,870,870 of units were treated as Class B Units. Wells Fund X owns interests in the following properties:

- a three-story office building in Knox County, Tennessee leased to ABB Environmental Systems;

- a two-story office building in Boulder County, Colorado leased to Ohmeda, Inc.;

- a one-story office and warehouse building in Weber County, Utah leased to Iomega Corporation;

- a three-story office building in Boulder County, Colorado;

- a one-story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, Inc.;

- a one-story office and warehouse building in Orange County, California leased to Cort Furniture Rental Corporation; and

- a two-story office and manufacturing building in Alameda County, California leased to Fairchild Technologies U.S.A., Inc.

Certain financial information for Wells Fund X is summarized below:

	1999	1998	1997
Gross Revenues	$1,309,281	$1,204,597	$372,507
Net Income	$1,192,318	$1,050,329	$278,025

Wells Fund XI terminated its offering on December 30, 1998, and received gross proceeds of $16,532,802 representing subscriptions from 1,345 limited partners. $13,029,424 of the gross proceeds were attributable to sales of Class A Units and $3,503,378 were attributable to sales of Class B Units. Wells Fund XI owns interests in the following properties:

- a three-story office building in Knox County, Tennessee leased to ABB Environmental Systems;

- a one-story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, Inc.;

- a two-story office building in Boulder County, Colorado leased to Ohmeda, Inc.;

- a three-story office building in Boulder County, Colorado;

- a one-story office and warehouse building in Weber County, Utah leased to Iomega Corporation;

- a one-story office and warehouse building in Orange County, California leased to Cort Furniture Rental Corporation;

- a two-story office and manufacturing building in Alameda County, California leased to Fairchild Technologies U.S.A., Inc.;

- a two-story manufacturing and office building in Greenville County, South Carolina leased to EYBL CarTex, Inc.;

- a three-story office building in Johnson County, Kansas leased to Sprint Communications Company L.P.;

. a two-story research and development office and warehouse building in Chester County, Pennsylvania leased to Johnson Matthey, Inc.; and

. a two-story office building in Fort Myers, Florida leased to Gartner Group, Inc.

Certain financial information for Wells Fund XI is summarized below:

	1999	1998
Gross Revenues	$766,586	$262,729
Net Income	$630,528	$143,295

Wells Fund XII began its offering on March 22, 1999. As of September 30, 2000, Wells Fund XII had received gross proceeds of $20,618,517 representing subscriptions from 1,082 limited partners. $15,959,857 of the gross proceeds were attributable to sales of cash preferred units and $4,658,660 were attributable to sales of tax preferred units. Wells Fund XII owns interests in the following properties:

. a two-story manufacturing and office building in Greenville County, South Carolina leased to EYBL CarTex, Inc.;

. a three-story office building In Johnson County, Kansas leased to Sprint Communications Company L.P.;

. a two-story research and development office and warehouse building in Chester County, Pennsylvania leased to Johnson Matthey, Inc.;

. a two-story office building in Fort Myers, Florida leased to Gartner Group, Inc.; and

. a three-story office building in Troy, Michigan leased to Siemens Automotive Corporation.

The information set forth above should not be considered indicative of results to be expected from the partnership.

The foregoing properties in which the above 13 limited partnerships have invested have all been acquired on an all cash basis.

Leo F. Wells, III and Wells Partners, L.P. are the general partners of Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX, Wells Fund X, Wells Fund XI and Wells Fund XII. Wells Capital, which is the general partner of Wells Partners, L.P., and Leo F. Wells, III are the general partners of Wells Fund I, Wells Fund II, Wells Fund II-OW and Wells Fund III.

Potential investors are encouraged to examine the Prior Performance Tables included in the back of the prospectus for more detailed information regarding the prior experience of the sponsors. In addition, upon request, prospective investors may obtain from us without charge copies of offering materials and any reports prepared in connection with any of the Wells programs, including a copy of the most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. For a reasonable fee, we will also furnish upon request copies of the exhibits to any such Form 10-K. Any such request should be directed to our secretary. Additionally, Table VI contained in Part II of the registration statement, which is not part of this prospectus, gives certain additional information relating to properties acquired by the Wells programs. We will furnish, without charge, copies of such table upon request.

Federal Income Tax Considerations

General

The following is a summary of material federal income tax considerations associated with an investment in the shares. This summary does not address all possible tax considerations that may be material to an investor and does not constitute tax advice. Moreover, this summary does not deal with all tax aspects that might be relevant to you, as a prospective shareholder, in light of your personal circumstances; nor does it deal with particular types of shareholders that are subject to special treatment under the Internal Revenue Code, such as insurance companies, tax-exempt organizations, financial institutions or broker-dealers, or foreign corporations or persons who are not citizens or residents of the United States ("Non-US Shareholders"). The Internal Revenue Code provisions governing the federal income tax treatment of REITs are highly technical and complex, and this summary is qualified in its entirety by the express language of applicable Internal Revenue Code provisions, Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof.

We urge you, as a prospective investor, to consult your own tax advisor regarding the specific tax consequences to you of a purchase of shares, ownership and sale of the shares and of our election to be taxed as a REIT, including the federal, state, local, foreign and other tax consequences of such purchase, ownership, sale and election.

Opinion of Counsel

Holland & Knight LLP has acted as our counsel, has reviewed this summary and is of the opinion that it fairly summarizes the federal income tax considerations addressed that are material to shareholders. It is also the opinion of our counsel that, commencing with our taxable year ended December 31, 1998, it is more likely than not that we qualified to be taxed as a REIT under the Internal Revenue Code, provided that we have operated and will continue to operate in accordance with various assumptions and the factual representations we made to counsel concerning our business, properties and operations. It must be emphasized that Holland & Knight LLP's opinion is based on various assumptions and is conditioned upon the assumptions and representations we made concerning our business and properties. Moreover, our qualification for taxation as a REIT depends on our ability to meet the various qualification tests imposed under the Internal Revenue Code discussed below, the results of which will not be reviewed by Holland & Knight LLP. Accordingly, we cannot assure you that the actual results of our operations for any one taxable year will satisfy these requirements. (See "Risk Factors -- Failure to Qualify as a REIT.")

The statements made in this section of the prospectus and in the opinion of Holland & Knight LLP are based upon existing law and Treasury Regulations, as currently applicable, currently published administrative positions of the Internal Revenue Service and judicial decisions, all of which are subject to change, either prospectively or retroactively. We cannot assure you that any changes will not modify the conclusions expressed in counsel's opinion. Moreover, an opinion of counsel is not binding on the Internal Revenue Service and we cannot assure you that the Internal Revenue Service will not successfully challenge our status as a REIT.

Taxation of the Company

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on that portion of our ordinary income or capital gain that we distribute currently to our shareholders, because the REIT provisions of the Internal Revenue Code generally allow a REIT to deduct distributions paid to its shareholders. This substantially eliminates the federal "double taxation" on earnings (taxation at both the corporate level and shareholder level) that usually results from an investment in a corporation.

Even if we qualify for taxation as a REIT, however, we will be subject to federal income taxation as follows:

- we will be taxed at regular corporate rates on our undistributed REIT taxable income, including undistributed net capital gains;

- under some circumstances, we will be subject to "alternative minimum tax";

- if we have net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on that income;

- if we have net income from prohibited transactions (which are, in general, sales or other dispositions of property other than foreclosure property held primarily for sale to customers in the ordinary course of business), the income will be subject to a 100% tax;

- if we fail to satisfy either of the 75% or 95% gross income tests (discussed below) but have nonetheless maintained our qualification as a REIT because certain conditions have been met, we will be subject to a 100% tax on an amount equal to the greater of the amount by which we fail the 75% or 95% test multiplied by a fraction calculated to reflect our profitability;

- if we fail to distribute during each year at least the sum of (i) 85% of our REIT ordinary income for the year, (ii) 95% of our REIT capital gain net income for such year and (iii) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed; and

- if we acquire any asset from a C corporation (i.e., a corporation generally subject to corporate-level tax) in a carryover-basis transaction and we subsequently recognize gain on the disposition of the asset during the ten year period beginning on the date on which we acquired the asset, then a portion of the gains may be subject to tax at the highest regular corporate rate, pursuant to guidelines issued by the Internal Revenue Service (the "Built-In-Gain Rules").

Requirements for Qualification as a REIT

We elected to be taxable as a REIT for our taxable year ended December 31, 1998. In order for us to qualify as a REIT, however, we had to meet and we must continue to meet the requirements discussed below relating to our organization, sources of income, nature of assets and distributions of income to our shareholders.

Organizational Requirements

In order to qualify for taxation as a REIT under the Internal Revenue Code, we must:

- be a domestic corporation;

- elect to be taxed as a REIT and satisfy relevant filing and other administrative requirements;

- be managed by one or more trustees or directors;

- have transferable shares;

- not be a financial institution or an insurance company;

- use a calendar year for federal income tax purposes;

- have at least 100 shareholders for at least 335 days of each taxable year of 12 months; and

- not be closely held.

As a Maryland corporation, we satisfy the first requirement, and we have filed an election to be taxed as a REIT with the IRS. In addition, we are managed by a board of directors, we have transferable shares and we do not intend to operate as a financial institution or insurance company. We utilize the calendar year for federal income tax purposes, and we have more than 100 shareholders. We would be treated as closely held only if five or fewer individuals or certain tax-exempt entities own, directly or indirectly, more than 50% (by value) of our shares at any time during the last half of our taxable year. For purposes of the closely-held test, the Internal Revenue Code generally permits a look-through for pension funds and certain other tax-exempt entities to the beneficiaries of the entity to determine if the REIT is closely held. Five or fewer individuals or tax-exempt entities have never owned more than 50% of our outstanding shares during the last half of any taxable year.

We are authorized to refuse to transfer our shares to any person if the sale or transfer would jeopardize our ability to satisfy the REIT ownership requirements. There can be no assurance that a refusal to transfer will be effective. However, based on the foregoing, we should currently satisfy the organizational requirements, including the share ownership requirements. Notwithstanding compliance with the share ownership requirements outlined above, tax-exempt shareholders may be required to treat all or a portion of their distributions from us as "unrelated business taxable income" if tax-exempt shareholders, in the aggregate, exceed certain ownership thresholds set forth in the Internal Revenue Code. (See "Taxation of Tax-Exempt Shareholders.")

Ownership of Interests in Partnerships and Qualified REIT Subsidiaries

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that the REIT is deemed to own its proportionate share, based on its interest in partnership capital, of the assets of the partnership and is deemed to have earned its allocable share of partnership income. Also, if a REIT owns a qualified REIT subsidiary, which is defined as a corporation wholly-owned by a REIT, the REIT will be deemed to own all of the subsidiary's assets and liabilities and it will be deemed to be entitled to treat the income of that subsidiary as its own. In addition, the character of the assets and gross income of the partnership or qualified REIT subsidiary shall retain the same character in the hands of the REIT for purposes of satisfying the gross income tests and asset tests set forth in the Internal Revenue Code.

Operational Requirements -- Gross Income Tests

To maintain our qualification as a REIT, we must satisfy annually two gross income requirements.

- At least 75% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property. Gross income includes "rents from real property" and, in some circumstances, interest, but excludes gross income from dispositions of property held primarily for sale to customers in the ordinary course of a trade or business. Such dispositions are referred to as "prohibited transactions." This is the 75% Income Test.

- At least 95% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from the real property investments described above and from distributions, interest and gains from the sale or disposition of stock or securities or from any combination of the foregoing. This is the 95% Income Test.

- The rents we receive or that we are deemed to receive qualify as "rents from real property" for purposes of satisfying the gross income requirements for a REIT only if the following conditions are met:

  - the amount of rent received from a tenant generally must not be based in whole or in part on the income or profits of any person, however, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of gross receipts or sales;

  - rents received from a tenant will not qualify as "rents from real property" if an owner of 10% or more of the REIT directly or constructively owns 10% or more of the tenant (a "Related Party Tenant") or a subtenant of the tenant (in which case only rent attributable to the subtenant is disqualified);

  - if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as "rents from real property"; and

  - the REIT must not operate or manage the property or furnish or render services to tenants, other than through an "independent contractor" who is adequately

    compensated and from whom the REIT does not derive any income. However, a REIT may provide services with respect to its properties, and the income derived therefrom will qualify as "rents from real property," if the services are "usually or customarily rendered" in connection with the rental of space only and are not otherwise considered "rendered to the occupant." Even if the services with respect to a property are impermissible tenant services, the income derived therefrom will qualify as "rents from real property" if such income does not exceed one percent of all amounts received or accrued with respect to that property.

If we acquire ownership of property by reason of the default of a borrower on a loan or possession of property by reason of a tenant default, if the property qualifies and we elect to treat it as foreclosure property, the income from the property will qualify under the 75% Income Test and the 95% Income Test notwithstanding its failure to satisfy these requirements for three years, or if extended for good cause, up to a total of six years. In that event, we must satisfy a number of complex rules, one of which is a requirement that we operate the property through an independent contractor. We will be subject to tax on that portion of our net income from foreclosure property that does not otherwise qualify under the 75% Income Test.

Prior to the making of investments in properties, we may satisfy the 75% Income Test and the 95% Income Test by investing in liquid assets such as government securities or certificates of deposit, but earnings from those types of assets are qualifying income under the 75% Income Test only for one year from the receipt of proceeds. Accordingly, to the extent that offering proceeds have not been invested in properties prior to the expiration of this one year period, in order to satisfy the 75% Income Test, we may invest the offering proceeds in less liquid investments such as mortgage-backed securities, maturing mortgage loans purchased from mortgage lenders or shares in other REITs. We expect to receive proceeds from the offering in a series of closings and to trace those proceeds for purposes of determining the one year period for "new capital investments." No rulings or regulations have been issued under the provisions of the Internal Revenue Code governing "new capital investments," however, so that there can be no assurance that the Internal Revenue Service will agree with this method of calculation.

Except for amounts received with respect to certain investments of cash reserves, we anticipate that substantially all of our gross income will be from sources that will allow us to satisfy the income tests described above; however, there can be no assurance given in this regard. Notwithstanding our failure to satisfy one or both of the 75% Income and the 95% Income Tests for any taxable year, we may still qualify as a REIT for that year if we are eligible for relief under specific provisions of the Internal Revenue Code. These relief provisions generally will be available if:

- our failure to meet these tests was due to reasonable cause and not due to willful neglect;

- we attach a schedule of our income sources to our federal income tax return; and

- any incorrect information on the schedule is not due to fraud with intent to evade tax.

It is not possible, however, to state whether, in all circumstances, we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally earn exceeds the limits on this income, the Internal Revenue Service could conclude that our failure to satisfy the tests was not due to reasonable cause. As discussed above in "Taxation of the Company," even if these relief provisions apply, a tax would be imposed with respect to the excess net income.

Operational Requirements -- Asset Tests

At the close of each quarter of our taxable year, we also must satisfy three tests (Asset Tests) relating to the nature and diversification of our assets.

- First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. The term "real estate assets" includes real property, mortgages on real property, shares in other qualified REITs and a proportionate share of any real estate assets owned by a partnership in which we are a partner or of any qualified REIT subsidiary of ours.

- Second, no more than 25% of our total assets may be represented by securities other than those in the 75% asset class.

- Third, of the investments included in the 25% asset class, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets. Additionally, we may not own more than 10% of any one issuer's outstanding voting securities.

The 5% test must generally be met for any quarter in which we acquire securities. Further, if we meet the asset tests at the close of any quarter, we will not lose our REIT status for a failure to satisfy the asset tests at the end of a later quarter if such failure occurs solely because of changes in asset values. If our failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, we can cure the failure by disposing of a sufficient amount of nonqualifying assets within 30 days after the close of that quarter. We maintain, and will continue to maintain, adequate records of the value of our assets to ensure compliance with the asset tests and will take other action within 30 days after the close of any quarter as may be required to cure any noncompliance.

Operational Requirements -- Annual Distribution Requirement

In order to be taxed as a REIT, we are required to make dividend distributions, other than capital gain distributions, to our shareholders each year in the amount of at least 95% of our REIT taxable income (computed without regard to the dividends paid deduction and our capital gain and subject to certain other potential adjustments) for all tax years prior to 2001 and at least 90% of our REIT taxable income for all future years beginning with the year 2001.

While we must generally pay dividends in the taxable year to which they relate, we may also pay dividends in the following taxable year if (1) they are declared before we timely file our federal income tax return for the taxable year in question, and if (2) they are paid on or before the first regular dividend payment date after the declaration.

Even if we satisfy the foregoing dividend distribution requirement and, accordingly, continue to qualify as a REIT for tax purposes, we will still be subject to tax on the excess of our net capital gain and our REIT taxable income, as adjusted, over the amount of dividends distributed to shareholders.

In addition, if we fail to distribute during each calendar year at least the sum of:

- 85% of our ordinary income for that year;

- 95% of our capital gain net income other than the capital gain net income which we elect to retain and pay tax on for that year; and

- any undistributed taxable income from prior periods,

we will be subject to a 4% excise tax on the excess of the amount of such required distributions over amounts actually distributed during such year.

We intend to make timely distributions sufficient to satisfy this requirement; however, it is possible that we may experience timing differences between (1) the actual receipt of income and payment of deductible expenses, and (2) the inclusion of that income. It is also possible that we may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale.

In such circumstances, we may have less cash than is necessary to meet our annual distribution requirement or to avoid income or excise taxation on certain undistributed income. We may find it necessary in such circumstances to arrange for financing or raise funds through the issuance of additional shares in order to meet our distribution requirements, or we may pay taxable stock distributions to meet the distribution requirement.

If we fail to satisfy the distribution requirement for any taxable year by reason of a later adjustment to our taxable income made by the Internal Revenue Service, we may be able to pay "deficiency dividends" in a later year and include such distributions in our deductions for dividends paid for the earlier year. In such event, we may be able to avoid being taxed on amounts distributed as deficiency dividends, but we would be required in such circumstances to pay interest to the Internal Revenue Service based upon the amount of any deduction taken for deficiency dividends for the earlier year.

As noted above, we may also elect to retain, rather than distribute, our net long-term capital gains. The effect of such an election would be as follows:

- we would be required to pay the tax on these gains;

- shareholders, while required to include their proportionate share of the undistributed long-term capital gains in income, would receive a credit or refund for their share of the tax paid by the REIT; and

- the basis of a shareholder's shares would be increased by the amount of our undistributed long-term capital gains (minus the amount of capital gains tax we pay) included in the shareholder's long-term capital gains.

In computing our REIT taxable income, we will use the accrual method of accounting and depreciate depreciable property under the alternative depreciation system. We are required to file an annual federal income tax return, which, like other corporate returns, is subject to examination by the Internal Revenue Service. Because the tax law requires us to make many judgments regarding the proper treatment of a transaction or an item of income or deduction, it is possible that the Internal Revenue Service will challenge positions we take in computing our REIT taxable income and our distributions. Issues could arise, for example, with respect to the allocation of the purchase price of properties between depreciable or amortizable assets and nondepreciable or non-amortizable assets such as land and the current deductibility of fees paid to Wells Capital or its affiliates. Were the Internal Revenue Service to successfully challenge our characterization of a transaction or determination of our REIT taxable income, we could be found to have failed to satisfy a requirement for qualification as a REIT. If, as a result of a challenge, we are determined to have failed to satisfy the distribution requirements for a taxable year, we would be disqualified as a REIT, unless we were permitted to pay a deficiency distribution to our

shareholders and pay interest thereon to the Internal Revenue Service, as provided by the Internal Revenue Code. A deficiency distribution cannot be used to satisfy the distribution requirement, however, if the failure to meet the requirement is not due to a later adjustment to our income by the Internal Revenue Service.

Operational Requirements -- Recordkeeping

In order to continue to qualify as a REIT, we must maintain certain records as set forth in applicable Treasury Regulations. Further, we must request, on an annual basis, certain information designed to disclose the ownership of our outstanding shares. We intend to comply with such requirements.

Failure to Qualify as a REIT

If we fail to qualify as a REIT for any reason in a taxable year and applicable relief provisions do not apply, we will be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. We will not be able to deduct dividends paid to our shareholders in any year in which we fail to qualify as a REIT. We also will be disqualified for the four taxable years following the year during which qualification was lost unless we are entitled to relief under specific statutory provisions. (See "Risk Factors -- Federal Income Tax Risks")

Sale-Leaseback Transactions

Some of our investments may be in the form of sale-leaseback transactions. In most instances, depending on the economic terms of the transaction, we will be treated for federal income tax purposes as either the owner of the property or the holder of a debt secured by the property. We do not expect to request an opinion of counsel concerning the status of any leases of properties as true leases for federal income tax purposes.

The Internal Revenue Service may take the position that a specific sale-leaseback transaction which we treat as a true lease is not a true lease for federal income tax purposes but is, instead, a financing arrangement or loan. We may also structure some sale-leaseback transactions as loans. In this event, for purposes of the Asset Tests and the 75% Income Test, each such loan likely would be viewed as secured by real property to the extent of the fair market value of the underlying property. We expect that, for this purpose, the fair market value of the underlying property would be determined without taking into account our lease. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the Asset Tests or the Income Tests and, consequently, lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year.

Taxation of U.S. Shareholders

Definition

In this section, the phrase "U.S. shareholder" means a holder of shares that for federal income tax purposes:

- is a citizen or resident of the United States;

- is a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof;

- is an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

For any taxable year for which we qualify for taxation as a REIT, amounts distributed to taxable U.S. shareholders will be taxed as described below.

Distributions Generally

Distributions to U.S. shareholders, other than capital gain distributions discussed below, will constitute dividends up to the amount of our current or accumulated earnings and profits and will be taxable to the shareholders as ordinary income. These distributions are not eligible for the dividends received deduction generally available to corporations. To the extent that we make a distribution in excess of our current or accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in each U.S. shareholder's shares, and the amount of each distribution in excess of a U.S. shareholder's tax basis in its shares will be taxable as gain realized from the sale of its shares. Distributions that we declare in October, November or December of any year payable to a shareholder of record on a specified date in any of these months will be treated as both paid by us and received by the shareholder on December 31 of the year, provided that we actually pay the distribution during January of the following calendar year. U.S. shareholders may not include any of our losses on their own federal income tax returns.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by us up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any "deficiency distribution" will be treated as an ordinary or capital gain distribution, as the case may be, regardless of our earnings and profits. As a result, shareholders may be required to treat as taxable some distributions that would otherwise result in a tax-free return of capital.

Capital Gain Distributions

Distributions to U.S. shareholders that we properly designate as capital gain distributions will be treated as long-term capital gains, to the extent they do not exceed our actual net capital gain, for the taxable year without regard to the period for which the U.S. shareholder has held his stock.

Passive Activity Loss and Investment Interest Limitations

Our distributions and any gain you realize from a disposition of shares will not be treated as passive activity income, and shareholders may not be able to utilize any of their "passive losses" to offset this income in their personal tax returns. Our distributions (to the extent they do not constitute a return of capital) will generally be treated as investment income for purposes of the limitations on the deduction of investment interest. Net capital gain from a disposition of shares and capital gain distributions generally will be included in investment income for purposes of the investment interest deduction limitations only if, and to the extent, you so elect, in which case any such capital gains will be taxed as ordinary income.

Certain Dispositions of the Shares

In general, any gain or loss realized upon a taxable disposition of shares by a U.S. shareholder who is not a dealer in securities will be treated as long-term capital gain or loss if the shares have been held for more than 12 months and as short-term capital gain or loss if the shares have been held for 12 months or less. If, however, a U.S. shareholder has received any capital gains distributions with respect to his shares, any loss realized upon a taxable disposition of shares held for six months or less, to the extent of the capital gains distributions received with respect to his shares, will be treated as long-term capital loss. Also, the Internal Revenue Service is authorized to issue Treasury Regulations that would subject a portion of the capital gain a U.S. shareholder recognizes from selling his shares or from a capital gain distribution to a tax at a 25% rate, to the extent the capital gain is attributable to depreciation previously deducted.

Information Reporting Requirements and Backup Withholding for U.S. Shareholders

Under some circumstances, U.S. shareholders may be subject to backup withholding at a rate of 31% on payments made with respect to, or cash proceeds of a sale or exchange of, our shares. Backup withholding will apply only if the shareholder:

- fails to furnish his or her taxpayer identification number (which, for an individual, would be his or her Social Security Number);

- furnishes an incorrect tax identification number;

- is notified by the Internal Revenue Service that he or she has failed properly to report payments of interest and distributions or is otherwise subject to backup withholding; or

- under some circumstances, fails to certify, under penalties of perjury, that he or she has furnished a correct tax identification number and that (a) he or she has not been notified by the Internal Revenue Service that he or she is subject to backup withholding for failure to report interest and distribution payments or (b) he or she has been notified by the Internal Revenue Service that he or she is no longer subject to backup withholding.

Backup withholding will not apply with respect to payments made to some shareholders, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a U.S. shareholder will be allowed as a credit against the U.S. shareholder's U.S. federal income tax liability and may entitle the U.S. shareholder to a refund, provided that the required information is furnished to the Internal Revenue Service. U.S. shareholders should consult their own tax advisors regarding their qualifications for exemption from backup withholding and the procedure for obtaining an exemption.

Treatment of Tax-Exempt Shareholders

Tax-exempt entities such as employee pension benefit trusts, individual retirement accounts, charitable remainder trusts, etc. generally are exempt from federal income taxation. Such entities are subject to taxation, however, on any "unrelated business taxable income" (UBTI), as defined in the Internal Revenue Code. The payment of dividends to a tax-exempt employee pension benefit trust or other domestic tax-exempt shareholder generally will not constitute unrelated business taxable income to such shareholder unless such shareholder has borrowed to acquire or carry its shares.

In the event that we were deemed to be "predominately held" by qualified employee pension benefit trusts that each hold more than 10% (in value) of our shares, such trusts would be required to treat a certain percentage of the dividend distributions paid to them as unrelated business taxable income. We would be deemed to be "predominately held" by such trusts if either (1) one employee pension benefit trust owns more than 25% in value of our shares, or (ii) any group of such trusts, each owning more than 10% in value of our shares, holds in the aggregate more than 50% in value of our shares. If either of these ownership thresholds were ever exceeded, any qualified employee pension benefit trust holding more than 10% in value of our shares would be subject to tax on that portion of our dividend distributions made to it which is equal to the percentage of our income which would be UBTI if we were a qualified trust, rather than a REIT. We will attempt to monitor the concentration of ownership of employee pension benefit trusts in our shares, and we do not expect our shares to be deemed to be "predominately held" by qualified employee pension benefit trusts, as defined in the Internal Revenue Code, to the extent required to trigger the treatment of our income as to such trusts.

For social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code, respectively, income from an investment in our shares will constitute UBTI unless the shareholder in question is able to deduct amounts "set aside" or placed in reserve for certain purposes so as to offset the unrelated business taxable income generated. Any such organization which is a prospective shareholder should consult its own tax advisor concerning these "set aside" and reserve requirements.

Special Tax Considerations for Non-U.S. Shareholders

The rules governing U.S. income taxation of non-resident alien individuals, foreign corporations, foreign partnerships and foreign trusts and estates (collectively, "Non-U.S. shareholders") are complex. The following discussion is intended only as a summary of these rules. Non-U.S. investors should consult with their own tax advisors to determine the impact of federal, state and local income tax laws on an investment in our shares, including any reporting requirements.

Income Effectively Connected With a U.S. Trade or Business

In general, Non-U.S. shareholders will be subject to regular U.S. federal income taxation with respect to their investment in our shares if the income derived therefrom is "effectively connected" with the Non-U.S. shareholder's conduct of a trade or business in the United States. A corporate Non-U.S. shareholder that receives income that is (or is treated as) effectively connected with a U.S. trade or business also may be subject to a branch profits tax under Section 884 of the Internal Revenue Code, which is payable in addition to the regular U.S. federal corporate income tax.

The following discussion will apply to Non-U.S. shareholders whose income derived from ownership of our shares is deemed to be not "effectively connected" with a U.S. trade or business.

Distributions Not Attributable to Gain From the Sale or Exchange of a United States Real Property Interest

A distribution to a Non-U.S. shareholder that is not attributable to gain realized by us from the sale or exchange of a United States real property interest and that we do not designate as a capital gain distribution will be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits. Generally, any ordinary income distribution will be subject to a U.S. federal income tax equal to 30% of the gross amount of the distribution unless this tax is reduced by the provisions of an applicable tax treaty. Any such distribution in excess of our earnings and profits will be

treated first as a return of capital that will reduce each Non-U.S. shareholder's basis in its shares (but not below zero) and then as gain from the disposition of those shares, the tax treatment of which is described under the rules discussed below with respect to dispositions of shares.

Distributions Attributable to Gain From the Sale or Exchange of a United States Real Property Interest

Distributions to a Non-U.S. shareholder that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to a Non-U.S. shareholder under Internal Revenue Code provisions enacted by the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, such distributions are taxed to a Non-U.S. shareholder as if the distributions were gains "effectively connected" with a U.S. trade or business. Accordingly, a Non-U.S. shareholder will be taxed at the normal capital gain rates applicable to a U.S. shareholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals). Distributions subject to FIRPTA also may be subject to a 30% branch profits tax when made to a corporate Non-U.S. shareholder that is not entitled to a treaty exemption.

Withholding Obligations With Respect to Distributions to Non-U.S. Shareholders

Although tax treaties may reduce our withholding obligations, based on current law, we will generally be required to withhold from distributions to Non-U.S. shareholders, and remit to the Internal Revenue Service:

- 35% of designated capital gain distributions or, if greater, 35% of the amount of any distributions that could be designated as capital gain distributions; and

- 30% of ordinary income distributions (*i.e.*, distributions paid out of our earnings and profits).

In addition, if we designate prior distributions as capital gain distributions, subsequent distributions, up to the amount of the prior distributions, will be treated as capital gain distributions for purposes of withholding. A distribution in excess of our earnings and profits will be subject to 30% withholding if at the time of the distribution it cannot be determined whether the distribution will be in an amount in excess of our current or accumulated earnings and profits. If the amount of tax we withhold with respect to a distribution to a Non-U.S. shareholder exceeds the shareholder's U.S. tax liability with respect to that distribution, the Non-U.S. shareholder may file a claim with the Internal Revenue Service for a refund of the excess.

Sale of Our Shares by a Non-U.S. Shareholder

A sale of our shares by a Non-U.S. shareholder will generally not be subject to U.S. federal income taxation unless our shares constitute a "United States real property interest" within the meaning of FIRPTA. Our shares will not constitute a United States real property interest if we are a "domestically controlled REIT." A "domestically controlled REIT" is a REIT that at all times during a specified testing period has less than 50% in value of its shares held directly or indirectly by Non-U.S. shareholders. We currently anticipate that we will be a domestically controlled REIT. Therefore, sales of our shares should not be subject to taxation under FIRPTA. However, we cannot assure you that we will continue to be a domestically controlled REIT. If we were not a domestically controlled REIT, whether a Non-U.S. shareholder's sale of our shares would be subject to tax under FIRPTA as a sale of a United States real property interest would depend on whether our shares were "regularly traded" on an established securities

market and on the size of the selling shareholder's interest in us. Our shares currently are not "regularly traded" on an established securities market.

If the gain on the sale of shares were subject to taxation under FIRPTA, a Non-U.S. shareholder would be subject to the same treatment as a U.S. shareholder with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals. In addition, distributions that are treated as gain from the disposition of shares and are subject to tax under FIRPTA also may be subject to a 30% branch profits tax when made to a corporate Non-U.S. shareholder that is not entitled to a treaty exemption. Under FIRPTA, the purchaser of our shares may be required to withhold 10% of the purchase price and remit this amount to the Internal Revenue Service.

Even if not subject to FIRPTA, capital gains will be taxable to a Non-U.S. shareholder if the Non-U.S. shareholder is a non-resident alien individual who is present in the United States for 183 days or more during the taxable year and some other conditions apply, in which case the non-resident alien individual will be subject to a 30% tax on his or her U.S. source capital gains.

Recently promulgated Treasury Regulations may alter the procedures for claiming the benefits of an income tax treaty. Our Non-U.S. shareholders should consult their tax advisors concerning the effect, if any, of these Treasury Regulations on an investment in our shares.

Information Reporting Requirements and Backup Withholding for Non-U.S. Shareholders

Additional issues may arise for information reporting and backup withholding for Non-U.S. shareholders. Non-U.S. shareholders should consult their tax advisors with regard to U.S. information reporting and backup withholding requirements under the Internal Revenue Code.

Statement of Stock Ownership

We are required to demand annual written statements from the record holders of designated percentages of our shares disclosing the actual owners of the shares. Any record shareholder who, upon our request, does not provide us with required information concerning actual ownership of the shares is required to include specified information relating to his shares in his federal income tax return. We also must maintain, within the Internal Revenue District in which we are required to file our federal income tax return, permanent records showing the information we have received about the actual ownership of shares and a list of those persons failing or refusing to comply with our demand.

State and Local Taxation

We and any operating subsidiaries we may form may be subject to state and local tax in states and localities in which we or they do business or own property. The tax treatment of the Wells REIT, Wells OP, any operating subsidiaries we may form and the holders of our shares in local jurisdictions may differ from the federal income tax treatment described above.

Tax Aspects of Our Operating Partnership

The following discussion summarizes certain federal income tax considerations applicable to our investment in Wells OP, our operating partnership. The discussion does not cover state or local tax laws or any federal tax laws other than income tax laws.

Classification as a Partnership

We will be entitled to include in our income a distributive share of Wells OP's income and to deduct our distributive share of Wells OP's losses only if Wells OP is classified for federal income tax purposes as a partnership, rather than as an association taxable as a corporation. Under applicable Treasury Regulations (the "Check-the-Box-Regulations"), an unincorporated entity with at least two members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership for federal income tax purposes. Wells OP intends to be classified as a partnership for federal income tax purposes and will not elect to be treated as an association taxable as a corporation under the Check-the-Box-Regulations.

Even though Wells OP will elect to be treated as a partnership for federal income tax purposes, it may be taxed as a corporation if it is deemed to be a "publicly traded partnership." A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof); provided, that even if the foregoing requirements are met, a publicly traded partnership will not be treated as a corporation for federal income tax purposes if at least 90% of such partnership's gross income for a taxable year consists of "qualifying income" under Section 7704(d) of the Internal Revenue Code. Qualifying income generally includes any income that is qualifying income for purposes of the 95% Income Test applicable to REITs (90% Passive-Type Income Exception). (See "Requirements for Qualification as a REIT -- Operational Requirements - Gross Income Tests").

Under applicable Treasury Regulations (PTP Regulations), limited safe harbors from the definition of a publicly traded partnership are provided. Pursuant to one of those safe harbors (Private Placement Exclusion), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act of 1933, as amended, and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a flow-through entity (such as a partnership, grantor trust or S corporation) that owns an interest in the partnership is treated as a partner in such partnership only if (a) substantially all of the value of the owner's interest in the flow-through is attributable to the flow-through entity's interest (direct or indirect) in the partnership and (b) a principal purpose of the use of the flow-through entity is to permit the partnership to satisfy the 100 partner limitation. Wells OP qualifies for the Private Placement Exclusion. Even if Wells OP is considered a publicly traded partnership under the PTP Regulations because it is deemed to have more than 100 partners, however, Wells OP should not be treated as a corporation because it should be eligible for the 90% Passive-Type Income Exception described above.

We have not requested, and do not intend to request, a ruling from the Internal Revenue Service that Wells OP will be classified as a partnership for federal income tax purposes. Holland & Knight LLP is of the opinion, however, that based on certain factual assumptions and representations, Wells OP will more likely than not be treated for federal income tax purposes as a partnership and not as an association taxable as a corporation, or as a publicly traded partnership. Unlike a tax ruling, however, an opinion of counsel is not binding upon the Internal Revenue Service, and no assurance can be given that the Internal Revenue Service will not challenge the status of Wells OP as a partnership for federal income tax purposes. If such challenge were sustained by a court, Wells OP would be treated as a corporation for federal income tax purposes, as described below. In addition, the opinion of Holland & Knight LLP is based on existing law, which is to a great extent the result of administrative and judicial interpretation. No assurance can be given that administrative or judicial changes would not modify the conclusions expressed in the opinion.

If for any reason Wells OP were taxable as a corporation, rather than a partnership, for federal income tax purposes, we would not be able to qualify as a REIT. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Operational Requirements - Gross Income Tests" and "Requirements for Qualification as a REIT -- Operational Requirements - Asset Tests.") In addition, any change in Wells OP's status for tax purposes might be treated as a taxable event, in which case we might incur a tax liability without any related cash distribution. Further, items of income and deduction of Wells OP would not pass through to its partners, and its partners would be treated as shareholders for tax purposes. Consequently, Wells OP would be required to pay income tax at corporate tax rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing Wells OP's taxable income.

Income Taxation of the Operating Partnership and its Partners

Partners, Not a Partnership, Subject to Tax. A partnership is not a taxable entity for federal income tax purposes. As a partner in Wells OP, we will be required to take into account our allocable share of Wells OP's income, gains, losses, deductions, and credits for any taxable year of Wells OP ending within or with our taxable year, without regard to whether we have received or will receive any distribution from Wells OP.

Partnership Allocations. Although a partnership agreement generally determines the allocation of income and losses among partners, such allocations will be disregarded for tax purposes under Section 704(b) of the Internal Revenue Code if they do not comply with the provisions of Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder. If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partner's interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Wells OP's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

Tax Allocations With Respect to Contributed Properties. Pursuant to Section 704(c) of the Internal Revenue Code, income, gain, loss, and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Under applicable Treasury Regulations, partnerships are required to use a "reasonable method" for allocating items subject to Section 704(c) of the Internal Revenue Code and several reasonable allocation methods are described therein.

Under the partnership agreement for Wells OP, depreciation or amortization deductions of Wells OP generally will be allocated among the partners in accordance with their respective interests in Wells OP, except to the extent that Wells OP is required under Section 704(c) to use a method for allocating depreciation deductions attributable to its properties that results in us receiving a disproportionately large share of such deductions. It is possible that we may (1) be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to us if each such property were to have a tax basis equal to its fair market value at the time of contribution, and (2) be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to us as a result of such sale. These allocations may cause us to recognize taxable income in excess of cash proceeds received by us, which might adversely affect our ability to comply with the REIT

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

Basis in Operating Partnership Interest. The adjusted tax basis of our partnership interest in Wells OP generally is equal to (1) the amount of cash and the basis of any other property contributed to Wells OP by us, (2) increased by (A) our allocable share of Wells OP's income and (B) our allocable share of indebtedness of Wells OP, and (3) reduced, but not below zero, by (A) our allocable share of Wells OP's loss and (B) the amount of cash distributed to us, including constructive cash distributions resulting from a reduction in our share of indebtedness of Wells OP.

If the allocation of our distributive share of Wells OP's loss would reduce the adjusted tax basis of our partnership interest in Wells OP below zero, the recognition of such loss will be deferred until such time as the recognition of such loss would not reduce our adjusted tax basis below zero. If a distribution from Wells OP or a reduction in our share of Wells OP's liabilities (which is treated as a constructive distribution for tax purposes) would reduce our adjusted tax basis below zero, any such distribution, including a constructive distribution, would constitute taxable income to us. The gain realized by us upon the receipt of any such distribution or constructive distribution would normally be characterized as capital gain, and if our partnership interest in Wells OP has been held for longer than the long-term capital gain holding period (currently one year), the distribution would constitute long-term capital gain.

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

Sale of the Operating Partnership's Property

Generally, any gain realized by Wells OP on the sale of property held for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Any gain recognized by Wells OP upon the disposition of a property acquired by Wells OP for cash will be allocated among the partners in accordance with their respective percentage interests in Wells OP.

Our share of any gain realized by Wells OP on the sale of any property held by Wells OP as inventory or other property held primarily for sale to customers in the ordinary course of Wells OP's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon our ability to satisfy the Income Tests for maintaining our REIT status. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Gross Income Tests" above.) We, however, do not presently intend to acquire

or hold or allow Wells OP to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of our or Wells OP's trade or business.

ERISA Considerations

The following is a summary of some non-tax considerations associated with an investment in our shares by a qualified employee pension benefit plan or an IRA. This summary is based on provisions of ERISA and the Internal Revenue Code, as amended through the date of this prospectus, and relevant regulations and opinions issued by the Department of Labor and the Internal Revenue Service. We cannot assure you that adverse tax decisions or legislative, regulatory or administrative changes which would significantly modify the statements expressed herein will not occur. Any such changes may or may not apply to transactions entered into prior to the date of their enactment.

Each fiduciary of an employee pension benefit plan subject to ERISA, such as a profit sharing, section 401(k) or pension plan, or of any other retirement plan or account subject to Section 4975 of the Internal Revenue Code, such as an IRA (Benefit Plans), seeking to invest plan assets in our shares must, taking into account the facts and circumstances of such Benefit Plan, consider, among other matters:

- whether the investment is consistent with the applicable provisions of ERISA and the Internal Revenue Code;
- whether, under the facts and circumstances attendant to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;
- whether the investment will produce UBTI to the Benefit Plan (see "Federal Income Tax Considerations -- Treatment of Tax-Exempt Shareholders"); and
- the need to value the assets of the Benefit Plan annually.

Under ERISA, a plan fiduciary's responsibilities include the following duties:

- to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;
- to invest plan assets prudently;
- to diversify the investments of the plan unless it is clearly prudent not to do so;
- to ensure sufficient liquidity for the plan; and
- to consider whether an investment would constitute or give rise to a prohibited transaction under ERISA or the Internal Revenue Code.

ERISA also requires that the assets of an employee benefit plan be held in trust and that the trustee, or a duly authorized named fiduciary or investment manager, have exclusive authority and discretion to manage and control the assets of the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit specified transactions involving the assets of a Benefit Plan which are between the plan and any "party in interest" or "disqualified person" with respect to that Benefit Plan. These transactions are prohibited regardless of

how beneficial they may be for the Benefit Plan. Prohibited transactions include the sale, exchange or leasing of property, the lending of money or the extension of credit between a Benefit Plan and a party in interest or disqualified person, and the transfer to, or use by, or for the benefit of, a party in interest, or disqualified person, of any assets of a Benefit Plan. A fiduciary of a Benefit Plan also is prohibited from engaging in self-dealing, acting for a person who has an interest adverse to the plan or receiving any consideration for its own account from a party dealing with the plan in a transaction involving plan assets. Furthermore, Section 408 of the Internal Revenue Code states that assets of an IRA trust may not be commingled with other property except in a common trust fund or common investment fund.

Plan Asset Considerations

In order to determine whether an investment in our shares by Benefit Plans creates or gives rise to the potential for either prohibited transactions or the commingling of assets referred to above, a fiduciary must consider whether an investment in our shares will cause our assets to be treated as assets of the investing Benefit Plans. Neither ERISA nor the Internal Revenue Code define the term "plan assets," however, U.S. Department of Labor Regulations provide guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity (the Plan Assets Regulation). Under the Plan Assets Regulation, the assets of corporations, partnerships or other entities in which a Benefit Plan makes an equity investment will generally be deemed to be assets of the Benefit Plan unless the entity satisfies one of the exceptions to this general rule. As discussed below, we have received an opinion of counsel that, based on the Plan Assets Regulation, our underlying assets should not be deemed to be "plan assets" of Benefit Plans investing in shares, assuming the conditions set forth in the opinion are satisfied, based upon the fact that at least one of the specific exemptions set forth in the Plan Assets Regulation is satisfied, as determined below.

Specifically, the Plan Assets Regulation provides that the underlying assets of REITs will not be treated as assets of a Benefit Plan investing therein if the interest the Benefit Plan acquires is a "publicly-offered security." A publicly-offered security must be:

- sold as part of a public offering registered under the Securities Act of 1933 and be part of a class of securities registered under the Securities Exchange Act of 1934, as amended, within a specified time period;

- part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another; and

- "freely transferable."

Our shares are being sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act, and are part of a class registered under the Securities Exchange Act. In addition, we have over 100 independent shareholders. Thus, both the first and second criterion of the publicly-offered security exception will be satisfied.

Whether a security is "freely transferable" depends upon the particular facts and circumstances. Our shares are subject to certain restrictions on transferability intended to ensure that we continue to qualify for federal income tax treatment as a REIT. The regulation provides, however, that where the minimum investment in a public offering of securities is $10,000 or less, the presence of a restriction on transferability intended to prohibit transfers which would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect a determination that such securities are freely transferable. The minimum investment in our shares is less than $10,000; thus, the restrictions

imposed in order to maintain our status as a REIT should not cause the shares to be deemed not freely transferable.

In the event that our underlying assets were treated by the Department of Labor as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan shareholder, and an investment in our shares might constitute an ineffective delegation of fiduciary responsibility to Wells Capital and expose the fiduciary of the Benefit Plan to co-fiduciary liability under ERISA for any breach by Wells Capital of the fiduciary duties mandated under ERISA. Further, if our assets are deemed to be "plan assets," an investment by an IRA in our shares might be deemed to result in an impermissible commingling of IRA assets with other property.

If our Advisor or affiliates of our Advisor were treated as fiduciaries with respect to Benefit Plan shareholders, the prohibited transaction restrictions of ERISA and the Internal Revenue Code would apply to any transaction involving our assets. These restrictions could, for example, require that we avoid transactions with entities that are affiliated with us or our affiliates or restructure our activities in order to obtain an administrative exemption from the prohibited transaction restrictions. Alternatively, we might have to provide Benefit Plan shareholders with the opportunity to sell their shares to us or we might dissolve or terminate.

If a prohibited transaction were to occur, the Internal Revenue Code imposes an excise tax equal to 15 percent of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not "corrected." These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, Wells Capital and possibly other fiduciaries of Benefit Plan shareholders subject to ERISA who permitted the prohibited transaction to occur or who otherwise breached their fiduciary responsibilities, or a non-fiduciary participating in a prohibited transaction, could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach, and make good to the Benefit Plan any losses incurred by the Benefit Plan as a result of the transaction or breach. With respect to an IRA that invests in our shares, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax-exempt status under Section 408(e)(2) of the Internal Revenue Code.

We have obtained an opinion from Holland & Knight LLP that our shares more likely than not constitute "publicly-offered securities" and, accordingly, it is more likely than not that our underlying assets should not be considered plan assets under the Plan Assets Regulation, assuming the offering takes place as described in this prospectus. If our underlying assets are not deemed to be "plan assets," the problems discussed in the immediately preceding three paragraphs are not expected to arise.

Other Prohibited Transactions

Regardless of whether the shares qualify for the "publicly-offered security" exception of the Plan Assets Regulation, a prohibited transaction could occur if the Wells REIT, Wells Capital, any selected dealer or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing the shares. Accordingly, unless an administrative or statutory exemption applies, shares should not be purchased by a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to plan assets or provides investment advice for a fee with respect to plan assets. Under a regulation issued by the Department of Labor, a person shall be deemed to be providing investment advice if that person renders advice as to the advisability of investing in our shares and that person regularly provides investment advice to the Benefit Plan pursuant to a mutual agreement or understanding (written or otherwise) (1) that

the advice will serve as the primary basis for investment decisions, and (2) that the advice will be individualized for the Benefit Plan based on its particular needs.

Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's "fair market value" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide an IRA participant with a statement of the value of the IRA each year. In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA.

Unless and until our shares are listed on a national securities exchange or are included for quotation on Nasdaq, it is not expected that a public market for the shares will develop. To date, neither the Internal Revenue Service nor the Department of Labor has promulgated regulations specifying how a plan fiduciary should determine the "fair market value" of the shares, namely when the fair market value of the shares is not determined in the marketplace. Therefore, to assist fiduciaries in fulfilling their valuation and annual reporting responsibilities with respect to ownership of shares, we intend to provide reports of our annual determinations of the current value of our net assets per outstanding share to those fiduciaries (including IRA trustees and custodians) who identify themselves to us and request the reports. Until December 31, 2002, we intend to use the offering price of shares as the per share net asset value. Beginning with the year 2003, the value of the properties and our other assets will be based on a valuation. Such valuation will be performed by a person independent of us and of Wells Capital.

We anticipate that we will provide annual reports of our determination of value (1) to IRA trustees and custodians not later than January 15 of each year, and (2) to other Benefit Plan fiduciaries within 75 days after the end of each calendar year. Each determination may be based upon valuation information available as of October 31 of the preceding year, up-dated, however, for any material changes occurring between October 31 and December 31.

We intend to revise these valuation procedures to conform with any relevant guidelines that the Internal Revenue Service or the Department of Labor may hereafter issue. Meanwhile, we cannot assure you:

- that the value determined by us could or will actually be realized by us or by shareholders upon liquidation (in part because appraisals or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any of our assets);

- that shareholders could realize this value if they were to attempt to sell their shares; or

- that the value, or the method used to establish value, would comply with the ERISA or IRA requirements described above.

Description of Shares

The following description of the shares is not complete but is a summary of portions of our articles of incorporation and is qualified in its entirety by reference to the articles of incorporation.

Under our articles of incorporation, we have authority to issue a total of 500,000,000 shares of capital stock. Of the total shares authorized, 350,000,000 shares are designated as common stock with a par value of $0.01 per share, 50,000,000 shares are designated as preferred stock with a par value of $0.01 per share and 100,000,000 shares are designated as shares-in-trust, which would be issued only in the event we have purchases in excess of the ownership limits described below.

As of December 15, 2000, approximately ____________ shares of our common stock were issued and outstanding, and no shares of preferred stock or shares-in-trust were issued and outstanding.

Common Stock

The holders of common stock are entitled to one vote per share on all matters voted on by shareholders, including election of our directors. Our articles of incorporation do not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding common shares can elect our entire board of directors. Subject to any preferential rights of any outstanding series of preferred stock, the holders of common stock are entitled to such dividends as may be declared from time to time by our board of directors out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to shareholders. All shares issued in the offering will be fully paid and non-assessable shares of common stock. Holders of shares of common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares that we issue.

We will not issue certificates for our shares. Shares will be held in "uncertificated" form which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to effect a transfer. Wells Capital, our advisor, acts as our registrar and as the transfer agent for our shares. Transfers can be effected simply by mailing to Wells Capital a transfer and assignment form, which we will provide to you at no charge.

Preferred Stock

Our articles of incorporation authorize our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval. The board of directors may determine the relative rights, preferences and privileges of each class or series of preferred stock so issued, which may be more beneficial than the rights, preferences and privileges attributable to the common stock. The issuance of preferred stock could have the effect of delaying or preventing a change in control of the Wells REIT. Our board of directors has no present plans to issue preferred stock, but may do so at any time in the future without shareholder approval.

Meetings and Special Voting Requirements

An annual meeting of the shareholders will be held each year, at least 30 days after delivery of our annual report. Special meetings of shareholders may be called only upon the request of a majority of the directors, a majority of the independent directors, the chairman, the president or upon the written request of shareholders holding at least 10% of the shares. The presence of a majority of the outstanding shares either in person or by proxy shall constitute a quorum. Generally, the affirmative vote of a

majority of all votes entitled to be voted is necessary to take shareholder action authorized by our articles of incorporation, except that a majority of the votes represented in person or by proxy at a meeting at which a quorum is present is sufficient to elect a director.

Under Maryland Corporation Law and our articles of incorporation, shareholders are entitled to vote at a duly held meeting at which a quorum is present on (1) amendment of our articles of incorporation, (2) liquidation or dissolution of the Wells REIT, (3) reorganization of the Wells REIT, (4) merger, consolidation or sale or other disposition of substantially all of our assets, and (5) termination of our status as a REIT. Shareholders voting against any merger or sale of assets are permitted under Maryland Corporation Law to petition a court for the appraisal and payment of the fair value of their shares. In an appraisal proceeding, the court appoints appraisers who attempt to determine the fair value of the stock as of the date of the shareholder vote on the merger or sale of assets. After considering the appraisers' report, the court makes the final determination of the fair value to be paid to the dissenting shareholder and decides whether to award interest from the date of the merger or sale of assets and costs of the proceeding to the dissenting shareholders.

Our advisor is selected and approved annually by our directors. While the shareholders do not have the ability to vote to replace Wells Capital or to select a new advisor, shareholders do have the ability, by the affirmative vote of a majority of the shares entitled to vote on such matter, to elect to remove a director from our board.

Shareholders are entitled to receive a copy of our shareholder list upon request. The list provided by us will include each shareholder's name, address and telephone number, if available, and number of shares owned by each shareholder and will be sent within ten days of the receipt by us of the request. A shareholder requesting a list will be required to pay reasonable costs of postage and duplication. We have the right to request that a requesting shareholder represent to us that the list will not be used to pursue commercial interests.

In addition to the foregoing, shareholders have rights under Rule 14a-7 under the Securities Exchange Act, which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to shareholders in the context of the solicitation of proxies for voting on matters presented to shareholders or, at our option, provide requesting shareholders with a copy of the list of shareholders so that the requesting shareholders may make the distribution of proxies themselves.

Restriction on Ownership of Shares

In order for us to qualify as a REIT, not more than 50% of our outstanding shares may be owned by any five or fewer individuals, including some tax-exempt entities. In addition, the outstanding shares must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year. We may prohibit certain acquisitions and transfers of shares so as to ensure our continued qualification as a REIT under the Internal Revenue Code. However, we cannot assure you that this prohibition will be effective.

In order to assist us in preserving our status as a REIT, our articles of incorporation contain a limitation on ownership which prohibits any person or group of persons from acquiring, directly or indirectly, beneficial ownership of more than 9.8% of our outstanding shares. Our articles of incorporation provide that any transfer of shares that would violate our share ownership limitations is null and void and the intended transferee will acquire no rights in such shares, unless the transfer is approved by the board of directors based upon receipt of information that such transfer would not violate the provisions of the Internal Revenue Code for qualification as a REIT.

The shares in excess of the ownership limit which are attempted to be transferred will be designated as "shares-in-trust" and will be transferred automatically to a trust effective on the day before the reported transfer of such shares. The record holder of the shares that are designated as shares-in-trust will be required to submit such number of shares to the Wells REIT in the name of the trustee of the trust. We will designate a trustee of the share trust that will not be affiliated with us. We will also name one or more charitable organizations as a beneficiary of the share trust. Shares-in-trust will remain issued and outstanding shares and will be entitled to the same rights and privileges as all other shares of the same class or series. The trustee will receive all dividends and distributions on the shares-in-trust and will hold such dividends or distributions in trust for the benefit of the beneficiary. The trustee will vote all shares-in-trust during the period they are held in trust.

At our direction, the trustee will transfer the shares-in-trust to a person whose ownership will not violate the ownership limits. The transfer shall be made within 20 days of our receipt of notice that shares have been transferred to the trust. During this 20 day period, we will have the option of redeeming such shares. Upon any such transfer or redemption, the purported transferee or holder shall receive a per share price equal to the lesser of (a) the price per share in the transaction that created such shares-in-trust, or (b) the market price per share on the date of the transfer or redemption.

Any person who (1) acquires shares in violation of the foregoing restriction or who owns shares that were transferred to any such trust is required to give immediate written notice to the Wells REIT of such event or (2) transfers or receives shares subject to such limitations is required to give the Wells REIT 15 days written notice prior to such transaction. In both cases, such persons shall provide to the Wells REIT such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The foregoing restrictions will continue to apply until (1) the board of directors determines it is no longer in the best interest of the Wells REIT to continue to qualify as a REIT and (2) there is an affirmative vote of the majority of shares entitled to vote on such matter at a regular or special meeting of the shareholders of the Wells REIT.

The ownership limit does not apply to an offeror which, in accordance with applicable federal and state securities laws, makes a cash tender offer, where at least 85% of the outstanding shares are duly tendered and accepted pursuant to the cash tender offer. The ownership limit also does not apply to the underwriter in a public offering of shares. In addition, the ownership limit does not apply to a person or persons which the directors so exempt from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized.

Any person who owns 5% or more of the outstanding shares during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares beneficially owned, directly or indirectly.

Dividends

Dividends will be paid on a quarterly basis regardless of the frequency with which such distributions are declared. Dividends will be paid to investors who are shareholders as of the record dates selected by the directors. We currently calculate our quarterly dividends based upon daily record and dividend declaration dates so our investors will be entitled to be paid dividends immediately upon their purchase of shares. We then make quarterly dividend payments following the end of each calendar quarter.

We are required to make distributions sufficient to satisfy the requirements for qualification as a REIT for tax purposes. Generally, income distributed as dividends will not be taxable to us under the Internal Revenue

Code if we distribute at least 95% (90% beginning in year 2001) of our taxable income. (See "Federal Income Tax Considerations Requirements for Qualification as a REIT.")

Dividends will be declared at the discretion of the board of directors, in accordance with our earnings, cash flow and general financial condition. The board's discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, dividends may not reflect our income earned in that particular distribution period but may be made in anticipation of cash flow which we expect to receive during a later quarter and may be made in advance of actual receipt of funds in an attempt to make dividends relatively uniform. We may borrow money, issue new securities or sell assets in order to make dividend distributions.

We are not prohibited from distributing our own securities in lieu of making cash dividends to shareholders, provided that the securities distributed to shareholders are readily marketable. Shareholders who receive marketable securities in lieu of cash dividends may incur transaction expenses in liquidating the securities.

Dividend Reinvestment Plan

We currently have a dividend reinvestment plan available that allows you to have your dividends otherwise distributable to you invested in additional shares of the Wells REIT.

You may purchase shares under the dividend reinvestment plan for $10 per share until all of the shares registered as part of this offering have been sold. After this time, we may purchase shares either through purchases on the open market, if a market then exists, or through an additional issuance of shares. In any case, the price per share will be equal to the then-prevailing market price, which shall equal the price on the securities exchange or over-the-counter market on which such shares are listed at the date of purchase if such shares are then listed.

You may elect to participate in the dividend reinvestment plan by completing the Subscription Agreement, the enrollment form or by other written notice to the plan administrator. Participation in the plan will begin with the next distribution made after receipt of your written notice. We may terminate the dividend reinvestment plan for any reason at any time upon 10 days' prior written notice to participants. Your participation in the plan will also be terminated to the extent that a reinvestment of your distributions in our shares would cause the percentage ownership limitation contained in our articles of incorporation to be exceeded.

If you elect to participate in the dividend reinvestment plan and are subject to federal income taxation, you will incur a tax liability for dividends allocated to you even though you have elected not to receive the dividends in cash but rather to have the dividends held pursuant to the dividend reinvestment plan. Specifically, you will be treated as if you have received the dividend from us in cash and then applied such dividend to the purchase of additional shares. You will be taxed on the amount of such dividend as ordinary income to the extent such dividend is from current or accumulated earnings and profits, unless we have designated all or a portion of the dividend as a capital gain dividend.

Share Redemption Program

Prior to the time that our shares are listed on a national securities exchange, shareholders of the Wells REIT who have held their shares for at least one year may receive the benefit of limited interim liquidity by presenting for redemption all or any portion of their shares to us at any time in accordance with the procedures outlined herein. At that time, we may, subject to the conditions and limitations described below, redeem the shares presented for redemption for cash to the extent that we have sufficient funds available to us to fund such redemption.

If you have held your shares for the required one-year period, you may redeem your shares for a purchase price equal to the lesser of (1) $10 per share, or (2) the purchase price per share that you actually paid for your shares of the Wells REIT. In the event that you are redeeming all of your shares, shares purchased pursuant to our dividend reinvestment plan may be excluded from the foregoing one-year holding period requirement, in the discretion of the board of directors. In addition, for purposes of the one-year holding period, limited partners of Wells OP who exchange their limited partnership units for shares in the Wells REIT shall be deemed to have owned their shares as of the date they were issued their limited partnership units in Wells OP. The board of directors reserves the right in its sole discretion at any time and from time to time to (1) waive the one-year holding period in the event of the death or bankruptcy of a shareholder or other exigent circumstances, (2) reject any request for redemption, (3) change the purchase price for redemptions, or (4) otherwise amend the terms of our share redemption program.

Redemption of shares, when requested, will be made quarterly on a first-come, first-served basis. Subject to funds being available, we will limit the number of shares redeemed pursuant to our share redemption program as follows: (1) during any calendar year, we will not redeem in excess of three percent (3.0%) of the weighted average number of shares outstanding during the prior calendar year; and (2) funding for the redemption of shares will come exclusively from the proceeds we receive from the sale of shares under our dividend reinvestment plan such that in no event shall the aggregate amount of redemptions under our share redemption program exceed aggregate proceeds received from the sale of shares pursuant to our dividend reinvestment plan. The board of directors, in its sole discretion, may choose to terminate the share redemption program or to reduce the number of shares purchased under the share redemption program if it determines the funds otherwise available to fund our share redemption program are needed for other purposes. (See "Risk Factors - Investment Risks.")

We cannot guarantee that the funds set aside for the share redemption program will be sufficient to accommodate all requests made in any year. If we do not have such funds available, at the time when redemption is requested, you can (1) withdraw your request for redemption, or (2) ask that we honor your request at such time, if any, when sufficient funds become available. Such pending requests will be honored on a first-come, first-served basis.

The share redemption program is only intended to provide interim liquidity for shareholders until a secondary market develops for the shares. No such market presently exists, and we cannot assure you that any market for your shares will ever develop.

The shares we purchase under the share redemption program will be cancelled, and will have the status of authorized, but unissued shares. We will not reissue such shares unless they are first registered with the Securities and Exchange Commission (Commission) under the Securities Act of 1933 and under appropriate state securities laws or otherwise issued in compliance with such laws.

If we terminate, reduce the scope of or otherwise change the share redemption program, we will disclose the changes in reports filed with the Commission.

Restrictions on Roll-Up Transactions

In connection with any proposed transaction considered a "Roll-up Transaction" involving the Wells REIT and the issuance of securities of an entity (a Roll-up Entity) that would be created or would survive after the successful completion of the Roll-up Transaction, an appraisal of all properties shall be obtained from a competent independent appraiser. The properties shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the properties as of a date immediately prior to the announcement of the proposed Roll-up Transaction. The appraisal shall assume an orderly liquidation of properties over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for our benefit and the shareholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to shareholders in connection with any proposed Roll-up Transaction.

A "Roll-up Transaction" is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of the Wells REIT and the issuance of securities of a Roll-up Entity. This term does not include:

- a transaction involving our securities that have been for at least 12 months listed on a national securities exchange or included for quotation on Nasdaq; or

- a transaction involving the conversion to corporate, trust, or association form of only the Wells REIT if, as a consequence of the transaction, there will be no significant adverse change in any of the following: shareholder voting rights; the term of our existence; compensation to Wells Capital; or our investment objectives.

In connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to shareholders who vote "no" on the proposal the choice of:

(1) accepting the securities of a Roll-up Entity offered in the proposed Roll-up Transaction; or

(2) one of the following:

  (A) remaining as shareholders of the Wells REIT and preserving their interests therein on the same terms and conditions as existed previously, or

  (B) receiving cash in an amount equal to the shareholder's pro rata share of the appraised value of our net assets.

We are prohibited from participating in any proposed Roll-up Transaction:

- which would result in the shareholders having democracy rights in a Roll-up Entity that are less than those provided in our bylaws and described elsewhere in this prospectus, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of our articles of incorporation, and dissolution of the Wells REIT;

- which includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity, except to the minimum extent necessary to preserve the tax status of the Roll-up Entity, or which

would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares held by that investor;

- in which investor's rights to access of records of the Roll-up Entity will be less than those provided in the section of this prospectus entitled "Description of Shares -- Meetings and Special Voting Requirements;" or

- in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction is not approved by the shareholders.

Business Combinations

Under Maryland Corporation Law, business combinations between a Maryland corporation and an interested shareholder or the interested shareholder's affiliate are prohibited for five years after the most recent date on which the shareholder becomes an interested shareholder. For this purpose, the term "business combinations" includes mergers, consolidations, share exchanges, asset transfers and issuances or reclassifications of equity securities. An "interested shareholder" is defined for this purpose as:

(1) any person who beneficially owns ten percent or more of the voting power of the corporation's shares; or

(2) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting shares of the corporation.

After the five-year prohibition, any business combination between the corporation and an interested shareholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

(1) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation; and

(2) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested shareholder or its affiliate with whom the business combination is to be effected, or held by an affiliate or associate of the interested shareholder voting together as a single voting group.

These super-majority vote requirements do not apply if the corporation's common shareholders receive a minimum price, as defined under Maryland Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares. None of these provisions of the Maryland Corporation Law will apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested shareholder becomes an interested shareholder.

The business combination statute may discourage others from trying to acquire control of the Wells REIT and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, or by officers or directors who are employees of the corporation are not entitled to vote on the matter. As permitted by Maryland Corporation Law, we have provided in our bylaws that the control share provisions of Maryland Corporation Law will not apply to transactions involving the Wells REIT, but the board of directors retains the discretion to change this provision in the future.

"Control shares" are voting shares which, if aggregated with all other shares owned by the acquiror or with respect to which the acquiror has the right to vote or to direct the voting of, other than solely by virtue of revocable proxy, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting powers:

- one-fifth or more but less than one-third;

- one-third or more but less than a majority; or

- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval.

Except as otherwise specified in the statute, a "control share acquisition" means the acquisition of control shares.

Once a person who has made or proposes to make a control share acquisition has undertaken to pay expenses and has satisfied other required conditions, the person may compel the board of directors to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any shareholders meeting.

If voting rights are not approved for the control shares at the meeting or if the acquiring person does not deliver an "acquiring person statement" for the control shares as required by the statute, the corporation may redeem any or all of the control shares for their fair value, except for control shares for which voting rights have previously been approved. Fair value is to be determined for this purpose without regard to the absence of voting rights for the control shares, and is to be determined as of the date of the last control share acquisition or of any meeting of shareholders at which the voting rights for control shares are considered and not approved.

If voting rights for control shares are approved at a shareholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. The fair value of the shares as determined for purposes of these appraisal rights may not be less than the highest price per share paid in the control share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a control share acquisition.

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

The Operating Partnership Agreement

General

Wells Operating Partnership, L.P. (Wells OP) was formed in January 1998 to acquire, own and operate properties on our behalf. It is considered to be an Umbrella Partnership Real Estate Investment Trust (UPREIT), which structure is utilized generally to provide for the acquisition of real property from owners who desire to defer taxable gain otherwise to be recognized by them upon the disposition of their property. Such owners may also desire to achieve diversity in their investment and other benefits afforded to owners of stock in a REIT. For purposes of satisfying the Asset and Income Tests for qualification as a REIT for tax purposes, the REIT's proportionate share of the assets and income of an UPREIT, such as Wells OP, will be deemed to be assets and income of the REIT.

The property owner's goals are accomplished because a property owner may contribute property to an UPREIT in exchange for limited partnership units on a tax-free basis. Further, Wells OP is structured to make distributions with respect to limited partnership units which are equivalent to the dividend distributions made to shareholders of the Wells REIT. Finally, a limited partner in Wells OP may later exchange his limited partnership units in Wells OP for shares of the Wells REIT (in a taxable transaction) and, if our shares are then listed, achieve liquidity for his investment.

Substantially all of our assets are held by Wells OP, and we intend to make future acquisitions of real properties using the UPREIT structure. The Wells REIT is the sole general partner of Wells OP and, as of September 30, 2000, owned an approximately 99% equity percentage interest in Wells OP. Wells Capital, our advisor, has contributed $200,000 to Wells OP and is currently the only limited partner owning the other approximately 1% equity percentage interest in Wells OP. As the sole general partner of Wells OP, we have the exclusive power to manage and conduct the business of Wells OP.

The following is a summary of certain provisions of the partnership agreement of Wells OP. This summary is not complete and is qualified by the specific language in the partnership agreement. You should refer to the partnership agreement, itself, which we have filed as an exhibit to the registration statement, for more detail.

Capital Contributions

As we accept subscriptions for shares, we will transfer substantially all of the net proceeds of the offering to Wells OP as a capital contribution; however, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors. Wells OP will be deemed to have simultaneously paid the selling commissions and other costs associated with the offering. If Wells OP requires additional funds at any time in excess of capital contributions made by us and Wells Capital or from borrowing, we may borrow funds from a financial institution or other lender and lend such funds to Wells OP on the same terms and conditions as are applicable to our borrowing of such funds. In addition, we are authorized to cause Wells OP to issue partnership interests for less than fair market value if we conclude in good faith that such issuance is in the best interest of Wells OP and the Wells REIT.

Operations

The partnership agreement requires that Wells OP be operated in a manner that will enable the Wells REIT to (1) satisfy the requirements for being classified as a REIT for tax purposes, (2) avoid any federal income or excise tax liability, and (3) ensure that Wells OP will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Internal Revenue Code, which classification could

result in Wells OP being taxed as a corporation, rather than as a partnership. (See "Federal Income Tax Considerations - Tax Aspects of the Operating Partnership - Classification as a Partnership.")

The partnership agreement provides that Wells OP will distribute cash flow from operations to the limited partners of Wells OP in accordance with their relative percentage interests on at least a quarterly basis in amounts determined by the Wells REIT as general partner such that a holder of one unit of limited partnership interest in Wells OP will receive the same amount of annual cash flow distributions from Wells OP as the amount of annual dividends paid to the holder of one of our shares. Remaining cash from operations will be distributed to the Wells REIT as the general partner to enable us to make dividend distributions to our shareholders.

Similarly, the partnership agreement of Wells OP provides that taxable income is allocated to the limited partners of Wells OP in accordance with their relative percentage interests such that a holder of one unit of limited partnership interest in Wells OP will be allocated taxable income for each taxable year in an amount equal to the amount of taxable income to be recognized by a holder of one of our shares, subject to compliance with the provisions of Sections 704(b) and 704(c) of the Internal Revenue Code and corresponding Treasury Regulations. Losses, if any, will generally be allocated among the partners in accordance with their respective percentage interests in Wells OP.

Upon the liquidation of Wells OP, after payment of debts and obligations, any remaining assets of Wells OP will be distributed to partners with positive capital accounts in accordance with their respective positive capital account balances. If the Wells REIT were to have a negative balance in its capital account following a liquidation, it would be obligated to contribute cash to Wells OP equal to such negative balance for distribution to other partners, if any, having positive balances in their capital accounts.

In addition to the administrative and operating costs and expenses incurred by Wells OP in acquiring and operating real properties, Wells OP will pay all administrative costs and expenses of the Wells REIT and such expenses will be treated as expenses of Wells OP. Such expenses will include:

- all expenses relating to the formation and continuity of existence of the Wells REIT;

- all expenses relating to the public offering and registration of securities by the Wells REIT;

- all expenses associated with the preparation and filing of any periodic reports by the Wells REIT under federal, state or local laws or regulations;

- all expenses associated with compliance by the Wells REIT with applicable laws, rules and regulations; and

- all other operating or administrative costs of the Wells REIT incurred in the ordinary course of its business on behalf of Wells OP.

Exchange Rights

The limited partners of Wells OP, including Wells Capital, have the right to cause Wells OP to redeem their limited partnership units for cash equal to the value of an equivalent number of our shares, or, at our option, we may purchase their limited partnership units by issuing one share of the Wells REIT for each limited partnership unit redeemed. These exchange rights may not be exercised, however, if and to the extent that the delivery of shares upon such exercise would (1) result in any person owning shares in excess of our ownership limits, (2) result in shares being owned by fewer than 100 persons, (3) result in

the Wells REIT being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code, (4) cause the Wells REIT to own 10% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Internal Revenue Code, or (5) cause the acquisition of shares by a redeemed limited partner to be "integrated" with any other distribution of our shares for purposes of complying with the Securities Act.

Subject to the foregoing, limited partners may exercise their exchange rights at any time after one year following the date of issuance of their limited partnership units; provided, however, that a limited partner may not deliver more than two exchange notices each calendar year and may not exercise an exchange right for less than 1,000 limited partnership units, unless such limited partner holds less than 1,000 units, in which case, he must exercise his exchange right for all of his units.

Transferability of Interests

The Wells REIT may not (1) voluntarily withdraw as the general partner of Wells OP, (2) engage in any merger, consolidation or other business combination, or (3) transfer its general partnership interest in Wells OP (except to a wholly-owned subsidiary), unless the transaction in which such withdrawal, business combination or transfer occurs results in the limited partners receiving or having the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they had exercised their exchange rights immediately prior to such transaction or unless, in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to Wells OP in return for an interest in Wells OP and agrees to assume all obligations of the general partner of Wells OP. The Wells REIT may also enter into a business combination or we may transfer our general partnership interest upon the receipt of the consent of a majority-in-interest of the limited partners of Wells OP, other than Wells Capital. With certain exceptions, the limited partners may not transfer their interests in Wells OP, in whole or in part, without the written consent of the Wells REIT as general partner. In addition, Wells Capital may not transfer its interest in Wells OP as long as it is acting as the advisor to the Wells REIT, except pursuant to the exercise of its right to exchange limited partnership units for Wells REIT shares, in which case similar restrictions on transfer will apply to the REIT shares received by Wells Capital.

Plan of Distribution

We are offering a maximum of 125,000,000 shares to the public through Wells Investment Securities, Inc., the Dealer Manager, a registered broker-dealer affiliated with the advisor. (See "Conflicts of Interest.") The shares are being offered at a price of $10.00 per share on a "best efforts" basis, which means generally that the Dealer Manager will be required to use only its best efforts to sell the shares and it has no firm commitment or obligation to purchase any of the shares. We are also offering 10,000,000 shares for sale pursuant to our dividend reinvestment plan at a price of $10 per share. An additional 5,000,000 shares are reserved for issuance upon exercise of soliciting dealer warrants, which are granted to participating broker-dealers based upon the number of shares they sell. Therefore, a total of 140,000,000 shares are being registered in this offering.

Except as provided below, the Dealer Manager will receive selling commissions of 7.0% of the gross offering proceeds. The Dealer Manager will also receive 2.5% of the gross offering proceeds in the form of a dealer manager fee as compensation for acting as the Dealer Manager and for expenses incurred in connection with coordinating sales efforts, training of personnel and generally performing "wholesaling" functions. We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the shares. Shareholders who elect to participate in the dividend reinvestment plan will be charged selling commissions and dealer manager fees on shares

purchased pursuant to the dividend reinvestment plan on the same basis as shareholders purchasing shares other than pursuant to the dividend reinvestment plan.

We will also award to the Dealer Manager one soliciting dealer warrant for every 25 shares they sell during the offering period. The Dealer Manager may retain or reallow these warrants to broker-dealers participating in the offering, unless such issuance of soliciting dealer warrants is prohibited by either federal or state securities laws. The holder of a soliciting dealer warrant will be entitled to purchase one share from the Wells REIT at a price of $12 per share during the period beginning on the first anniversary of the effective date of this offering and ending five years after the effective date of this offering. Subject to certain exceptions, a soliciting dealer warrant may not be transferred, assigned, pledged or hypothecated for a period of one year following the effective date of this offering. The shares issuable upon exercise of the soliciting dealer warrants are being registered as part of this offering. For the life of the soliciting dealer warrants, participating broker-dealers are given the opportunity to profit from a rise in the market price for the common stock without assuming the risk of ownership, with a resulting dilution in the interest of other shareholders upon exercise of such warrants. In addition, holders of the soliciting dealer warrants would be expected to exercise such warrants at a time when we could obtain needed capital by offering new securities on terms more favorable than those provided by the soliciting dealer warrants. Exercise of the soliciting dealer warrants is governed by the terms and conditions detailed in this prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

The Dealer Manager may authorize certain other broker-dealers who are members of the NASD to sell shares. In the event of the sale of shares by such other broker-dealers, the Dealer Manager may reallow its commissions in the amount of up to 7.0% of the gross offering proceeds to such participating broker-dealers. In addition, the Dealer Manager, in its sole discretion, may reallow to broker-dealers participating in the offering a portion of its dealer manager fee in the aggregate amount of up to 1.5% of gross offering proceeds to be paid to such participating broker-dealer as marketing fees and as reimbursement of due diligence expenses, based on such factors as the number of shares sold by such participating broker-dealer, the assistance of such participating broker-dealer in marketing the offering and bona fide conference fees incurred.

We anticipate that the total underwriting compensation, including sales commissions, the dealer manager fee and underwriting expense reimbursements, will not exceed 9.5% of gross offering proceeds, except for the soliciting dealer warrants described above.

We have agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act of 1933, as amended.

The broker-dealers participating in the offering of our shares are not obligated to obtain any subscriptions on our behalf, and we cannot assure you that any shares will be sold.

Our executive officers and directors, as well as officers and employees of Wells Capital or other affiliates, may purchase shares offered in this offering at a discount. The purchase price for such shares shall be $8.90 per share reflecting the fact that the acquisition and advisory fees relating to such shares will be reduced by $0.15 per share and selling commissions in the amount of $0.70 per share and dealer manager fees in the amount of $0.25 per share will not be payable in connection with such sales. The net offering proceeds we receive will not be affected by such sales of shares at a discount. Wells Capital and its affiliates shall be expected to hold their shares purchased as shareholders for investment and not with a view towards distribution. In addition, shares purchased by Wells Capital or its affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote.

You should pay for your shares by check payable to "Wells Real Estate Investment Trust, Inc." Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part. We may not accept a subscription for shares until at least five business days after the date you receive this prospectus. You will receive a confirmation of your purchase. Except for purchases pursuant to our dividend reinvestment plan or reinvestment plans of other public real estate programs, all accepted subscriptions will be for whole shares and for not less than 100 shares ($1,000). (See "Suitability Standards.") Except in Maine, Minnesota, Nebraska and Washington, investors who have satisfied the minimum purchase requirement and have purchased units or shares in Wells programs or units or shares in other public real estate programs may purchase less than the minimum number of shares discussed above, provided that such investors purchase a minimum of 2.5 shares ($25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 shares ($25), except for purchases made pursuant to our dividend reinvestment plan or reinvestment plans of other public real estate programs.

We will place the subscription proceeds in an interest-bearing account with Bank of America, N.A., Atlanta, Georgia. Subscription proceeds held in the account may be invested in securities backed by the United States government or bank money-market accounts or certificates of deposit of national or state banks that have deposits insured by the Federal Deposit Insurance Corporation, including certificates of deposit of any bank acting as depository or custodian for any such funds, as directed by our advisor. Subscribers may not withdraw funds from the account. We will withdraw funds from the account periodically for the acquisition of real estate properties or the payment of fees and expenses. We generally admit shareholders to the Wells REIT on a daily basis.

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

The offering of shares will terminate on or before December 19, 2002. However, we reserve the right to terminate this offering at any time prior to such termination date.

The proceeds of this offering will be received and held in trust for the benefit of purchasers of shares to be used only for the purposes set forth in the "Estimated Use of Proceeds" section. Subscriptions will be accepted or rejected within 30 days of receipt by the Wells REIT, and if rejected, all funds shall be returned to the rejected subscribers within ten business days.

We may sell shares to retirement plans of broker-dealers participating in the offering, to broker-dealers in their individual capacities, to IRAs and qualified plans of their registered representatives or to any one of their registered representatives in their individual capacities for 93% of the public offering price in consideration of the services rendered by such broker-dealers and registered representatives in the offering. The net proceeds to the Wells REIT from such sales will be identical to net proceeds we receive from other sales of shares.

In connection with sales of 50,000 or more shares ($500,000) to a "purchaser" as defined below, a participating broker-dealer may agree in his sole discretion to reduce the amount of his selling commissions. Such reduction will be credited to the purchaser by reducing the total purchase price payable by such purchaser. The following table illustrates the various discount levels available:

Dollar Volume Shares Purchased	Sales Commissions Percent	Sales Commissions Per Share	Purchase Price Per Share	Dealer Manager Fee Per Share	Net Proceeds Per Share
Under $500,000	7.0%	$0.7000	$10.0000	$0.25	$9.05
$500,000-$999,999	5.0%	$0.4895	$ 9.7895	$0.25	$9.05
$1,000,000 and Over	3.0%	$0.2876	$ 9.5876	$0.25	$9.05

For example, if an investor purchases 100,000 shares, he could pay as little as $958,760 rather than $1,000,000 for the shares, in which event the commission on the sale of such shares would be $28,760 ($0.2876 per share), and, after payment of the dealer manager fee, we would receive net proceeds of $905,000 ($9.05 per share). The net proceeds to the Wells REIT will not be affected by volume discounts.

Because all investors will be deemed to have contributed the same amount per share to the Wells REIT for purposes of declaring and paying dividends, an investor qualifying for a volume discount will receive a higher return on his investment than investors who do not qualify for such discount.

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

For the purposes of such volume discounts, the term "purchaser" includes:

- an individual, his or her spouse and their children under the age of 21 who purchase the units for his, her or their own accounts;

- a corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not;

- an employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Internal Revenue Code; and

- all commingled trust funds maintained by a given bank.

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

for shares. Except as provided in this paragraph, separate subscriptions will not be cumulated, combined or aggregated.

In addition, in order to encourage purchases in amounts of 500,000 or more shares, a potential purchaser who proposes to purchase at least 500,000 shares may agree with Wells Capital and the Dealer Manager to have the acquisition and advisory fees payable to Wells Capital with respect to the sale of such shares reduced to 0.5%, to have the dealer manager fee payable to the Dealer Manager with respect to the sale of such shares reduced to 0.5%, and to have the selling commissions payable with respect to the sale of such shares reduced to 0.5%, in which event the aggregate fees payable with respect to the sale of such shares would be reduced by $1.10 per share, and the purchaser of such shares would be required to pay a total of $8.90 per share purchased, rather than $10.00 per share. The net proceeds to the Wells REIT would not be affected by such fee reductions. Of the $8.90 paid per share, we anticipate that approximately $8.40 per share or approximately 94.4% will be used to acquire properties and pay required acquisition expenses relating to the acquisition of properties. All such sales must be made through registered broker-dealers.

California residents should be aware that volume discounts will not be available in connection with the sale of shares made to California residents to the extent such discounts do not comply with the provisions of Rule 260.140.51 adopted pursuant to the California Corporate Securities Law of 1968. Pursuant to this Rule, volume discounts can be made available to California residents only in accordance with the following conditions:

- there can be no variance in the net proceeds to the Wells REIT from the sale of the shares to different purchasers of the same offering;

- all purchasers of the shares must be informed of the availability of quantity discounts;

- the same volume discounts must be allowed to all purchasers of shares which are part of the offering;

- the minimum amount of shares as to which volume discounts are allowed cannot be less than $10,000;

- the variance in the price of the shares must result solely from a different range of commissions, and all discounts allowed must be based on a uniform scale of commissions; and

- no discounts are allowed to any group of purchasers.

Accordingly, volume discounts for California residents will be available in accordance with the foregoing table of uniform discount levels based on dollar volume of shares purchased, but no discounts are allowed to any group of purchasers, and no subscriptions may be aggregated as part of a combined order for purposes of determining the number of shares purchased.

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

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

In addition, subscribers for shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their shares paid over a six year period pursuant to a deferred commission arrangement. Shareholders electing the deferred commission option will be required to pay a total of $9.40 per share purchased upon subscription, rather than $10.00 per share, with respect to which $0.10 per share will be payable as commissions due upon subscription. For the period of six years following subscription, $0.10 per share will be deducted on an annual basis from dividends or other cash distributions otherwise payable to the shareholders and used by the Wells REIT to pay deferred commission obligations. The net proceeds to the Wells REIT will not be affected by the election of the deferred commission option. Under this arrangement, a shareholder electing the deferred commission option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from dividends or other cash distributions otherwise payable to such shareholder and used by the Wells REIT to satisfy commission obligations. The foregoing commission amounts may be adjusted with approval of the Dealer Manager by application of the volume discount provisions described previously.

Shareholders electing the deferred commission option who are subject to federal income taxation will incur tax liability for dividends or other cash distributions otherwise payable to them with respect to their shares even though such dividends or other cash distributions will be withheld from such shareholders and will instead be paid to third parties to satisfy commission obligations.

Investors who wish to elect the deferred commission option should make the election on their Subscription Agreement Signature Page. Election of the deferred commission option shall authorize the Wells REIT to withhold dividends or other cash distributions otherwise payable to such shareholder for the purpose of paying commissions due under the deferred commission option; provided, however, that in no event may the Wells REIT withhold in excess of $0.60 per share in the aggregate under the deferred commission option. Such dividends or cash distributions otherwise payable to shareholders may be pledged by the Wells REIT, the Dealer Manager, the advisor or their affiliates to secure one or more loans, the proceeds of which would be used to satisfy sales commission obligations.

In the event that listing of the shares occurs or is reasonably anticipated to occur at any time prior to the satisfaction of our remaining commission obligations, the remaining commissions due under the deferred commission option may be accelerated by the Wells REIT. In such event, we shall provide notice of such acceleration to shareholders who have elected the deferred commission option. The amount of the remaining commissions due shall be deducted and paid by the Wells REIT out of dividends or other cash distributions otherwise payable to such shareholders during the time period prior to listing; provided that, in no event may the Wells REIT withhold in excess of $0.60 per share in the aggregate. To the extent that the distributions during such time period are insufficient to satisfy the remaining commissions due, the obligation of Wells REIT and our shareholders to make any further payments of deferred commissions under the deferred commission option shall terminate, and participating broker-dealers will not be entitled to receive any further portion of their deferred commissions following listing of our shares.

Supplemental Sales Material

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

The offering of shares is made only by means of this prospectus. Although the information contained in such sales material will not conflict with any of the information contained in this prospectus, such material does not purport to be complete, and should not be considered a part of this prospectus or the registration statement of which this prospectus is a part, or as incorporated by reference in this prospectus or said registration statement or as forming the basis of the offering of the shares.

Legal Opinions

The legality of the shares being offered hereby has been passed upon for the Wells REIT by Holland & Knight LLP (Counsel). The statements under the caption "Federal Income Tax Consequences" as they relate to federal income tax matters have been reviewed by such Counsel, and Counsel has opined as to certain income tax matters relating to an investment in shares of the Wells REIT. Counsel has represented Wells Capital, our advisor, as well as affiliates of Wells Capital, in other matters and may continue to do so in the future. (See "Conflicts of Interest.")

Experts

Audited Financial Statements

The audited financial statements of the Wells REIT as of December 31, 1999 and 1998, and for each of the years in the two year period ended December 31, 1999, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said report.

The Statements of Revenues over Certain Operating Expenses of the Motorola Plainfield Building, the Dial Building, the ASML Building and the Motorola Tempe Building for the year ended December 31, 1999, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said reports.

Unaudited Financial Statements

The unaudited interim financial statements of the Wells REIT as of September 30, 2000, and for the three and nine month periods ended September 30, 2000 and 1999, which are included in this prospectus, have not been audited.

The Statements of Revenues over Certain Operating Expenses of the Motorola Plainfield Building for the nine months ended September 30, 2000, which are included in this prospectus, have not been audited.

The unaudited pro forma financial statements of the Wells REIT for the year ended December 31, 1999, and for the nine month period ended September 30, 2000, which are included in this prospectus, have not been audited.

Additional Information

We have filed with the Securities and Exchange Commission (Commission), Washington, D.C., a registration statement under the Securities Act of 1933, as amended, with respect to the shares offered pursuant to this prospectus. This prospectus does not contain all the information set forth in the registration statement and the exhibits related thereto filed with the Commission, reference to which is hereby made. Copies of the registration statement and exhibits related thereto, as well as periodic reports and information filed by the Wells REIT, may be obtained upon payment of the fees prescribed by the Commission, or may be examined at the offices of the Commission without charge, at:

- the public reference facilities in Washington, D.C. at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549;
- the Northeast Regional Office in New York at 7 World Trade Center, Suite 1300, New York, New York 10048; and
- the Midwest Regional Office in Chicago, Illinois at 500 West Madison Street, Suite 1400, Chicago, Illinois 66661-2511.

The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's website is http://www.sec.gov.

Glossary

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

"Dealer Manager" means Wells Investment Securities, Inc.

"IRA" means an individual retirement account established pursuant to Section 408 or Section 408A of the Internal Revenue Code.

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

"Property Manager" means Wells Management Company, Inc.

"UBTI" means unrelated business taxable income, as that term is defined in Sections 511 through 514 of the Internal Revenue Code.

Index to Financial Statements and Prior Performance Tables

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying consolidated balance sheets of WELLS REAL ESTATE INVESTMENT TRUST, INC. (a Maryland corporation) AND SUBSIDIARY as of December 31, 1999 and 1998 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. and subsidiary as of December 31, 1999 and 1998 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 20, 2000

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

ASSETS

	1999	1998
REAL ESTATE ASSETS, at cost:		
Land	$ 14,500,822	$ 1,520,834
Building, less accumulated depreciation of $1,726,103 and $0 at December 31, 1999 and 1998, respectively	81,507,040	20,076,845
Construction in progress	12,561,459	0
Total real estate assets	108,569,321	21,597,679
INVESTMENT IN JOINT VENTURES	29,431,176	11,568,677
CASH AND CASH EQUIVALENTS	2,929,804	7,979,403
DEFERRED OFFERING COSTS	964,941	548,729
DEFERRED PROJECT COSTS	28,093	335,421
DUE FROM AFFILIATES	648,354	262,345
PREPAID EXPENSES AND OTHER ASSETS	1,280,601	540,319
Total assets	$ 143,852,290	$ 42,832,573

LIABILITIES AND SHAREHOLDERS' EQUITY

	1999	1998
LIABILITIES:		
Accounts payable and accrued expenses	$ 461,300	$ 187,827
Notes payable	23,929,228	14,059,930
Dividends payable	2,166,701	408,176
Due to affiliate	1,079,466	554,953
Total liabilities	27,636,695	15,210,886
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding at December 31, 1999 and 3,154,136 shares issued and outstanding at December 31, 1998	134,710	31,541
Additional paid-in capital	115,880,885	27,056,112
Retained earnings	0	334,034
Total shareholders' equity	116,015,595	27,421,687
Total liabilities and shareholders' equity	$ 143,852,290	$ 42,832,573

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
REVENUES:		
Rental income	$4,735,184	$ 20,994
Equity in income of joint ventures	1,243,969	263,315
Interest income	502,993	110,869
Other income	13,249	0
	6,495,395	395,178
EXPENSES:		
Depreciation	1,726,103	0
Interest expense	442,029	11,033
Operating costs, net of reimbursements	(74,666)	0
Management and leasing fees	257,744	0
General and administrative	123,776	29,943
Legal and accounting	115,471	19,552
Computer costs	11,368	616
Amortization of organizational costs	8,921	0
	2,610,746	61,144
NET INCOME	$3,884,649	$ 334,034
EARNINGS PER SHARE:		
Basic and diluted	$ 0.50	$ 0.40

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
BALANCE, December 31, 1997	100	$ 1	$ 999	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	31,540,360
Net income	0	0	0	334,034	334,034
Dividends ($.31 per share)	0	0	(511,163)	0	(511,163)
Sales commissions	0	0	(2,996,334)	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	(946,210)
BALANCE December 31, 1998	3,154,136	31,541	27,056,112	334,034	27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	103,169,490
Net income	0	0	0	3,884,649	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	(5,564,923)
Sales commissions	0	0	(9,801,197)	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	$134,710	$115,880,885	$ 0	$116,015,595

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,884,649	$ 334,034
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in income of joint ventures	(1,243,969)	(263,315)
Depreciation	1,726,103	0
Amortization of organizational costs	8,921	0
Changes in assets and liabilities:		
Prepaid expenses and other assets	(749,203)	(540,319)
Accounts payable and accrued expenses	273,473	187,827
Due to affiliates	108,301	6,224
Total adjustments	123,626	(609,583)
Net cash provided by (used in) operating activities	4,008,275	(275,549)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in real estate	(85,514,506)	(21,299,071)
Investment in joint ventures	(17,641,211)	(11,276,007)
Deferred project costs paid	(3,610,967)	(1,103,913)
Distributions received from joint ventures	1,371,728	178,184
Net cash used in investing activities	(105,394,956)	(33,500,807)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	40,594,463	14,059,930
Repayments of notes payable	(30,725,165)	0
Dividends paid to shareholders	(3,806,398)	(102,987)
Issuance of common stock	103,169,490	31,540,360
Sales commissions paid	(9,801,197)	(2,996,334)
Other offering costs paid	(3,094,111)	(946,210)
Net cash provided by financing activities	96,337,082	41,554,759
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,049,599)	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of year	$ 2,929,804	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:		
Deferred project costs applied to real estate assets	$ 3,183,239	$ 298,608
Deferred project costs contributed to joint ventures	$ 735,056	$ 469,884
Deferred offering costs due to affiliate	$ 416,212	$ 0

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation that qualifies as a real estate investment trust ("REIT"). The Company is conducting an offering for the sale of a maximum of 40,000,000 (exclusive of 2,200,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, $.01 par value per share, at a price of $10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed, and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by Wells Capital, Inc. (the "Advisor") or its affiliates.

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

The Operating Partnership owns the following properties directly: (i) the PriceWaterhouseCoopers property (the "PwC Building"), a four-story office building located in Tampa, Florida; (ii) the AT&T Building, a four-story office building located in Harrisburg, Pennsylvania; (iii) the Marconi Data Systems property (the "Marconi Building"), a two-story office building located in Wood Dale, Illinois; and (iv) the Cinemark Building, a five-story office building located in Plano, Texas.

The Company also owns interests in several properties through a joint venture among the Operating Partnership, Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), Wells Real Estate Fund X, L.P. ("Wells Fund X"), and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). This joint venture is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("Fund IX, X, XI, and REIT Joint Venture"). In addition, the Company owns an interest in several properties through a joint venture between Wells Fund XI, Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), and the Operating Partnership, which is referred to as Wells Fund XI, XII and REIT Joint Venture. The Company owns two properties through a joint venture between the Operating Partnership and Fund X and XI Associates, a joint venture between Wells Fund X and Wells Fund XI.

Through its investment in the Fund IX, X, XI, and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Knoxville, Tennessee (the "ABB Building"), (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story warehouse facility in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Lucent Technologies Building").

The following properties are owned by the Company through its investment in a joint venture with Fund X and XI Associates: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture

Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild Building") owned by Wells/Fremont Associates.

Through its investment in the Wells Fund XI, XII, and REIT Joint Venture, the Company owns interests in the following properties: (i) a two-story manufacturing and office building in Greenville County, South Carolina (the

"EYBL CarTex Building"), (ii) a three-story office building Leawood, Kansas (the "Sprint Building"), (iii) an office and warehouse building in Chester County, Pennsylvania (the "Johnson Matthey Building"), and (iv) a two-story office building in Ft. Myers, Florida (the "Gartner Building").

Use of Estimates and Factors Affecting the Company

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

The carrying values of real estate are based on management's current intent to hold the real estate assets as long-term investments. The success of the Company's future operations and the ability to realize the investment in its assets will be dependent on the Company's ability to maintain rental rates, occupancy, and an appropriate level of operating expenses in future years. Management believes that the steps it is taking will enable the Company to realize its investment in its assets.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year ended December 31, 1998. As a result, the Company generally will not be subject to federal income taxation at the corporate level to the extent it distributes annually at least 95% of its REIT taxable income, as defined in the Code, to its shareholders and satisfies certain other requirements. Additionally, the Operating Partnership is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state income taxes in the accompanying consolidated financial statements for the years ended December 31, 1999 and 1998.

Real Estate Assets

Real estate assets held by the Company and joint ventures are stated at cost less accumulated depreciation. Major improvements and betterments are capitalized when they extend the useful life of the related asset. All repair and maintenance are expensed as incurred.

Management continually monitors events and changes in circumstances which could indicate that carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present which indicate that the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets by determining whether the carrying value of such real estate assets will be recovered through the future cash flows expected from the use of the asset and its eventual disposition. Management has determined that there has been no impairment in the carrying value of real estate assets held by the Company or the joint ventures as of December 31, 1999.

Depreciation of building and improvements is calculated using the straight-line method over 25 years. Tenant improvements are amortized over the life of the related lease or the life of the asset, whichever is shorter.

Investment in Joint Ventures

Basis of Presentation. The Operating Partnership does not have control over the operations of the joint ventures; however, it does exercise significant influence. Accordingly, the Operating Partnership's investment in the joint ventures is recorded using the equity method of accounting.

Partners' Distributions and Allocations of Profit and Loss. Cash available for distribution and allocations of profit and loss to the Operating Partnership by the joint ventures are made in accordance with the terms of the individual joint venture agreements. Generally, these items are allocated in proportion to the partners' respective ownership interests. Cash is paid from the joint ventures to the Operating Partnership on a quarterly basis.

Deferred Lease Acquisition Costs. Costs incurred to procure operating leases are capitalized and amortized on a straight-line basis over the terms of the related leases.

Revenue Recognition

All leases on real estate assets held by the Company or the joint ventures are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value, and consist of investments in money market accounts.

Earnings Per Share

Earnings per share is calculated based on the weighted average number of common shares outstanding during each period. The weighted average number of common shares outstanding is identical for basic and fully diluted earnings per share, as there is no dilutive impact created from the Company's stock option plan (Note 10) using the treasury stock method.

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, as stipulated in the prospectus, can be up to 3.5% of shareholder contributions, subject to certain overall limitations contained in the prospectus. Aggregate fees paid through December 31, 1999 were $4,714,880 and amounted to 3.5% of shareholders' contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint ventures or real estate assets. Deferred project costs at December 31, 1999 and 1998 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Organization and offering expenses, to the extent they exceed 3% of gross offering proceeds, will be paid by the Advisor and not by the Company. Organization and offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses.

As of December 31, 1999, the Advisor paid organization and offering expenses on behalf of the Company in the aggregate amount of $5,005,262, of which the Advisor was reimbursed $4,040,321, which did not exceed the 5% limitation. The unpaid portion of deferred offering costs is $964,941 and is included in due to affiliate in the accompanying balance sheet.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 1999 represents the Operating Partnership's share of the cash to be distributed from its joint venture investments for the fourth quarter of 1999 and 1998 as follows:

	1999	1998

Fund IX, X, XI, and REIT Joint Venture	$ 32,079	$ 38,360
Wells/Orange County Associates	75,953	77,123
Wells/Fremont Associates	152,681	146,862
Fund XI, XII, and REIT	387,641	0
	$ 648,354	$ 262,345

The Company entered into a property management agreement with Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor. In consideration for supervising the management and leasing of the Operating Partnership's properties, the Operating Partnership will pay Wells Management management and leasing fees equal to the lesser of (a) fees that would be paid to a comparable outside firm, or (b) 4.5% of the gross revenues generally paid over the life of the lease plus a separate competitive fee for the one-time initial lease-up of newly constructed properties generally paid in conjunction with the receipt of the first month's rent. In the case of commercial properties which are leased on a long-term (ten or more years) net lease basis, the maximum property management fee from such leases shall be 1% of the gross revenues generally paid over the life of the leases except for a one-time initial leasing fee of 3% of the gross revenues on each lease payable over the first five full years of the original lease term.

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management by the joint ventures was $336,517 for the year ended December 31, 1999.

The Advisor performs certain administrative services for the Operating Partnership, such as accounting and other partnership administration, and incurs the related expenses. Such expenses are allocated among the Operating Partnership and the various Wells Real Estate Funds based on time spent on each fund by individual administrative personnel. In the opinion of management, such allocation is a reasonable basis for allocating such expenses.

The Advisor is a general partner in various Wells Real Estate Funds. As such, there may exist conflicts of interest where the Advisor, while serving in the capacity as general partner for Wells Real Estate Funds, may be in competition with the Operating Partnership for tenants in similar geographic markets.

5. INVESTMENT IN JOINT VENTURES

The Operating Partnership's investment and percentage ownership in joint ventures at December 31, 1999 and 1998 are summarized as follows:

	1999		1998	
	Amount	Percent	Amount	Percent
Fund IX, X, XI, and REIT Joint Venture	$ 1,388,884	4%	$ 1,443,378	4%
Wells/Orange County Associates	2,893,112	44	2,958,617	44
Wells/Fremont Associates	6,988,210	78	7,166,682	78
Fund XI, XII, and REIT Joint Venture	18,160,970	57	0	0
	$ 29,431,176		$ 11,568,677	

The following is a rollforward of the Operating Partnership's investment in joint ventures for the years ended December 31, 1999 and 1998:

	1999	1998

Investment in joint ventures, beginning of year	$11,568,677	$ 0
Equity in income of joint ventures	1,243,969	263,315
Contributions to joint ventures	18,376,267	11,745,890
Distributions from joint ventures	(1,757,737)	(440,528)
Investment in joint ventures, end of year	$29,431,176	$11,568,677

Fund IX, X, XI, and REIT Joint Venture

On March 20, 1997, Wells Fund IX and Wells Fund X entered into a joint venture agreement. The joint venture, Fund IX and X Associates, was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Wells Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the ABB Building, to the Fund IX and X Associates joint venture. A 83,885-square-foot, three-story building was constructed and commenced operations at the end of 1997.

On February 13, 1998, the joint venture purchased a two-story office building, known as the Ohmeda Building, in Louisville, Colorado. On March 20, 1998, the joint venture purchased a three-story office building, known as the 360 Interlocken Building, in Broomfield, Colorado. On June 11, 1998, Fund IX and X Associates was amended and restated to admit Wells Fund XI and the Operating Partnership. The joint venture was renamed the Fund IX, X, XI, and REIT Joint Venture. On June 24, 1998, the new joint venture purchased a one-story office building, known as the Lucent Technologies Building, in Oklahoma City, Oklahoma. On April 1, 1998, Wells Fund X purchased a one-story warehouse facility, known as the Iomega Building, in Ogden, Utah. On July 1, 1998, Wells Fund X contributed the Iomega Building to the Fund IX, X, XI, and REIT Joint Venture.

Following are the financial statements for the Fund IX, X, XI, and REIT Joint Venture:

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$ 6,698,020	$ 6,454,213
Building and improvements, less accumulated depreciation of $2,792,068 in 1999 and $1,253,156 in 1998	29,878,541	30,686,845
Construction in progress	0	990
Total real estate assets	36,576,561	37,142,048
Cash and cash equivalents	1,146,874	1,329,457
Accounts receivable	554,965	133,257
Prepaid expenses and other assets	526,409	441,128
Total assets	$ 38,804,809	$ 39,045,890

LIABILITIES AND PARTNERS' CAPITAL

	1999	1998
Liabilities:		
Accounts payable	$ 704,914	$ 409,737
Due to affiliates	6,379	4,406
Partnership distributions payable	804,734	1,000,127

Total liabilities	1,516,027	1,414,270
Partners' capital:		
Wells Real Estate Fund IX	14,590,626	14,960,100
Wells Real Estate Fund X	18,000,869	18,707,139
Wells Real Estate Fund XI	3,308,403	2,521,003
Wells Operating Partnership, L.P.	1,388,884	1,443,378
Total partners' capital	37,288,782	37,631,620
Total liabilities and partners' capital	$ 38,804,809	$ 39,045,890

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income (Loss)
for the Years Ended December 31, 1999, 1998, and 1997

	1999	1998	1997
Revenues:			
Rental income	$3,932,962	$2,945,980	$28,512
Interest income	120,080	20,438	0
	4,053,042	2,966,418	28,512
Expenses:			
Depreciation	1,538,912	1,216,293	36,863
Management and leasing fees	286,139	226,643	1,711
Operating costs, net of reimbursements	(43,501)	(140,506)	10,118
Property administration expense	63,311	34,821	0
Legal and accounting	35,937	15,351	0
	1,880,798	1,352,602	48,692
Net income (loss)	$2,172,244	$1,613,816	$(20,180)
Net income (loss) allocated to Wells Real Estate Fund IX	$ 850,072	$ 692,116	$(10,145)
Net income (loss) allocated to Wells Real Estate Fund X	$1,056,316	$ 787,481	$(10,035)
Net income allocated to Wells Real Estate Fund XI	$ 184,355	$ 85,352	$ 0
Net income allocated to Wells Operating Partnership, L.P.	$ 81,501	$ 48,867	$ 0

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999, 1998, and 1997

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Wells Real Estate Fund XI	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1996	$ 0	$ 0	$ 0	$ 0	$ 0
Net loss	(10,145)	(10,035)	0	0	(20,180)
Partnership contributions	3,712,938	3,672,838	0	0	7,385,776
Balance, December 31, 1997	3,702,793	3,662,803	0	0	7,365,596
Net income	692,116	787,481	85,352	48,867	1,613,816
Partnership contributions	11,771,312	15,613,477	2,586,262	1,480,741	31,451,792
Partnership distributions	(1,206,121)	(1,356,622)	(150,611)	(86,230)	(2,799,584)
Balance, December 31, 1998	14,960,100	18,707,139	2,521,003	1,443,378	37,631,620

Net income	850,072	1,056,316	184,355	81,501	2,172,244
Partnership contributions	198,989	0	911,027	0	1,110,016
Partnership distributions	(1,418,535)	(1,762,586)	(307,982)	(135,995)	(3,625,098)
Balance, December 31, 1999	$14,590,626	$18,000,869	$3,308,403	$ 1,388,884	$ 37,288,782

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 1999, 1998, and 1997

	1999	1998	1997
Cash flows from operating activities:			
Net income (loss)	$ 2,172,244	$ 1,613,816	$ (20,180)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,538,912	1,216,293	36,863
Changes in assets and liabilities:			
Accounts receivable	(421,708)	(92,745)	(40,512)
Prepaid expenses and other assets	(85,281)	(111,818)	(329,310)
Accounts payable	295,177	29,967	379,770
Due to affiliates	1,973	1,927	2,479
Total adjustments	1,329,073	1,043,624	49,290
Net cash provided by operating activities	3,501,317	2,657,440	29,110
Cash flows from investing activities:			
Investment in real estate	(930,401)	(24,788,070)	(5,715,847)
Cash flows from financing activities:			
Distributions to joint venture partners	(3,820,491)	(1,799,457)	0
Contributions received from partners	1,066,992	24,970,373	5,975,908
Net cash (used in) provided by financing activities	(2,753,499)	23,170,916	5,975,908
Net (decrease) increase in cash and cash equivalents	(182,583)	1,040,286	289,171
Cash and cash equivalents, beginning of year	1,329,457	289,171	0
Cash and cash equivalents, end of year	$ 1,146,874	$ 1,329,457	$ 289,171
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 43,024	$ 1,470,780	$ 318,981
Contribution of real estate assets to joint venture	$ 0	$ 5,010,639	$ 1,090,887

Wells/Orange County Associates

On July 27, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Orange County Associates. On July 31, 1998, Wells/Orange County Associates acquired a 52,000-square-foot warehouse and office building located in Fountain Valley, California, known as the Cort Furniture Building.

On September 1, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Orange County Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Cort Furniture Building.

Following are the financial statements for Wells/Orange County Associates:

Wells/Orange County Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$2,187,501	$2,187,501
Building, less accumulated depreciation of $278,652 in 1999 and $92,087 in 1998	4,385,463	4,572,028
Total real estate assets	6,572,964	6,759,529
Cash and cash equivalents	176,666	180,895
Accounts receivable	49,679	13,123
Total assets	$6,799,309	$6,953,547

LIABILITIES AND PARTNERS' CAPITAL

	1999	1998
Liabilities:		
Accounts payable	$ 0	$ 1,550
Partnership distributions payable	173,935	176,614
Total liabilities	173,935	178,164
Partners' capital:		
Wells Operating Partnership, L.P.	2,893,112	2,958,617
Fund X and XI Associates	3,732,262	3,816,766
Total partners' capital	6,625,374	6,775,383
Total liabilities and partners' capital	$6,799,309	$6,953,547

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 1999 and 1998

	1999	1998
Revenues:		
Rental income	$795,545	$331,477
Interest income	0	448
	795,545	331,925
Expenses:		
Depreciation	186,565	92,087
Management and leasing fees	30,360	12,734
Operating costs, net of reimbursements	22,229	2,288
Interest	0	29,472
Legal and accounting	5,439	3,930
	244,593	140,511
Net income	$550,952	$191,414

Net income allocated to Wells Operating Partnership, L.P.	$240,585	$ 91,978

Net income allocated to Fund X and XI Associates	$310,367	$ 99,436

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999 and 1998

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	91,978	99,436	191,414
Partnership contributions	2,991,074	3,863,272	6,854,346
Partnership distributions	(124,435)	(145,942)	(270,377)
Balance, December 31, 1998	2,958,617	3,816,766	6,775,383
Net income	240,585	310,367	550,952
Partnership distributions	(306,090)	(394,871)	(700,961)
Balance, December 31, 1999	$2,893,112	$3,732,262	$6,625,374

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net income	$ 550,952	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	186,565	92,087
Changes in assets and liabilities:		
Accounts receivable	(36,556)	(13,123)
Accounts payable	(1,550)	1,550
Total adjustments	148,459	80,514
Net cash provided by operating activities	699,411	271,928
Cash flows from investing activities:		
Investment in real estate	0	(6,563,700)
Cash flows from financing activities:		
Issuance of note payable	0	4,875,000
Payment of note payable	0	(4,875,000)

Distributions to partners	(703,640)	(93,763)
Contributions received from partners	0	6,566,430
Net cash (used in) provided by financing activities	(703,640)	6,472,667
Net (decrease) increase in cash and cash equivalents	(4,229)	180,895
Cash and cash equivalents, beginning of year	180,895	0
Cash and cash equivalents, end of year	$ 176,666	$ 180,895
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 287,916

Wells/Fremont Associates

On July 15, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Fremont Associates. On July 21, 1998, Wells/Fremont Associates acquired a 58,424-square-foot warehouse and office building located in Fremont, California, known as the Fairchild Building.

On October 8, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Fremont Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Fairchild Building.

Following are the financial statements for Wells/Fremont Associates:

Wells/Fremont Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$2,219,251	$2,219,251
Building, less accumulated depreciation of $428,246 in 1999 and $142,720 in 1998	6,709,912	6,995,439
Total real estate assets	8,929,163	9,214,690
Cash and cash equivalents	189,012	192,512
Accounts receivable	92,979	34,742
Total assets	$9,211,154	$9,441,944

LIABILITIES AND PARTNERS' CAPITAL

	1999	1998
Liabilities:		
Accounts payable	$ 2,015	$ 3,565
Due to affiliate	5,579	2,052
Partnership distributions payable	186,997	189,490
Total liabilities	194,591	195,107
Partners' capital:		
Wells Operating Partnership, L.P.	6,988,210	7,166,682
Fund X and XI Associates	2,028,353	2,080,155
Total partners' capital	9,016,563	9,246,837
Total liabilities and partners' capital	$9,211,154	$9,441,944

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Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 1999 and 1998

	1999	1998
Revenues:		
Rental income	$902,946	$401,058
Interest income	0	3,896
	902,946	404,954
Expenses:		
Depreciation	285,526	142,720
Management and leasing fees	37,355	16,726
Operating costs, net of reimbursements	16,006	3,364
Interest	0	73,919
Legal and accounting	4,885	6,306
	343,772	243,035
Net income	$559,174	$161,919
Net income allocated to Wells Operating Partnership, L.P.	$433,383	$122,470
Net income allocated to Fund X and XI Associates	$125,791	$ 39,449

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999 and 1998

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	122,470	39,449	161,919
Partner contributions	7,274,075	2,083,334	9,357,409
Partnership distributions	(229,863)	(42,628)	(272,491)
Balance, December 31, 1998	7,166,682	2,080,155	9,246,837
Net income	433,383	125,791	559,174
Partnership distributions	(611,855)	(177,593)	(789,448)
Balance, December 31, 1999	$ 6,988,210	$2,028,353	$9,016,563

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Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Cash Flows

for the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net income	$ 559,174	$ 161,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	285,526	142,720
Changes in assets and liabilities:		
Accounts receivable	(58,237)	(34,742)
Accounts payable	(1,550)	3,565
Due to affiliate	3,527	2,052
Total adjustments	229,266	113,595
Net cash provided by operating activities	788,440	275,514
Cash flows from investing activities:		
Investment in real estate	0	(8,983,111)
Cash flows from financing activities:		
Issuance of note payable	0	5,960,000
Payment of note payable	0	(5,960,000)
Distributions to partners	(791,940)	(83,001)
Contributions received from partners	0	8,983,110
Net cash (used in) provided by financing activities	(791,940)	8,900,109
Net (decrease) increase in cash and cash equivalents	(3,500)	192,512
Cash and cash equivalents, beginning of year	192,512	0
Cash and cash equivalents, end of year	$ 189,012	$ 192,512
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 374,299

Fund XI, XII, and REIT Joint Venture

On May 1, 1999, the Operating Partnership entered into a joint venture with Wells Fund XII and Wells Fund XI. On May 18, 1999, the joint venture purchased a 169,510-square-foot, two-story manufacturing and office building, known as EYBL CarTex, in Fountain Inn, South Carolina. On July 21, 1999, the joint venture purchased a 68,900 square-foot, three-story-office building, known as the Sprint Building, in Leawood, Kansas. On August 17, 1999, the joint venture purchased a 130,000 square-foot office and warehouse building, known as the Johnson Matthey Building, in Chester County, Pennsylvania. On September 20, 1999, the joint venture purchased a 62,400 square-foot, two-story office building, known as the Gartner Building, in Fort Myers, Florida.

Following are the financial statements for the Fund XI, XII, and REIT Joint Venture:

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 1999

ASSETS

Real estate assets, at cost:	
Land	$ 5,048,797
Building and improvements, less accumulated depreciation of $506,582	26,811,869
Total real estate assets	31,860,666
Cash and cash equivalents	766,278
Accounts receivable	133,777
Prepaid assets and other expenses	26,486
Total assets	$ 32,787,207

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:	
Accounts payable	$ 112,457
Partnership distributions payable	680,294
Total liabilities	792,751
Partners' capital:	
Wells Real Estate Fund XI	8,365,852
Wells Real Estate Fund XII	5,467,634
Wells Operating Partnership, L.P.	18,160,970
Total partners' capital	31,994,456
Total liabilities and partners' capital	$ 32,787,207

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Year Ended December 31, 1999

Revenues:	
Rental income	$ 1,443,446
Other income	57
	1,443,503
Expenses:	
Depreciation	506,582
Management and leasing fees	59,230
Operating costs, net of reimbursements	6,433
Property administration	14,185
Legal and accounting	4,000
	590,430
Net income	$ 853,073
Net income allocated to Wells Real Estate Fund XI	$ 240,031
Net income allocated to Wells Real Estate Fund XII	$ 124,542
Net income allocated to Wells Operating Partnership, L.P.	$ 488,500

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Year Ended December 31, 1999

	Wells Real Estate Fund XI	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1998	$ 0	$ 0	$ 0	$ 0
Net income	240,031	124,542	488,500	853,073
Partnership contributions	8,470,160	5,520,835	18,376,267	32,367,262

Partnership distributions	(344,339)	(177,743)	(703,797)	(1,225,879)
Balance, December 31, 1999	$ 8,365,852	$ 5,467,634	$ 18,160,970	$ 31,994,456

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Year Ended December 31, 1999

Cash flows from operating activities:	
Net income	$ 853,073
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	506,582
Changes in assets and liabilities:	
Accounts receivable	(133,777)
Prepaid expenses and other assets	(26,486)
Accounts payable	112,457
Total adjustments	458,776
Net cash provided by operating activities	1,311,849
Cash flows from financing activities:	
Distributions to joint venture partners	(545,571)
Net increase in cash and cash equivalents	766,278
Cash and cash equivalents, beginning of year	0
Cash and cash equivalents, end of year	$ 766,278
Supplemental disclosure of noncash activities:	
Deferred project costs contributed to joint venture	$ 1,294,686
Contribution of real estate assets to joint venture	$ 31,072,562

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the years ended December 31, 1999 and 1998 are calculated as follows:

	1999	1998
Financial statement net income	$ 3,884,649	$ 334,034
Increase (decrease) in net income resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	949,631	82,618
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(789,599)	(35,427)
Expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	49,906	1,634
Income tax basis net income	$ 4,094,587	$ 382,859

The Operating Partnership's income tax basis partners' capital at December 31, 1999 and 1998 is computed as follows:

	1999	1998
Financial statement partners' capital	$116,015,595	$27,421,687
Increase (decrease) in partners' capital resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	1,032,249	82,618
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	12,896,312	3,942,545
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(825,026)	(35,427)
Accumulated expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	51,540	1,634
Dividends payable	2,166,701	408,176
Income tax basis partners' capital	$131,337,371	$31,821,233

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 11,737,408
2001	11,976,253
2002	12,714,291
2003	12,856,557
2004	12,581,882
Thereafter	54,304,092
	$ 116,170,483

Three tenants contributed 32%, 16%, and 15% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute 34%, 20%, 17%, and 11% of future minimum rental income.

The future minimum rental income due the Fund IX, X, XI, and REIT Joint Venture under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 3,666,570
2001	3,595,686
2002	3,179,827
2003	3,239,080
2004	3,048,152
Thereafter	5,181,003
	$ 21,910,318

Four tenants contributed 25%, 18%, 13%, and 12% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute 28%, 22%, 15%, and 10% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 758,964
2001	809,580
2002	834,888
2003	695,740
	$ 3,099,172

One tenant contributed 100% of rental income for the year ended December 31, 1999 and will contribute 100% of future minimum rental income.

The future minimum rental income due Wells/Fremont Associates under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 869,492
2001	895,577
2002	922,444
2003	950,118
2004	894,833
	$ 4,532,464

One tenant contributed 100% of rental income for the year ended December 31, 1999 and will contribute 100% of future minimum rental income.

The future minimum rental income due from XI, XII and REIT under noncancelable operating leases at December 31, 1999 is a follows:

Year ended December 31:	
2000	$ 3,085,362
2001	3,135,490
2002	3,273,814
2003	3,367,231
2004	3,440,259
Thereafter	9,708,895
	$ 26,011,051

Four tenants contributed approximately 34%, 22%, 22%, and 12% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute approximately 30%, 27%, 22%, and 18% of future minimum rental income.

8. NOTES PAYABLE

At December 31, 1999, the Operating Partnership had outstanding debt of $23,929,228. Of this amount, $11,430,696 was borrowed under a construction loan with Bank of America in order to finance the construction of a new building for Matsushita Avionics (the "Matsushita Project") and improvements for the AT&T Building. This loan is secured by the Matsushita Project and matures on May 10, 2001. The remaining $12,498,532 was borrowed against the revolving line of credit from SouthTrust Bank, which is collateralized by the PwC Building and matures on December 31, 2000. Interest is paid monthly and accrued at a variable rate based on LIBOR plus 200 basis points for both of these debt instruments. During 1999, the Company paid and capitalized interest costs of $847,451 and $463,873, respectively. The estimated fair value of these notes approximates their carrying value.

The Operating Partnership also has a $9,825,000 line of credit from Bank of America, which bears interest at a variable rate based on LIBOR plus 200 basis points. No balance was outstanding at December 31, 1999 under this line of credit.

9. COMMITMENTS AND CONTINGENCIES

On February 18, 1999, the Operating Partnership entered into a rental income guaranty agreement with Fund VIII and IX Associates (the "joint venture"), whereby the Operating Partnership guaranteed that the joint venture would receive rental income on the existing Matsushita Building, equal to at least the rent and building expenses that the joint venture would have received from Matsushita Avionics over the remaining term of the existing lease. Matsushita Avionics vacated the building on January 3, 2000, while the existing lease term extends through September 2003. The Company paid approximately $61,000 to the joint venture related to the rental income and building expenses due from Matsushita Avionics for the remainder of January 2000. Such payments are made from the Company's operating cash flow and reduce cash available for dividends.

On July 22, 1999, the Operating Partnership purchased a 7.49 acre tract of land located in Midlothian, Chesterfield County, Virginia for the purpose of constructing a four-story, 100,000 rentable square foot office building (the "ABB Project"). The Operating Partnership entered into an office lease with ABB Power Generation, Inc. ("ABB"), pursuant to which ABB has agreed to lease the ABB Project upon its completion.

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Company, the Operating Partnership, or the Advisor. In the normal course of business, the Company, the Operating Partnership, or the Advisor may become subject to such litigation or claims.

10. COMMON STOCK OPTION PLAN

The Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan ("the Plan") provides for grants of stock to be made to independent nonemployee directors of the Company. Options to purchase 2,500 shares of common stock at $12 per share are granted upon initially becoming an independent director of the Company. Of these shares, 20% are exercisable immediately on the date of grant. An additional 20% of these shares become exercisable on each anniversary following the date of grant for a period of four years. Effective on the date of each annual meeting of shareholders of the Company, beginning in 2000, each independent director will be granted an option to purchase 1,000 additional shares of common stock. These options vest at the rate of 500 shares per full year of service thereafter. All options granted under the Plan expire no later than the date immediately following the tenth anniversary of the date of grant and may expire sooner in the event of the disability or death of the optionee or if the optionee ceases to serve as a director.

The Company has adopted the disclosure provisions in SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by the provisions of SFAS No. 123, the Company applies Accounting Principles Board ("APB") Opinion No. 25 and the related interpretations in accounting for its stock option plans and, accordingly, does not recognize compensation cost.

A summary of the Company's stock option activity during 1999 is as follows:

	Number	Exercise Price
Outstanding at December 31, 1998	0	$ 0
Granted	27,500	12

Outstanding at December 31, 1999	27,500	$12
Outstanding options exercisable as of December 31, 1999	5,500	$12

The weighted average remaining contractual life of options outstanding at December 31, 1999 is approximately 9.5 years. Based on the terms of the options, the fair value of the options granted during 1999 is $0.

11. QUARTERLY RESULTS (UNAUDITED)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 1999 and 1998:

	1999 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$988,000	$1,204,938	$1,803,352	$2,499,105
Net income	393,438	601,975	1,277,019	1,612,217
Basic and diluted earnings per share	$0.10	$0.09	$0.18	$0.13
Dividends per share	0.17	0.17	0.18	0.18

	1998 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$0	$10,917	$73,292	$310,969
Net income	0	10,899	62,128	261,007
Basic and diluted earnings per share	$0.00	$0.16	$0.06	$0.18
Dividends per share	0.00	0.00	0.15	0.16

WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2000	December 31, 1999
REAL ESTATE, at cost:		
Land	$ 21,695,304	$ 14,500,822
Building and improvements, less accumulated depreciation of $6,810,792 in 2000 and $1,726,103 in 1999	188,671,038	81,507,040
Construction in progress	295,517	12,561,459
Total real estate	210,661,859	108,569,321
INVESTMENT IN JOINT VENTURES (NOTE 2)	36,708,242	29,431,176
DUE FROM AFFILIATES	859,515	648,354

CASH AND CASH EQUIVALENTS	12,257,161	2,929,804
DEFERRED PROJECT COSTS (Note 1)	471,005	28,093
DEFERRED OFFERING COSTS (Note 1)	1,108,206	964,941
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	1,280,601
Total assets	$ 268,410,893	$ 143,852,290

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:		
Accounts payable and accrued expenses	$ 975,821	$ 461,300
Notes payable (Note 3)	38,909,030	23,929,228
Due to affiliates (Note 4)	1,372,508	1,079,466
Dividends payable	4,475,982	2,166,701
Total liabilities	45,733,341	27,636,695
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 40,000,000 shares authorized, 26,174,825 shares issued and outstanding at September 30, 2000 and 13,471,085 shares issued and outstanding at December 31, 1999	261,748	134,710
Additional paid-in capital	222,215,804	115,880,885
Retained earnings	0	0
Total shareholders' equity	222,477,552	116,015,595
Total liabilities and shareholders' equity	$ 268,410,893	$ 143,852,290

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	September 30, 2000	September 30, 1999	September 30, 2000	September 30, 1999
REVENUES:				
Rental income	$5,819,968	$1,227,144	$13,712,371	$2,806,158
Equity in income of joint ventures	635,065	384,887	1,684,247	783,065
Interest income	131,578	191,321	338,020	407,067
	6,586,611	1,803,352	15,734,638	3,996,290
EXPENSES:				
Operating costs, net of reimbursements	289,140	(75,997)	631,407	(46,381)
Management and leasing fees	381,766	68,823	919,630	150,908
Depreciation	2,155,366	423,760	5,084,689	1,036,003
Administrative costs	41,626	21,076	273,484	91,016
Legal and accounting	32,883	22,187	130,603	78,637
Computer costs	2,353	2,119	8,846	8,182
Amortization of loan costs	64,016	2,433	150,143	6,488
Interest expense	1,094,233	61,932	2,798,299	399,005

	4,061,383	526,333	9,997,101	1,723,858
NET INCOME	$2,525,228	$1,277,019	$ 5,737,537	$2,272,432
BASIC AND DILUTED EARNINGS PER SHARE	$0.11	$0.18	$0.30	$0.37

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1999

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	Common Stock		Additional		Total
	Shares	Amount	Paid-In Capital	Retained Earnings	Shareholders' Equity
BALANCE, December 31, 1998	3,154,136	$ 31,541	$ 27,056,112	$ 334,034	$ 27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	103,169,490
Net income	0	0	0	3,884,649	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	(5,564,923)
Sales commission	0	0	(9,801,197)	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	134,710	115,880,885	0	116,015,595
Issuance of common stock	12,769,524	127,695	127,567,548	0	127,695,243
Net income	0	0	0	5,737,537	5,737,537
Dividends ($.544 per share)	0	0	(4,695,767)	(5,737,537)	(10,433,304)
Sales commission	0	0	(12,068,553)	0	(12,068,553)
Other offering expenses	0	0	(3,811,122)	0	(3,811,122)
Common stock retired	(65,784)	(657)	(657,187)	0	(657,844)
BALANCE, September 30, 2000	26,174,825	$261,748	$222,215,804	$ 0	$222,477,552

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	September 30, 2000	September 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,737,537	$ 2,272,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,084,689	1,036,003
Amortization of loan costs	150,143	6,488
Equity in income of joint ventures	(1,684,247)	(783,065)

Changes in assets and liabilities:		
Accounts payable	514,521	326,166
Increase in prepaid expenses and other assets	(5,214,447)	(667,823)
Increase due to affiliates	149,777	82,901
Net cash provided by operating activities	4,737,973	2,273,102
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(103,469,511)	(55,913,594)
Investment in joint ventures	(7,612,005)	(17,641,421)
Deferred project costs	(4,446,307)	(2,692,478)
Distributions received from joint ventures	2,103,704	826,822
Net cash used in investing activities	(113,424,119)	(75,420,671)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	67,883,130	25,598,666
Repayment of note payable	(52,903,328)	(22,732,539)
Dividends paid	(8,124,023)	(2,159,649)
Issuance of common stock	127,695,243	76,927,944
Sales commissions paid	(12,068,553)	(7,308,155)
Offering costs paid	(3,811,122)	(2,307,838)
Common stock retired	(657,844)	0
Net cash provided by financing activities	118,013,503	68,018,429
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,327,357	(5,129,140)
CASH AND CASH EQUIVALENTS, beginning of year	2,929,804	7,979,403
CASH AND CASH EQUIVALENTS, end of period	$ 12,257,161	$ 2,850,263
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to joint ventures	$ 295,680	$ 735,056
Deferred project costs applied to real estate	$ 3,707,715	$ 2,273,411
Decrease in deferred offering cost accrual	$ (143,265)	$ (200,640)

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Wells Real Estate Investment Trust, Inc. (the "Company" or "Registrant") is a Maryland corporation formed on July 3, 1997. The Company is the sole general partner of Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized for the purpose of acquiring, developing, owning, operating, improving, leasing, and otherwise managing for investment purposes income-producing commercial properties.

On January 30, 1998, the Company commenced a public offering of up to 16,500,000 shares of common stock at $10 per share pursuant to a Registration Statement on Form S-11 under the Securities Act of 1933. The Company commenced active operations on June 5, 1998, when it received and accepted subscriptions for 125,000 shares. The Company terminated its initial public offering on December 19, 1999, and on December 20, 1999, the Company commenced a second follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of September 30, 2000, the Company had sold 26,240,610 shares for total capital contributions of $262,406,096. After payment of $9,161,189 in acquisition and advisory fees and acquisition expenses, payment of $32,718,532 in selling commissions and organization and offering expenses, capital contributions and acquisition expenditures by Wells OP of $211,641,497 in property acquisitions and common stock redemptions of $657,844 pursuant to the Company's share redemption program, the Company was holding net offering proceeds of $8,227,034 available for investment in properties. An additional $38,909,030 was spent for acquisition expenditures and was funded by loans from various lending institutes.

Wells OP owns interest in properties both directly and through equity ownership in the following joint ventures: (i) the Fund IX-X-XI-REIT Joint Venture, a joint venture among Wells OP and Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. (the "Fund IX-X-XI-REIT Joint Venture"), (ii) Wells/Fremont Associates (the "Fremont Joint Venture"), a joint venture between Wells OP and Fund X and Fund XI Associates, which is a joint venture between Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. (the "Fund X-XI Joint Venture"), (iii) Wells/Orange County Associates (the "Cort Joint Venture") a joint venture between Wells OP and the Fund X-XI Joint Venture, (iv) the Fund XI-XII-REIT Joint Venture, a joint venture among Wells OP, Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P. (the "Fund XI-XIII-REIT Joint Venture"), (v) the Fund XII-REIT Joint Venture, a joint venture between Wells OP and Wells Real Estate Fund XII, L.P. (the "Fund XII-REIT Joint Venture"), and (vi) the Fund VIII-IX-REIT Joint Venture, a joint venture between Wells OP and the Fund VIII-IX Joint Venture.

As of September 30, 2000, Wells OP owned interest in the following properties either directly or through its interests in joint ventures: (i) a three-story office building in Knoxville, Tennessee (the "ABB-Knoxville Building"); (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"); (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"); (iv) a one-story office building in Oklahoma City, Oklahoma (the "AVAYA Building"); (v) a one-story warehouse and office building in Ogden, Utah (the "Iomega Building"), all five of which are owned by the Fund IX-X-XI-REIT Joint Venture; (vi) a two-story warehouse office building in Fremont, California (the "Fremont Building"), which is owned by the Fremont Joint Venture; (vii) a one-story warehouse and office building in Fountain Valley, California (the "Cort Building"), which is owned by the Cort Joint Venture; (viii) a four-story office building in Tampa, Florida (the "PWC Building"); (ix) a four-story office building in Harrisburg, Pennsylvania (the "AT&T Building"), which are owned directly by Wells OP; (x) a two-story manufacturing and office building located in Fountain Inn, South Carolina (the "EYBL

CarTex Building"); (xi) a three-story office building located in Leawood, Kansas (the "Sprint Building"); (xii) a one story office building and warehouse in Tredyffrin Township, Pennsylvania (the "Johnson Matthey Building"); (xiii) a two-story office building in Ft. Meyers, Florida (the "Gartner Building"), all four of which are owned by Fund XI-XII-REIT Joint Venture; (xiv) a two-story office building located in Lake Forest, California (the "Matsushita Project"); (xv) a four-story office building in Richmond, Virginia (the "Alstom Power-Richmond Building"); (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Marconi Building"); (xvii) a five-story office building in Plano, Texas (the "Cinemark Building"); (xviii) a three-story office building in Tulsa, Oklahoma (the "Metris Building"); (xix) a two-story office building in Scottsdale, Arizona (the "Dial Building"); (xx) a two-story office building in Tempe, Arizona (the "ASML Building"); (xxi) a two-story office building in Tempe, Arizona (the "Motorola Building"); (xxii) a two-story office building in Tempe, Arizona (the "Avnet Building"); (xxiii) a three-story office building in Troy, Michigan (the "Delphi Building"); all ten of which are owned directly by Wells OP; (xxiv) a three-story office building in Troy, Michigan (the "Siemens Building"), which is owned by the Fund XII-REIT Joint Venture; and (xxv) a two-story office building in Orange County, California (the "Quest Building"), formerly the Bake Parkway Building, previously owned by Fund VIII-IX Joint Venture, which is now owned by the Fund VIII-IX-REIT Joint Venture.

(b) Deferred Project Costs

The Company pays Acquisition and Advisory Fees and Acquisition Expenses to Wells Capital, Inc., the Advisor, for acquisition and advisory services and as reimbursement for acquisition expenses. These payments may not exceed 3 1/2% of shareholders' capital contributions. Acquisition and Advisory Fees and Acquisition Expenses paid as of September 30, 2000, amounted to $9,161,189 and represented approximately 3 1/2% of shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased.

(c) Deferred Offering Costs

The Advisor pays all the offering expenses for the Company. The Advisor may be reimbursed by the Company to the extent that such offering expenses do not exceed 3% of shareholders' capital contributions.

(d) Employees

The Company has no direct employees. The employees of Wells Capital, Inc., the Company's Advisor, perform a full range of real estate services including leasing and property management, accounting, asset management and investor relations for the Company.

(e) Insurance

Wells Management Company, Inc., an affiliate of the Company and the Advisor, carries comprehensive liability and extended coverage with respect to all the properties owned directly and indirectly by the Company. In the opinion of management of the registrant, the properties are adequately insured.

(f) Competition

The Company will experience competition for tenants from owners and managers of competing projects which may include its affiliates. As a result, the Company may be required to provide free rent; reduced charges for tenant improvements and other inducements, all of which may have an adverse impact on results of operations. At the time the Company elects to dispose of its properties, the Company will also be in competition with sellers of similar properties to locate suitable purchasers for its properties.

(g) Basis of Presentation

Substantially all of the Company's business is conducted through Wells OP. At December 31, 1997, the Wells OP had issued 20,000 limited partner units to Wells Capital, Inc., the Advisor, in exchange for a capital contribution of $200,000. The Company is the sole general partner in Wells OP; consequently, the accompanying consolidated financial statements of the Company include the amounts of both the Company and Wells OP.

The consolidated financial statements of the Company have been prepared in accordance with instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These quarterly statements have not been examined by independent accountants, but in the opinion of the Board of Directors, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary to present a fair presentation of the results for such periods. For further information, refer to the financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 1999.

(h) Distribution Policy

The Company will make distributions (not including a return of capital for federal income tax purposes) equal to at least 95% of its real estate investment trusts taxable income through the taxable year 2000. It is the Company's policy to make regular quarterly distributions to holders of the shares. Distributions will be made to those shareholders who are shareholders as of the record date selected by the Directors. Distributions will be declared on a daily basis and paid on a quarterly basis during the Offering period and declared and paid quarterly thereafter.

(i) Income Taxes

The Company has made an election under Section 856 (C) of the Internal Revenue Code 1986, as amended (the "Code"), to be taxed as a Real Estate Investment Trust ("REIT") under the Code beginning with its taxable year ended December 31, 1998. As a REIT for federal income tax purposes, the Company generally will not be subject to federal income tax on income that it distributes to its shareholders. If the Company fails to qualify as a REIT in any taxable year, it will then be subject to federal income tax on its taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Such an event could materially adversely affect the Company's net income and net cash available to distribute to shareholders. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT and intends to continue to operate in the foreseeable future in such a manner so that the Company will remain qualified as a REIT for federal income tax purposes.

(j) Statement of Cash Flows

For the purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments.

2. INVESTMENTS IN JOINT VENTURES

The Company owned interests in 25 office buildings through its ownership in Wells OP, which owns interest in six joint ventures. The Company does not have control over the operations of these joint ventures; however, it does exercise significant influence. Accordingly, investment in joint venture is recorded using the equity method.

The following describes additional information about certain of the properties in which the Company owns an interest as of September 30, 2000.

Fund VIII-IX-REIT Joint Venture

On June 15, 2000, the Fund VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and Fund IX Associates, a Georgia joint venture partnership between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. (the "Fund VIII-IX Joint Venture"). On July 1, 2000, the Fund VIII-IX Joint Venture contributed its interest in the Bake Parkway Building to the Fund VIII-IX-REIT Joint Venture. The Bake Parkway Building is a two-story office building containing approximately 65,006 rentable square feet on a 4.4-acre tract of land in Irvine, California.

A 42-month lease for the entire Bake Parkway Building has been signed by Quest Software, Inc. Occupancy occurred on August 1, 2000. Quest is a publicly traded corporation that provides software database management and disaster recovery services for its clients.

Construction of tenant improvements required under the Quest lease is anticipated to cost approximately $1,250,000 and will be funded by Wells OP.

The Alstom Power-Richmond Building

On July 24, 2000, the Company completed a build-to-suit project of a 99,057 square-foot, four-story, office building. The Class "A" property is located at 5309 Commonwealth Centre Drive in Richmond, Virginia.

The $11.4 million acquisition is 100% owned by the Company and is leased to Alstom Power, Inc. The tenant has signed a seven-year lease, which commenced on July 24, 2000. Alstom Power is the world's largest power generation group. Formerly ABB Power Generation and Alstom, the two companies merged in December 1999 to form ABB Alstom Power, Inc. and in June 2000 changed its name to Alstom

Power, Inc. The group employs 58,000 people in more than 100 countries.

The building is located on 7.49 acres within the Waterford Business Park. The Waterford Park is a 20-acre office park in Chesterfield County.

3. NOTES PAYABLE

Notes payable, as of September 30, 2000, consists of loans of (i) $9,181,877 due to Bank of America secured by a first priority mortgage against the Matsushita Property; (ii) $21,627,153 due to Bank of America secured by first mortgages on the AT&T and Marconi buildings; (iii) $8,000,000 due to Richter-Schroeder Company, Inc. secured by a first mortgage against the Metris Building; and (iv) $100,000 due to Ryan Companies US, Inc. secured by a first mortgage on the Avnet Building.

4. DUE TO AFFILIATES

Due to affiliates consists of Acquisitions and Advisory Fees and Acquisition Expenses, deferred offering costs, and other operating expenses paid by the Advisor on behalf of the Company. Also included in Due to Affiliates is the Matsushita lease guarantee which is explained in detail in the Company's Form 10-K for the year ended December 31, 1999. Payments of $542,645 have been made as of September 30, 2000 toward fulfilling the Matsushita agreement.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the DIAL BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Dial Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Dial Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Dial Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
April 10, 2000

DIAL BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

RENTAL REVENUES	$1,388,868
OPERATING EXPENSES, net of reimbursements	0
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,388,868

The accompanying notes are an integral part of this statement.

DIAL BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Dial Building from Ryan Companies US, Inc. ("Ryan"). Ryan is not an affiliate of Wells OP. The purchase price of the Dial Building was $14,250,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the Dial Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $35,712. The funds used to purchase the Dial Building consisted of cash and proceeds from Wells OP's lines of credit with SouthTrust Bank, N.A. and Bank of America, N.A.

The entire 129,689 rentable square feet of the Dial Building is currently under a net lease agreement (the "Lease") with Dial Corporation ("Dial"). The Lease was assigned to Wells OP at closing. The Lease commenced on August 14, 1997 and expires on August 31, 2008. Dial has the right to extend the Lease for two additional five-year periods at 95% of the then-current fair market rental rate. Under the Lease, Dial is required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Dial Building during the term of the Lease. In addition, Dial is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Rental Revenues

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Dial Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the ASML BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the ASML Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the ASML Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the ASML Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
April 10, 2000

ASML BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES:	
Rental income	$1,849,908
Tenant reimbursements	242,143
Total revenues	2,092,051
OPERATING EXPENSES:	
Ground lease	206,625
Insurance	9,628
Total operating expenses	216,253
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,875,798

The accompanying notes are an integral part of this statement.

ASML BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the ASML Building from Ryan Companies U.S., Inc. ("Ryan"). Ryan is not an affiliate of Wells OP. The purchase price of the ASML Building was $17,355,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the ASML Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $48,875. The funds used to purchase the ASML Building consisted of cash and proceeds obtained from Wells OP's lines of credit with SouthTrust Bank, N.A. and Bank of America, N.A. Wells OP also assumed a ground lease with Research Park on 9.51 acres. The ground lease commenced August 22, 1997 and expires on December 31, 2082.

The entire 95,133 rentable square feet of the ASML Building is currently under a net lease agreement (the "Lease") with ASML Lithography, Inc. ("ASML"). The Lease was assigned to Wells OP at closing. The Lease commenced on June 4, 1998 and expires on June 30, 2013. ASML has the right to extend the Lease for two additional five-year periods at the prevailing market rental rate, but in no event less than the rate in force at the end of the preceding lease term. Under the Lease, ASML is required to pay as additional rent the rent associated with the ground lease described above and all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the ASML Building during the term of the Lease. In addition, ASML is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Rental Revenues

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the ASML Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the MOTOROLA BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Motorola Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Motorola Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Motorola Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

/s/ Arthur Andersen LLP

Atlanta, Georgia
April 10, 2000

MOTOROLA BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES:	
Rental income	$1,817,366
Tenant reimbursements	290,287
Total revenues	2,107,653
OPERATING EXPENSES:	
Ground lease	243,826
Insurance	11,951
Total operating expenses	255,777
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,851,876

The accompanying notes are an integral part of this statement.

MOTOROLA BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Motorola Building from Ryan Companies US, Inc. ("Ryan"). Ryan is not an affiliate of Wells OP. The purchase price of the Motorola Building was $16,000,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the Motorola Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $36,622. The funds used to purchase the Motorola Building consisted of cash and proceeds obtained from Wells OP's lines of credit with SouthTrust Bank, N.A. and Bank of America, N.A. In addition, $5,000,000 in loan proceeds were provided by Ryan as seller financing. Wells OP also assumed a ground lease with Research Park on 12.44 gross acres. The ground lease commenced November 19, 1997 and expires on December 31, 2082.

The entire 133,225 rentable square feet of the Motorola Building is currently under a net lease agreement (the "Lease") with Motorola, Inc. ("Motorola"). The Lease was assigned to Wells OP at closing. The initial term of the Lease is seven years, which commenced on August 17, 1998 and expires on August 31, 2005. Motorola has the right to extend the Lease for four additional five-year periods at the prevailing market rental rate. Under the lease, Motorola is required to pay as additional rent the rent associated with the ground lease described above and all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Building during the term of the Lease. In addition, Motorola's responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Rental Revenues

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Motorola Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the MOTOROLA PLAINFIELd BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Motorola Plainfield Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Motorola Plainfield Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Motorola Plainfield Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United

States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
November 30, 2000

MOTOROLA PLAINFIELD BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

	September 30, 2000 (unaudited)	December 31, 1999
RENTAL REVENUES	$770,000	$2,310,000
OPERATING EXPENSES, net of reimbursements	73,739	10,916
REVENUES OVER CERTAIN OPERATING EXPENSES	$696,261	$2,299,084

The accompanying notes are an integral part of these statements.

MOTOROLA PLAINFIELD BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On November 1, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Motorola Plainfield Building from WHMAB Real Estate Limited Partnership ("WHMAB"). WHMAB is not an affiliate of Wells OP. The total purchase price of the Motorola Plainfield Building was $34,072,916, which includes an obligation of WHMAB assumed by Wells OP at closing to reimburse the tenant, Motorola, Inc. ("Motorola"), a maximum of $424,760 for certain rent payments required of it under its prior lease. Wells OP incurred additional acquisition expenses in connection with the purchase of the Motorola Plainfield Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $105,225. The funds used to purchase the Motorola Plainfield Building consisted of cash and proceeds from Wells OP's line of credit with SouthTrust Bank, N.A.

The entire 236,710 rentable square feet of the Motorola Plainfield Building is currently under a net lease agreement (the "Lease") with Motorola. The Lease was assigned to Wells OP at closing. The Lease commenced on November 1, 2000 and expires on October 31, 2010. Motorola has the right to extend the Lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) 95% of the then-current fair market rental rate. Under the Lease, Motorola is required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Plainfield Building during the term of the Lease. In addition, Motorola is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Prior to commencement of the Lease with Motorola, 220,000 rentable square feet of the Motorola Plainfield Building was under a net lease agreement (the "Previous Lease") with a tenant. The Previous Lease commenced on May 14, 1997 and expired on April 30, 2000. Under the Previous Lease, the tenant was required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Plainfield Building during the term of the Previous Lease. In addition, the tenant was responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

The Motorola Plainfield Building did not have any tenants for the period from May 1, 2000 to October 31, 2000.

Rental Revenues

Rental income from leases is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Motorola Plainfield Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of September 30, 2000 has been prepared to give effect to the acquisition of the Motorola Plainfield Building by the Wells Operating Partnership, L.P. ("Wells OP"), as if the acquisition occurred as of September 30, 2000. The following unaudited pro forma statements of income for the year ended December 31, 1999 and the nine months ended September 30, 2000 have been prepared to give effect to the acquisition of the Dial Building, the ASML Building, and the Motorola Tempe Building (together, the "Prior Acquisitions") and the Motorola Plainfield Building by the Wells OP as if each acquisition occurred on January 1, 1999.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells OP.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisitions been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 2000

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REAL ESTATE ASSETS, at cost:			
Land	$ 21,695,304	$ 9,652,500(a) 402,509(b)	$ 31,750,313
Buildings less accumulated depreciation of $6,810,792	188,671,038	24,525,641(a) 1,022,719(b)	214,219,398
Construction in progress	295,517	0	295,517
Total real estate assets	210,661,859	35,603,369	246,265,228
INVESTMENT IN JOINT VENTURES	36,708,242	0	36,708,242
CASH AND CASH EQUIVALENTS	12,257,161	(10,753,381)(a) (954,223)(b) (82,973)(c)	466,584
DEFERRED OFFERING COSTS	1,108,206	0	1,108,206
DEFERRED PROJECT COSTS	471,005	(471,005)(b)	0
DUE FROM AFFILIATES	859,515	0	859,515
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	82,973(c)	6,427,878
Total assets	$268,410,893	$23,424,760	$291,835,653

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
LIABILITIES:			
Accounts payable and accrued expenses	$ 975,821	$ 424,760(a), (d)	$ 1,400,581
Notes payable	38,909,030	23,000,000(a)	61,909,030
Dividends payable	4,475,982	0	4,475,982
Due to affiliate	1,372,508	0	1,372,508
Total liabilities	45,733,341	23,424,760	69,158,101

COMMITMENTS AND CONTINGENCIES			
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	200,000
SHAREHOLDERS' EQUITY:			
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding	261,748	0	261,748
Additional paid-in capital	222,215,804	0	222,215,804
Retained earnings	0	0	0
Total shareholders' equity	222,477,552	0	222,477,552
Total liabilities and shareholders' equity	$268,410,893	$23,424,760	$291,835,653

(a) Reflects Wells Real Estate Investment Trust Inc.'s purchase price for the building.

(b) Reflects deferred project costs allocated to the land and building at approximately 4.17% of the purchase price.

(c) Reflects loan fees incurred in connection with the receipt of loan proceeds from the SouthTrust Bank, N.A., line of credit.

(d) Reflects assumption of obligation of Wells OP to reimburse the tenant of certain rent payments required of it under its prior lease.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: Motorola Plainfield	Pro Forma Total
REVENUES:				
Rental income	$4,735,184	$5,056,142 (a)	$2,310,000(a)	$12,101,326
Equity in income of joint ventures	1,243,969	0	0	1,243,969
Interest income	502,993	0	0	502,993
Other income	13,249	0	0	13,249
	6,495,395	5,056,142	2,310,000	13,861,537
EXPENSES:				
Depreciation and amortization	1,726,103	1,842,818 (b)	1,021,934(b) 23,706(c)	4,614,561
Interest	442,029	2,758,350 (d) 450,000 (e)	1,787,100(f)	5,437,479
Operating costs, net of reimbursements	(74,666)	(60,400)(g)	10,916(h)	(124,150)
Management and leasing fees	257,744	282,116 (i)	138,600(i)	678,460
General and administrative	123,776	0	0	123,776
Legal and accounting	115,471	0	0	115,471
Computer costs	11,368	0	0	11,368
Amortization of organizational costs	8,921	0	0	8,921
	2,610,746	5,272,884	2,982,256	10,865,886
NET INCOME	$3,884,649	$ (216,742)	$ (672,256)	$ 2,995,651
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$0.50			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.11(j)

(a) Rental income recognized on a straight-line basis.

(b) Depreciation expense on the building using the straight-line method and a 25-year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 7.77% for the year ended December 31, 1999.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9%.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 7.77% for the year ended December 31, 1999.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 6% of rental income.

(j) As of the property acquisition date of November 1, 2000, Wells Real Estate Investment Trust, Inc. had 27,970,106 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire year ended December 31, 1999.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		
		Prior Acquisitions	Motorola Plainfield	Pro Forma Total
REVENUES:				
Rental income	$13,712,371	$1,440,432 (a)	$ 770,000(a)	$15,922,803
Equity in income of joint ventures	1,684,247	0	0	1,684,247
Interest income	338,020	0	0	338,020
	15,734,638	1,440,432	770,000	17,945,070
EXPENSES:				
Depreciation and amortization	5,084,689	460,704 (b)	766,451(b) 17,780(c)	6,329,624
Interest	2,798,299	777,450 (d) 112,500 (e)	1,546,620(f)	5,234,869
Operating costs, net of reimbursements	631,407	(15,099)(g)	73,739(h)	690,047
Management and leasing fees	919,630	86,426 (i)	46,200(i)	1,052,256
General and administrative	273,484	0	0	273,484
Legal and accounting	130,603	0	0	130,603
Computer costs	8,846	0	0	8,846
Amortization of organizational costs	150,143	0	0	150,143
	9,997,101	1,421,981	2,450,790	13,869,872
NET INCOME	$ 5,737,537	$ 18,451	$(1,680,790)	$ 4,075,198
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.30			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.15(j)

REVENUES:

(a) Rental income recognized on a straight-line basis.

(b) Depreciation expense on the building using the straight-line method and a 25-year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 8.76% for the nine months ended September 30, 2000.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9%.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 8.97% for the nine months ended September 30, 2000.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 6% of rental income.

(j) As of the property acquisition date of November 1, 2000, Wells Real Estate Investment Trust, Inc. had 27,970,106 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire nine months ended September 30, 2000.

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (Tables) provide information relating to real estate investment programs sponsored by the advisor and its affiliates (Wells Public Programs) which have investment objectives similar to Wells Real Estate Investment Trust, Inc. (Wells REIT). (See "Investment Objectives and Criteria.") All of the Wells Public Programs, except for the Wells REIT, have used substantial amounts of capital, and no acquisition indebtedness, to acquire their properties.

Prospective investors should read these Tables carefully together with the summary information concerning the Wells Public Programs as set forth in "Prior Performance Summary" section of this prospectus.

Investors in the Wells REIT will not own any interest in other Wells Public Programs and should not assume that they will experience returns, if any, comparable to those experienced by investors in the Wells Public Programs.

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

The following tables are included herein:

Table I - Experience in Raising and Investing Funds (As a Percentage of

Investment)

Table II - Compensation to Sponsor (in Dollars)

Table III - Annual Operating Results of Wells Public Programs

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

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

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

"Acquisition Fees" shall mean fees and commissions paid by a Wells Public Program in connection with its purchase or development of a property, except development fees paid to a person not affiliated with the Wells Public Program or with a general partner or advisor of the Wells Public Program in connection with the actual development of a project after acquisition of the land by the Wells Public Program.

"Organization Expenses" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the sponsor in connection with the planning and formation of the Wells Public Program.

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

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the sponsors of Wells Public Programs for which offerings have been completed since December 31, 1996. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties. All figures are as of December 31, 1999.

	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.
Dollar Amount Raised	$35,000,000 /(3)/	$27,128,912 /(4)/	$16,532,802 /(5)/	$132,181,919/(6)/
Percentage Amount Raised	100.0%/(3)/	100%/(4)/	100%/(5)/	100%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	9.5%	9.5%
Organizational Expenses	5.0%	5.0%	3.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	85.0%	87.5%	87.5%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	2.0%	5.4%	0.0%	1.1%

Cash Down Payment	67.1%	60.5%	84.0%	82.0%
Acquisition Fees/(2)/	4.0%	4.0%	3.5%	3.5%
Development and Construction Costs	11.9%	14.1%	0.0%	0.3%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	85.0%	84.0%	87.5%	86.9%
Percent Leveraged	0.0%	0.0%	0.0%	17.6%
Date Offering Began	01/05/96	12/31/96	12/31/97	01/30/98
Length of Offering	12 mo.	12 mo.	12 mo.	23 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	14 mo.	19 mo.	20 mo.	21 mo.
Number of Investors as of 12/31/99	2,120	1,812	1,345	3,839

(1) Does not include general partner contributions held as part of reserves.
(2) Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to affiliates of the general partners.
(3) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996, and the total dollar amount raised was $35,000,000.
(4) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.

(5) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was $16,532,802.
(6) Total dollar amount registered and available to be offered was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 20, 1999, and the total dollar amount raised in its initial offering was $132,181,919.

TABLE II
(UNAUDITED)
COMPENSATION TO SPONSOR

The following sets forth the compensation received by Wells Capital and its affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1996. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1999.

	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.	Other Public Programs/(1)/
Date Offering Commenced	01/05/96	12/31/96	12/31/97	01/30/98	--
Dollar Amount Raised	$35,000,000	$27,128,912	$16,532,802	$ 132,181,919	$206,241,095
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	$ 309,556	$ 260,748	$ 151,911	$ 1,530,882	$ 924,156
Acquisition Fees					
Real Estate Commissions	--	--	--	--	--
Acquisition and Advisory Fees/(3)/	$ 1,400,000	$ 1,085,157	$ 578,648	$ 4,626,367	$ 10,159,399
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	$ 7,064,631	$ 4,262,319	$ 2,133,705	$ 8,002,132	$ 38,076,886
Amount Paid to Sponsor from Operations:					
Property Management Fee/(1)/	$ 169,661	$ 105,410	$ 22,200	$ 129,208	$ 1,434,957
Partnership Management Fee	--	--	--	--	--
Reimbursements	$ 133,784	$ 105,132	$ 61,058	$ 101,605	$ 1,613,725
Leasing Commissions	$ 260,082	$ 176,108	$ 33,492	$ 129,208	$ 1,580,482

General Partner Distributions	--	--	--	--	--
Other	--	--	--	--	--
Dollar Amount of Property Sales and Refinancing Payments to Sponsors:					
Cash	--	--	--	--	--
Notes	--	--	--	--	--
Amount Paid to Sponsor from Property Sales and Refinancing:					
Real Estate Commissions	--	--	--	--	--
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

(1) Includes compensation paid to the general partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., and Wells Real Estate Fund VIII, L.P. during the past three years. In addition to the amounts shown, affiliates of the general partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. At December 31, 1999, the amount of such deferred fees due the general partners totaled $2,397,266.

(2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offering which was not reallowed to participating broker-dealers.

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

(4) Includes $487,134 in net cash provided by operating activities, $6,013,970 in distributions to limited partners and $563,527 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $400,825 in net cash provided by operating activities, $3,474,844 in distributions to limited partners and $386,650

in payments to sponsor for Wells Real Estate Fund X, L.P.; $(150,720) in net cash used by operating activities, $2,167,675 in distributions to limited partners and $116,750 in payments to sponsor for Wells Real Estate Fund XI, L.P.; $3,732,726 in net cash provided by operating activities, $3,909,385 in dividends and $360,021 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $2,167,163 in net cash provided by operating activities, $31,280,559 in distributions to limited partners and $4,629,164 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six tables set forth operating results of Wells Public Programs the offerings of which have been completed since December 31, 1994. The information relates only to public programs with investment objectives similar to those of the Wells REIT. All figures are as of December 31 of the year indicated.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 982,630	$ 846,306	$ 816,237	$ 543,291	$ 925,246
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,273	85,722	76,838	84,265	114,953
Depreciation and Amortization/(3)/	1,562	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 895,795	$ 754,334	$ 733,149	$ 452,776	$ 804,043
Taxable Income: Operations	$1,255,666	$1,109,096	$1,008,368	$ 657,443	$ 812,402
Cash Generated (Used By):					
Operations	(82,763)	(72,194)	(43,250)	20,883	431,728
Joint Ventures	1,777,010	1,770,742	1,420,126	760,628	424,304
	$1,694,247	$1,698,548	$1,376,876	$ 781,511	$ 856,032
Less Cash Distributions to Investors:					
Operating Cash Flow	1,688,290	1,636,158	1,376,876	781,511	856,032
Return of Capital	--	--	2,709	10,805	22,064
Undistributed Cash Flow from Prior Year Operations	--	--	--	--	9,643
Cash Generated (Deficiency) after Cash Distributions	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)	$ (31,707)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	$ --	$ --	$ --	$ --	$ 805,212
	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)	$ 773,505
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	$ 244,207
Return of Original Limited Partner's Investment	--	--	--	--	100
Property Acquisitions and Deferred Project Costs	0	181,070	169,172	736,960	14,971,002
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 5,957	$ (118,680)	$ (171,881)	$(747,765)	$(14,441,804)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	93	85	86	62	57
- Operations Class B Units	(248)	(224)	(168)	(98)	(20)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	82	78	55	55
- Operations Class B Units	(144)	(134)	(111)	(58)	(16)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	81	70	43	52
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	83	81	70	42	51
- Return of Capital Class A Units	--	--	--	1	1
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	67	65	54	29	30
- Return of Capital Class A Units	16	16	16	14	22
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $403,325 in equity in earnings of joint ventures and $521,921 from investment of reserve funds in 1995, $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996, $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997, $839,037 in equity in earnings of joint ventures and $7,269 from investment of reserve funds in 1998, and $981,104 in equity in earnings of joint ventures and $1,526 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 97% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,468 for 1994, $140,533 for 1995, $605,247 for 1996, $877,869 for 1997, $955,245 for 1998, and $982,052 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $950,826 to Class A Limited Partners, $(146,503) to Class B Limited Partners and $(280) to the General Partners for 1995; $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996; $1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997; $1,704,213 to Class A Limited Partners, $(949,879) to Class B Limited Partners and $0 to the General Partners for 1998; and $1,879,410 to Class A Limited Partners, $(983,615) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,680,730.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$1,360,497	$ 1,362,513	$ 1,204,018	$ 1,057,694	$ 402,428
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	87,301	87,092	95,201	114,854	122,264
Depreciation and Amortization/(3)/	6,250	6,250	$ 6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$1,266,946	$ 1,269,171	$ 1,102,567	$ 936,590	273,914
Taxable Income: Operations	$1,672,844	$ 1,683,192	$ 1,213,524	$ 1,001,974	404,348
Cash Generated (Used By):					
Operations	(87,298)	(63,946)	7,909	623,268	204,790
Joint Ventures	2,558,623	2,293,504	1,229,282	279,984	20,287
	$2,471,325	$ 2,229,558	$ 1,237,191	$ 903,252	$ 225,077
Less Cash Distributions to Investors:					
Operating Cash Flow	2,379,215	2,218,400	1,237,191	903,252	--
Return of Capital	--	--	183,315	2,443	--
Undistributed Cash Flow from Prior Year Operations	--	--	--	225,077	--
Cash Generated (Deficiency) after Cash Distributions	$ 92,110	$ 11,158	$ (183,315)	$ (227,520)	$ 225,077
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions/(5)/	--	--	--	1,898,147	30,144,542
	$ 92,110	$ 11,158	$ (183,315)	$ 1,670,627	$30,369,619
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	464,760	4,310,028
Return of Limited Partner's Investment	--	--	8,600	--	--
Property Acquisitions and Deferred Project Costs	0	1,850,859	10,675,811	7,931,566	6,618,273
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 92,110	$(1,839,701)	$(10,867,726)	$ (6,725,699)	$19,441,318
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	91	91	73	46	28
- Operations Class B Units	(247)	(212)	(150)	(47)	(3)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	88	89	65	46	17
- Operations Class B Units	154	(131)	(95)	(33)	(3)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	87	83	54	43	--
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	87	83	47	43	--
- Return of Capital Class A Units	--	--	7	0	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	70	69	42	33	--
- Return of Capital Class A Units	17	16	12	10	--
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995, $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996, $1,034,907

in equity in earnings of joint ventures and $169,111 from investment of reserve funds in 1997, $1,346,367 in equity in earnings of joint ventures and $16,146 from investment of reserve funds in 1998, and $1,360,494 in equity in earnings of joint ventures and $3 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 98% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $14,058 for 1995, $265,259 for 1996, $841,666 for 1997, $1,157,355 for 1998, and $1,209,171 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $294,221 to Class A Limited Partners, $(20,104) to Class B Limited Partners and $(203) to the General Partners for 1995; $1,207,540 to Class A Limited Partners, $(270,653) to Class B Limited Partners and $(297) to the General Partners for 1996; $1,947,536 to Class A Limited Partners, $(844,969) to Class B Limited Partners and $0 to the General Partners for 1997; $2,431,246 to Class A Limited Partners, $(1,162,075) to Class B Limited Partners and $0 to the General Partners for 1998; and $2,481,559 to Class A Limited Partners, $(1,214,613) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,464,810.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,593,734	$ 1,561,456	$ 1,199,300	$ 406,891	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	90,903	105,251	101,284	101,885	
Depreciation and Amortization/(3)/	12,500	6,250	6,250	6,250	
Net Income GAAP Basis/(4)/	$ 1,490,331	$ 1,449,955	$ 1,091,766	$ 298,756	
Taxable Income: Operations	$ 1,924,542	$ 1,906,011	$ 1,083,824	$ 304,552	
Cash Generated (Used By):					
Operations	$ (94,403)	$ 80,147	$ 501,390	$ 151,150	
Joint Ventures	2,814,870	2,125,489	527,390	--	
	$ 2,720,467	$ 2,205,636	$ 1,028,780	$ 151,150	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,720,467	2,188,189	1,028,780	149,425	
Return of Capital	15,528	--	41,834	--	
Undistributed Cash Flow From Prior Year Operations	17,447	--	1,725	--	
Cash Generated (Deficiency) after Cash Distributions	$ (32,975)	$ 17,447	$ (43,559)	$ 1,725	
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions	--	--	--	35,000,000	
	$ (32,975)	$ 17,447	$ (43,559)	$ 35,001,725	
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	323,039	4,900,321	
Return of Original Limited Partner's Investment	--	--	100	--	
Property Acquisitions and Deferred Project Costs	190,853	9,455,554	13,427,158	6,544,019	
Cash Generated (Deficiency) after Cash					

Distributions and Special Items	$ (223,828)	$(9,438,107)	$ (13,793,856)	$ 23,557,385
Net Income and Distributions Data per $1,000 Invested:				
Net Income on GAAP Basis:				
Ordinary Income (Loss)				
- Operations Class A Units	89	88	53	28
- Operations Class B Units	(272)	(218)	(77)	(11)
Capital Gain (Loss)	--	--	--	--
Tax and Distributions Data per $1,000 Invested:				
Federal Income Tax Results:				
Ordinary Income (Loss)				
- Operations Class A Units	86	85	46	26
- Operations Class B Units	(164)	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--	--
Cash Distributions to Investors:				
Source (on GAAP Basis)				
- Investment Income Class A Units	88	73	36	13
- Return of Capital Class A Units	2	--	--	--
- Return of Capital Class B Units	--	--	--	--
Source (on Cash Basis)				
- Operations Class A Units	89	73	35	13
- Return of Capital Class A Units	1	--	1	--
- Operations Class B Units	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/				
- Investment Income Class A Units	77	61	29	10
- Return of Capital Class A Units	13	12	7	3
- Return of Capital Class B Units	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%			

(1) Includes $23,077 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996, and $593,914 in equity in earnings of joint ventures and $605,386 from investment of reserve funds in 1997, $1,481,869 in equity in earnings of joint ventures and $79,587 from investment of reserve funds in 1998, and $1,593,734 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996, $469,126 for 1997, $1,143,407 for 1998, and $1,210,939 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $330,270 to Class A Limited Partners, $(31,220) to Class B Limited Partners and $(294) to the General Partners for 1996; $1,564,778 to Class A Limited Partners, $(472,806) to Class B Limited Partners and $(206) to the General Partners for 1997; $2,597,938 to Class A Limited Partners, $(1,147,983) to Class B Limited Partners and $0 to the General Partners for 1998; and $2,713,636 to Class A Limited Partners, $(1,223,305) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $993,010.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$1,309,281	$ 1,204,597	$ 372,507	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	98,213	99,034	88,232		
Depreciation and Amortization/(3)/	18,750	55,234	6,250		
Net Income GAAP Basis/(4)/	$1,192,318	$ 1,050,329	$ 278,025		
Taxable Income: Operations	$1,449,771	$ 1,277,016	$ 382,543		
Cash Generated (Used By):					
Operations	(99,862)	300,019	200,668		
Joint Ventures	2,175,915	886,846	--		
	$2,076,053	$ 1,186,865	$ 200,668		
Less Cash Distributions to Investors:					
Operating Cash Flow	2,067,801	1,186,865	--		
Return of Capital	--	19,510	--		
Undistributed Cash Flow From Prior Year Operations	--	200,668	--		
Cash Generated (Deficiency) after Cash Distributions	$ 8,252	$ (220,178)	$ 200,668		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions	--	--	27,128,912		
	$ 8,252	$ (220,178)	$27,329,580		
Use of Funds:					
Sales Commissions and Offering Expenses	--	300,725	3,737,363		
Return of Original Limited Partner's Investment	--	--	100		
Property Acquisitions and Deferred Project Costs	0	17,613,067	5,188,485		
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 8,252	$(18,133,970)	$18,403,632		
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	97	85	28		
- Operations Class B Units	(160)	(123)	(9)		
Capital Gain (Loss)	--	--	--		
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	92	78	35		
- Operations Class B Units	(100)	(64)	0		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	95	66	--		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	95	56	--		
- Return of Capital Class A Units	--	10	--		
- Operations Class B Units	--	--	--		
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	71	48	--		
- Return of Capital Class A Units	24	18	--		
- Return of Capital Class B Units	--	--	--		
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $(10,035) in equity in earnings of joint ventures and $382,542 from investment of reserve funds in 1997, and $869,555 in equity in earnings of joint ventures and $215,042 from investment of reserve funds in 1998, and $1,309,281 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $18,675 for 1997, $674,986 for 1998, and $891,911 for 1999.
(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $302,862 to Class A Limited Partners, $(24,675) to Class B Limited Partners and $(162) to the General Partners for 1997; $1,779,191 to Class A Limited Partners, $(728,524) to Class B Limited Partners and $(338) to General Partners for 1998; and $2,084,229 to Class A Limited Partners, $(891,911) to Class B Limited Partners and $0 to the General Partners for 1999.
(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of

partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $909,527.

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

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	766,586	262,729	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	111,058	113,184			
Depreciation and Amortization/(3)/	25,000	6,250			
Net Income GAAP Basis/(4)/	$ 630,528	$ 143,295			
Taxable Income: Operations	$ 704,108	$ 177,692			
Cash Generated (Used By):					
Operations	40,906	(50,858)			
Joint Ventures	705,394	102,662			
	$ 746,300	$ 51,804			
Less Cash Distributions to Investors:					
Operating Cash Flow	746,300	51,804			
Return of Capital	49,761	48,070			
Undistributed Cash Flow From Prior Year Operations	--	--			
Cash Generated (Deficiency) after Cash Distributions	$ (49,761)	$ (48,070)			
Special Items (not including sales and financing):					
Source of Funds:	--	--			
General Partner Contributions	--	16,532,801			
Increase in Limited Partner Contributions	$ (49,761)	$16,484,731			
Use of Funds:					
Sales Commissions and Offering Expenses	214,609	1,779,661			
Return of Original Limited Partner's Investment	100	--			
Property Acquisitions and Deferred Project Costs	9,005,979	5,412,870			
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(9,270,449)	$ 9,292,200			
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	77	20			
- Operations Class B Units	(112)	(32)			
Capital Gain (Loss)	--	--			
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	71	18			
- Operations Class B Units	(73)	(17)			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	60	8			
- Return of Capital Class A Units	--	--			
- Return of Capital Class B Units	--	--			
Source (on Cash Basis)					
- Operations Class A Units	56	4			
- Return of Capital Class A Units	4	4			
- Operations Class B Units	--	--			
Source (on a Priority Distribution Basis)(5)					
- Investment Income Class A Units	46	6			
- Return of Capital Class A Units	14	2			
- Return of Capital Class B Units	--	--			
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $142,163 in equity in earnings of joint ventures and $120,566 from investment of reserve funds in 1998, and $607,579 in equity in earnings of joint ventures and $159,007 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $105,458 for 1998, and $353,840 for 1999.
(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $254,862 to Class A Limited Partners, $(111,067) to Class B Limited Partners and $(500) to General Partners for 1998; and $1,009,368 to Class A Limited Partners, $(378,840) to Class B Limited Partners and $0 to the General Partners for 1999.
(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $213,006.

EXHIBIT "A"

SUBSCRIPTION AGREEMENT

To: Wells Real Estate Investment Trust, Inc.
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092

Ladies and Gentlemen:

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

I hereby acknowledge receipt of the Prospectus of the Company dated December 20, 2000 (the "Prospectus").

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

Prospective investors are hereby advised of the following:

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

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

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

SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY
CONDITIONS RESTRICTING TRANSFER OF SHARES

260.141.11 Restrictions on Transfer.

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

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of the Rules), except:

(1) to the issuer;

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

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

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

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

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

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

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

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

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

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

(12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

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

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

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

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

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

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

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

[Last amended effective January 21, 1988.]

SPECIAL NOTICE FOR MAINE, MASSACHUSETTS, MINNESOTA, MISSOURI AND NEBRASKA RESIDENTS ONLY

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

STANDARD REGISTRATION REQUIREMENTS

The following requirements have been established for the various forms of registration. Accordingly, complete Subscription Agreements and such supporting material as may be necessary must be provided.

TYPE OF OWNERSHIP AND SIGNATURE(S) REQUIRED

1. INDIVIDUAL: One signature required.

2. JOINT TENANTS WITH RIGHT OF SURVIVORSHIP: All parties must sign.

3. TENANTS IN COMMON: All parties must sign.

4. COMMUNITY PROPERTY: Only one investor signature required.

5. PENSION OR PROFIT SHARING PLANS: The trustee signs the Signature Page.

6. TRUST: The trustee signs the Signature Page. Provide the name of the trust, the name of the trustee and the name of the beneficiary.

7. Company: Identify whether the entity is a general or limited partnership. The general partners must be identified and their signatures obtained on the Signature Page. In the case of an investment by a general partnership, all partners must sign (unless a "managing partner" has been designated for the partnership, in which case he may sign on behalf of the partnership if a certified copy of the document granting him authority to invest on behalf of the partnership is submitted).

8. CORPORATION: The Subscription Agreement must be accompanied by (1) a certified copy of the resolution of the Board of Directors designating the officer(s) of the corporation authorized to sign on behalf of the corporation and (2) a certified copy of the Board's resolution authorizing the investment.

9. IRA AND IRA ROLLOVERS: Requires signature of authorized signer (e.g., an officer) of the bank, trust company, or other fiduciary. The address of the trustee must be provided in order for the trustee to receive checks and other pertinent information regarding the investment.

10. KEOGH (HR 10): Same rules as those applicable to IRAs.

11. UNIFORM GIFT TO MINORS ACT (UGMA) or UNIFORM TRANSFERS TO MINORS ACT (UTMA): The required signature is that of the custodian, not of the parent (unless the parent has been designated as the custodian). Only one child is permitted in each investment under UGMA or UTMA. In addition, designate the state under which the gift is being made.

INSTRUCTIONS TO SUBSCRIPTION AGREEMENT SIGNATURE PAGE
TO WELLS REAL ESTATE INVESTMENT TRUST, INC. SUBSCRIPTION AGREEMENT

INVESTOR INSTRUCTIONS			Please follow these instructions carefully. Failure to do so may result in the rejection of your subscription. All information on the Subscription Agreement Signature Page should be completed as follows:
1.	INVESTMENT	a.	GENERAL: A minimum investment of $1,000 (100 Shares) is required, except for certain states which require a higher minimum investment. A CHECK FOR THE FULL PURCHASE PRICE OF THE SHARES SUBSCRIBED FOR SHOULD BE MADE PAYABLE TO THE ORDER OF "WELLS REAL ESTATE INVESTMENT TRUST, INC." Investors who have satisfied the minimum purchase requirements in Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P. or Wells Real Estate Fund XII, L.P. or in any other public real estate program may invest as little as $25 (2.5 Shares) except for residents of Maine, Minnesota, Nebraska or Washington. Shares may be purchased only by persons meeting the standards set forth under the Section of the Prospectus entitled "Investor Suitability Standards." Please indicate the state in which the sale was made.

b. DEFERRED COMMISSION OPTION: Please check the box if you have agreed with your Broker-Dealer to elect the Deferred Commission Option, as described in the Prospectus, as supplemented to date. By electing the Deferred Commission Option, you are required to pay only $9.40 per Share purchased upon subscription. For the next six years following the year of subscription, you will have a 1% sales commission ($.10 per Share) per year deducted from and paid out of dividends or other cash distributions otherwise distributable to you. Election of the Deferred Commission Option shall authorize the Company to withhold such amounts from dividends or other cash distributions otherwise payable to you as is set forth in the "Plan of Distribution" section of the Prospectus.

2.	ADDITIONAL INVESTMENTS	Please check if you plan to make one or more additional investments in the Company. All additional investments must be in increments of at least $25. Additional investments by residents of Maine must be for the minimum amounts stated under "Suitability Standards" in the Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investments in the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive commissions on such additional investments as described in the Prospectus.
3.	TYPE OF OWNERSHIP	Please check the appropriate box to indicate the type of entity or type of individuals subscribing.
4.	REGISTRATION NAME AND ADDRESS	Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of both investors. In the case of partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 6, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birthdate and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.

5.	INVESTOR NAME AND ADDRESS	Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 4. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birthdate and occupation of the beneficial owner of the trust.
6.	SUBSCRIBER SIGNATURES	Please separately initial each representation made by the investor where indicated. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. Each investor must sign and date this Section. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign. PLEASE NOTE THAT THESE SIGNATURES DO NOT HAVE TO BE NOTARIZED.

7.	DIVIDENDS	a.	DIVIDEND REINVESTMENT PLAN: By electing the Dividend Reinvestment Plan, the investor elects to reinvest the stated percentage of dividends otherwise payable to such investor in Shares of the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations and warranties as set forth in the Prospectus or Subscription Agreement or in the prospectus and subscription agreement of any future limited partnerships sponsored by the Advisor or its affiliates. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive commissions not to exceed 7% of any reinvested dividends.
		b.	DIVIDEND ADDRESS: If cash dividends are to be sent to an address other than that provided in Section 4 (i.e., a bank, brokerage firm or savings and loan, etc.), please provide the name, account number and address.
8.	BROKER-DEALER		This Section is to be completed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 8 including suitability certification. SIGNATURE PAGE MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE.

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

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS

SUBSCRIPTION AGREEMENT SIGNATURE PAGE,
PLEASE CALL 1-800-448-1010

SEE PRECEDING PAGE FOR INSTRUCTIONS

Special Instructions:

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

1. ===== INVESTMENT =====

________________________ # of Shares

___________________________ Total $ Invested

(# Shares x $10 = $ Invested)

Minimum purchase $1,000 or 100 Shares

Make Investment Check Payable to:
Wells Real Estate Investment Trust, Inc.

[_] Initial Investment (Minimum $1,000)
[_] Additional Investments (Minimum $25)
State in which sale was made ______________

Check the following box to elect the Deferred Commission Option: [_]

(This election must be agreed to by the Broker-Dealer listed below)

2. ===== ADDITIONAL INVESTMENTS =====

Please check if you plan to make additional investments in the Company: [_]
[If additional investments are made, please include social security number or other identification number on your check.]
[All additional investments must be made in increments of at least $25.]

3. ===== TYPE OF OWNERSHIP =====

[_] IRA (06)
[_] Keogh (10)
[_] Qualified Pension Plan (11)
[_] Qualified Profit Sharing Plan (12)
[_] Other Trust ____
For the Benefit of ____________________________________
[_] Company (15)

[_] Individual (01)
[_] Joint Tenants With Right of Survivorship (02)
[_] Community Property (03)
[_] Tenants in Common (04)
[_] Custodian: A Custodian for ______________ under the Uniform Gift to Minors Act or the Uniform Transfers to Minors Act of the State of ________________ (08)
[_] Other____

4. ===== REGISTRATION NAME AND ADDRESS =====

Please print name(s) in which Shares are to be registered. Include trust name if applicable.
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other _________________________

Taxpayer Identification Number
[_] [_] - [_] [_] [_] [_] [_] [_] [_]

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

Street Address or P.O. Box

City | State | Zip Code

Home Telephone No. ( )

Business Telephone No. ( )

Birthdate

Occupation

5. ===== INVESTOR NAME AND ADDRESS =====

(COMPLETE ONLY IF DIFFERENT FROM REGISTRATION NAME AND ADDRESS)

[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other _____________________

Name

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

Street Address or P.O. Box

City | State | Zip Code

Home Telephone No. ( )

Business Telephone No. ( )

Birthdate

Occupation

(REVERSE SIDE MUST BE COMPLETED)

6. ===== SUBSCRIBER SIGNATURES =====

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

(a) I have received the Prospectus. ____________ Initials ____________ Initials

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

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

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

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

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

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

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

7. ===== DISTRIBUTIONS =====

7a. Check the applicable box to participate in the Dividend Reinvestment Plan: Percentage of participation: 100% [_] Other [_] ___%

7b. Complete the following section only to direct dividends to a party other than registered owner:

Name ____________________

Account Number ____________________

Street Address or P.O. Box ____________________

City ____________________ State ________ Zip Code ____________________

8. ===== BROKER-DEALER =====

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

The Broker-Dealer or authorized representative must sign below to complete order. Broker-Dealer warrants that it is a duly licensed Broker-Dealer and may lawfully offer Shares in the state designated as the investor's address or the state in which the sale was made, if different. The Broker-Dealer or authorized representative warrants that he has reasonable grounds to believe this investment is suitable for the subscriber as defined in Section 3(b) of the Rules of Fair Practice of the NASD Manual and that he has informed subscriber of all aspects of liquidity and marketability of this investment as required by Section 4 of such Rules of Fair Practice.

Broker-Dealer Name ____________________ Telephone No. (   )

Broker-Dealer Street Address or P.O. Box ____________________

City ____________________ State ____________________ Zip Code ____________________

Registered Representative Name ____________________ Telephone No. (   )

Reg. Rep. Street Address or P.O. Box ____________________

City ____________________ State ____________________ Zip Code ____________________

Broker-Dealer Signature, if required	Registered Representative Signature

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

Wells Real Estate Investment Trust, Inc.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
800-448-1010 or 770-449-7800

Overnight address:
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092

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

FOR COMPANY USE ONLY:

ACCEPTANCE BY COMPANY Amount ____________________ Date ____________________

Received and Subscription Accepted: Check No. ______________ Certificate No. ______________________
By: ______________________ Wells Real Estate Investment Trust, Inc.

__________________ Broker-Dealer # ________________________ Registered Representative # ____________________ Account #

EXHIBIT "B"

AMENDED AND RESTATED
DIVIDEND REINVESTMENT PLAN
As of December 20, 1999

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

1. Dividend Reinvestment. As agent for the shareholders ("Shareholders") of the Company who (a) purchased shares of the Company's common stock (the "Shares") pursuant to the Company's initial public offering (the "Initial Offering"), which commenced on January 30, 1998 and will terminate on or before January 30, 2000, (b) purchase Shares pursuant to the Company's second public offering (the "Second Offering"), which will commence immediately upon the termination of the Initial Offering, or (c) purchase Shares pursuant to any future offering of the Company ("Future Offering"), and who elect to participate in the DRP (the "Participants"), the Company will apply all dividends and other distributions declared and paid in respect of the Shares held by each Participant (the "Dividends"), including Dividends paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for such Participants directly, if permitted under state securities laws and, if not, through the Dealer Manager or Soliciting Dealers registered in the Participant's state of residence.

2. Effective Date. The effective date of this Amended and Restated Dividend Reinvestment Plan (the "DRP") shall be the date that the Second Offering becomes effective with the Securities and Exchange Commission (the "Commission").

3. Procedure for Participation. Any Shareholder who purchased Shares pursuant to the Initial Offering, the Second Offering or any Future Offering and who has received a prospectus, as contained in the Company's registration statement filed with the Commission, may elect to become a Participant by completing and executing the Subscription Agreement, an enrollment form or any other appropriate authorization form as may be available from the Company, the Dealer Manager or Soliciting Dealer. Participation in the DRP will begin with the next Dividend payable after receipt of a Participant's subscription, enrollment or authorization. Shares will be purchased under the DRP on the date that Dividends are paid by the Company. Dividends of the Company are currently paid quarterly. Each Participant agrees that if, at any time prior to the listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq"), he or she fails to meet the suitability requirements for making an investment in the Company or cannot make the other representations or warranties set forth in the Subscription Agreement, he or she will promptly so notify the Company in writing.

4. Purchase of Shares. Participants will acquire DRP Shares from the Company at a fixed price of $10 per Share until (i) all 2,200,000 of the DRP Shares registered in the Second Offering are issued or (ii) the Second Offering

terminates and the Company elects to deregister with the Commission the unsold DRP Shares. Participants in the DRP may also purchase fractional Shares so that 100% of the Dividends will be used to acquire Shares. However, a Participant will not be able to acquire DRP Shares to the extent that any such purchase would cause such Participant to exceed the Ownership Limit as set forth in the Articles.

Shares to be distributed by the Company in connection with the DRP may (but are not required to) be supplied from: (a) the DRP Shares which will be registered with the Commission in connection with the Company's Second Offering, (b) Shares to be registered with the Commission in a Future

Offering for use in the DRP (a "Future Registration"), or (c) Shares of the Company's common stock purchased by the Company for the DRP in a secondary market (if available) or on a stock exchange or Nasdaq (if listed) (collectively, the "Secondary Market").

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

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

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

5. <u>Share Certificates</u>. The ownership of the Shares purchased through the DRP will be in book-entry form only until the Company begins to issue certificates for its outstanding common stock.

6. <u>Reports</u>. Within 90 days after the end of the Company's fiscal year, the Company shall provide each Shareholder with an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of Dividend distributions and amounts of Dividends paid during the prior fiscal year. In addition, the Company shall provide to each Participant an individualized quarterly report at the time of each Dividend payment showing the number of Shares owned prior to the current Dividend, the amount of the current Dividend and the number of Shares owned after the current Dividend.

7. <u>Commissions and Other Charges</u>. In connection with Shares sold pursuant to the DRP, the Company will pay selling commissions of 7%; a dealer manager fee of 2.5%; and, in the event that proceeds from the sale of DRP Shares are used to acquire properties, acquisition and advisory fees and expenses of 3.5%, of the purchase price of the DRP Shares.

8. <u>Termination by Participant</u>. A Participant may terminate participation in the DRP at any time, without penalty by delivering to the Company a written notice. Prior to listing of the Shares on a national stock exchange or Nasdaq, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. If a

Participant terminates DRP participation, the Company will ensure that the terminating Participant's account will reflect the whole number of shares in his or her account and provide a check for the cash value of any fractional share in such account. Upon termination of DRP participation, Dividends will be distributed to the Shareholder in cash.

9. <u>Amendment or Termination of DRP by the Company.</u> The Board of Directors of the Company may by majority vote (including a majority of the Independent Directors) amend or terminate the DRP for any reason upon 10 days' written notice to the Participants.

10. <u>Liability of the Company.</u> The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability; (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of

notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act of 1933, as amended, or the securities act of a sate, the Company has been advised that, in the opinion of the Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

ALPHABETICAL INDEX

Until March 20, 2001 (90 days after the date of this prospectus), all dealers that affect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as soliciting dealers.

We have not authorized any dealer, salesperson or other individual to give any information or to make any representations that are not contained in this prospectus. If any such information or statements are given or made, you should not rely upon such information or representation. This prospectus does not constitute an offer to sell any securities other than those to which this prospectus relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. This prospectus speaks as of the date set forth below. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct as of any time subsequent to the date of this prospectus.

WELLS REAL ESTATE
INVESTMENT TRUST, INC.

Up to 125,000,000 Shares
of Common Stock
Offered to the Public

PROSPECTUS

WELLS INVESTMENT
SECURITIES, INC.

December 20, 2000

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31 Other Expenses of Issuance and Distribution

Following is an itemized statement of the expenses of the offering and distribution of the securities to be registered, other than underwriting commissions:

	Amount
SEC Registration Fee	$ 372,241
NASD Filing Fee	30,500
Printing Expenses	2,000,000
Legal Fees and Expenses	500,000
Accounting Fees and Expenses	100,000
Blue Sky Fees and Expenses	157,273
Sales and Advertising Expenses	3,500,000
Seminars	6,600,000
Miscellaneous	5,339,986
Total*	$18,600,000

* Estimated.

Item 32 Sales to Special Parties

Not Applicable

Item 33 Recent Sales of Unregistered Securities

Not Applicable

Item 34 Indemnification of the Officers and Directors

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

Subject to the conditions set forth below, the Articles of Incorporation provide that Wells Real Estate Investment Trust, Inc. (the "Registrant") shall indemnify and hold harmless a Director, Advisor or Affiliate against any and all losses or liabilities reasonably incurred by such Director, Advisor or Affiliate in connection with or by reason of any act or omission performed or omitted to be performed on behalf of the Company in such capacity.

Under the Company's Articles of Incorporation, the Registrant shall not indemnify its Directors, Advisor or any Affiliate for any liability or loss suffered by the Directors, Advisors or Affiliates, nor shall it provide that the Directors, Advisors or Affiliates be held harmless for any loss or liability suffered by the Registrant, unless all of the following conditions are met: (i) the Directors, Advisor or Affiliates have

determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Registrant; (ii) the Directors, Advisor or Affiliates were acting on behalf of or performing services of the Registrant (iii) such liability or loss was not the result of (A) negligence or misconduct by the Directors, excluding the Independent Directors, Advisors or Affiliates; or (B) gross negligence or willful misconduct by the Independent Directors; and (iv) such indemnification or agreement to hold harmless is recoverable only out of the Registrant's net assets and not from Shareholders. Notwithstanding the foregoing, the Directors, Advisors or Affiliates and any persons acting as a broker-dealer shall not be indemnified by the Registrant for any losses, liability or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; and (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of he position of the SEC and of the published position of any state securities regulatory authority in which securities of the Registrant were offered or sold as to indemnification for violations of securities laws.

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

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

and officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

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

Item 35 Treatment of Proceeds from Stock Being Registered

Not Applicable

Item 36 Financial Statements and Exhibits.

(a) Financial Statements:

The following financial statements of the Registrant are filed as part of this Registration Statement and included in the Prospectus:

Audited Financial Statements

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheets as of December 31, 1999 and December 31, 1998,
(3) Consolidated Statements of Income for the years ended

December 31, 1999 and 1998,
(4) Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999 and 1998,
(5) Consolidated Statements of Cash Flows for the years ended December 31, 1999 and 1998, and
(6) Notes to Consolidated Financial Statements.

Unaudited Financial Statements

(1) Balance Sheets as of September 30, 2000 and December 31, 1999,
(2) Statements of Income for the three months and nine months ended September 30, 2000 and 1999,
(3) Statements of Shareholders' Equity for the year ended December 31, 1999 and the nine months ended September 30, 2000,
(4) Statements of Cash Flows for the nine months ended September 30, 2000 and 1999, and
(5) Condensed Notes to Financial Statements.

The following financial statements relating to the acquisition of the Motorola Plainfield Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 and the nine months ended

September 30, 2000, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and the nine months ended September 30, 2000.

The following financial statements relating to the acquisition of the Dial Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999.

The following financial statements relating to the acquisition of the ASML Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999.

The following financial statements relating to the acquisition of the Motorola Tempe Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999.

The following unaudited pro forma financial statements of

Wells Real Estate Investment Trust, Inc. are filed as part of this Registration Statement and are included in the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of September 30, 2000,
(3) Pro Forma Statement of Income for the year ended December 31, 1999, and
(4) Pro Forma Statement of Income for the nine months ended September 30, 2000.

(b) Exhibits (See Exhibit Index):

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement

Exhibit No.	Description
1.2	Form of Warrant Purchase Agreement (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.1	Amended and Restated Articles of Incorporation (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.2	Form of Bylaws (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
3.3	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
5.1	Opinion of Holland & Knight LLP as to legality of securities
8.1	Opinion of Holland & Knight LLP as to tax matters
8.2	Opinion of Holland & Knight LLP as to ERISA matters
10.1	Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
10.2	Advisory Agreement dated January 30, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-93933, filed on March 15, 2000)
10.3	Management Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on From S-11, Commission File No. 333-83933, filed on July 28, 1999)
10.4	Leasing and Tenant Coordinating Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on

From S-11, Commission File No. 333-83933, filed on July 28, 1999)

10.5	Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.6	Lease Agreement for the ABB Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.7	Net Lease Agreement for the Avaya Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.8	First Amendment to Net Lease Agreement for the Avaya Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.9	Lease Agreement for the Iomega Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.10	Joint Venture Agreement of Wells/Fremont Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.11	Lease Agreement for the Fairchild Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.12	Joint Venture Agreement of Wells/Orange County Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.13	Lease for the PwC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.14	Amended and Restated Promissory Note for $15,500,000 for the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.15	Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents for the PwC Building securing the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.16	Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-

Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.17 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999).

10.18 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.19 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.20 Rental Income Guaranty Agreement relating to the Quest Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.21 Office Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.22 Guaranty of Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.23 Fifth Amendment to Lease for the Johnson Matthey Building (previously filed as Exhibit 10.7 and incorporated by reference to Post-Effective Amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on September 1, 1999)

10.24 Lease Agreement for the Gartner Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.25 Lease Agreement for the Alstom Power Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.26 Second Amendment to Lease Agreement for the Alstom Power Building (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.27 Amended and Restated Joint Venture Partnership Agreement of The Wells Fund XI-Fund XII - REIT Joint Venture (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.28	Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.29	Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.30	Lease Agreement for the Metris Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.31	Promissory Note for $26,725,000 for the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.32	Mortgage, Assignment and Security Agreement for the Marconi Building and the AT&T Building securing the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.33	Assumption and Modification Agreement for the Metris Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)
10.34	Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (previously filed as Exhibit 10.11 and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on April 25, 2000)
10.35	Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.36	First Amendment to Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.37	Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.38	First Amendment to Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.39	Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.40	First Amendment to Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.41	Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.42	First Amendment to Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.43	Ground Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.44	Promissory Note for $5,000,000 to Ryan Companies US, Inc. relating to the Motorola Tempe Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.45	Purchase Money Deed of Trust, Assignment of Leases and Rents, Fixture Filing and Security Agreement securing the Motorola Tempe Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.46	Office Lease for the Siemens Building (previously filed as Exhibit 10.13 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on July 25, 2000)
10.47	Joint Venture Partnership Agreement of Fund VII-IX-REIT Joint Venture (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.48	Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.49	Ground Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.50	Lease Agreement for the Delphi Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

10.51	Lease Agreement for the Quest Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.52	Loan Agreement with SouthTrust Bank, N.A. for a $35,000,000 revolving line of credit dated May 3, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.53	Promissory Note for $35,000,000 to SouthTrust Bank, N.A. (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.54	Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.55	Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.56	Leasehold Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.57	Lease Agreement for the Motorola Plainfield Building
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP
24.1	Power of Attorney

Item 37 Undertakings

(a) The Registrant undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement, including (but not limited to) any addition or deletion of a managing underwriter.

(b) The Registrant undertakes (i) that, for the purpose of determining any liability under the Act, each such post-effective amendment may be deemed to be a new Registration Statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof, (ii) that all post-effective amendments will comply with the applicable forms, rules and regulations of the Commission in effect at the time such post-effective amendments are filed, and (iii) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(c) The Registrant undertakes to send to each shareholder, at least on an annual basis, a detailed statement of any transactions with the Advisor or its affiliates, and of fees, commissions, compensation and other benefits paid, or accrued to the Advisor or its affiliates, for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed.

(d) To file a sticker supplement pursuant to Rule 424(c) under the Act during the distribution period describing each property not identified in the prospectus at such time as there arises a reasonable probability that such property will be acquired and to consolidate all such stickers into a post-effective amendment filed at least once every three months with the information contained in such amendment provided simultaneously to the existing shareholders; each sticker supplement should disclose all compensation and fees received by the Advisor and its affiliates in connection with any such acquisition; the post-effective amendment shall include audited financial statements meeting the requirements of Rule 3-14 of Regulation S-X only for properties acquired during the distribution period.

(e) To file, after the end of the distribution period, a current report on Form 8-K containing the financial statements and any additional information required by Rule 3-14 of Regulation S-X, to reflect each commitment (i.e., the signing of a binding purchase agreement) made after the end of the distribution period involving the use of 10% or more (on a cumulative basis) of the net proceeds of the offering and to provide the information contained in such report to the shareholders at least once each quarter after the distribution period of the offering has ended.

(f) The Registrant undertakes to file the financial statements as required by Form 10-K for the first full fiscal year of operations and to provide each shareholder the financial statements required by Form 10-K for such year.

(g) The Registrant undertakes to distribute to each shareholder, within sixty (60) days after the close of each quarterly period, a copy of each report on Form 10-Q which is required to be filed with the Commission or a quarterly report containing at least as much information as the report on Form 10-Q.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

TABLE VI
ACQUISITIONS OF PROPERTIES BY PROGRAMS

The information contained on the following pages relates to acquisitions of properties within the past three years by the Wells REIT and prior programs with which Wells Capital, Inc., the Advisor to the Wells REIT, and its affiliates have been affiliated and which have substantially similar investment objectives to the Wells REIT. This table provides potential investors with information regarding the general nature and location of the properties and the manner in which the properties were acquired. None of the information in this Table VI has been audited.

TABLE VI

Wells Funds IX, X, XI and REIT

Name of property	Ohmeda Building
Location of property	Centennial Parkway, Louisville, Boulder County, Colorado
Type of property	Two-story office building
Size of parcel	15 acres
Gross leasable space	106,750 sq. feet
Date of commencement of operations/1/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/2/	February 13, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$10,331,644
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/3/	$572,851
Total Acquisition Cost	$10,904,495

/1/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/2/ The Fund IX-X Joint Venture acquired the Ohmeda Building on February 13, 1998, and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership of the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.

/3/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Interlocken Building
Location of property	Highway 36, Broomfield, Boulder County, Colorado
Type of property	Three-story multi-tenant office building
Size of parcel	5.1 acres
Gross leasable space	51,974 sq. feet
Date of commencement of operations/4/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/5/	March 20, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$50,000
Contract purchase price plus acquisition fee	$8,293,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/6/	$447,766
Total Acquisition Cost	$8,740,766

/4/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/5/ The Fund IX-X Joint Venture acquired the Interlocken Building on March 20, 1998, and on June 11, 1998, Wells Fund XI and Wells OP (the operating partnership of the Wells REIT) were admitted to the Fund IX-X Joint Venture as joint venture partners.

/6/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Iomega Building
Location of property	2976 South Commerce Way, Ogden, Weber County, Utah
Type of property	One-story warehouse and office building
Size of parcel	8.03 acres
Gross leasable space	100,000 sq. feet
Date of commencement of	Fund IX - February 12, 1996

operations/7/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase/8/	April 1, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$50,000
Contract purchase price plus acquisition fee	$5,050,425
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/9/	$1,097,658
Total Acquisition Cost	$6,148,083

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/7/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/8/ Wells Fund X acquired the Iomega Building on April 1, 1998, and on June 24, 1998, Wells Fund X contributed the Iomega Building to the Fund IX-X-XI-REIT Joint Venture.

/9/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds IX, X, XI and REIT

Name of property	Lucent Building
Location of property	14400 Hertz Quail Springs Parkway, Oklahoma City, Oklahoma
Type of property	One-story office building
Size of parcel	5.3 acres
Gross leasable space	57,186 sq. feet
Date of commencement of operations/10/	Fund IX - February 12, 1996 Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	June 24, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$1,600,000
Contract purchase price plus acquisition fee	$5,504,276

Other cash expenditures expensed	N/A
Other cash expenditures capitalized/11/	$127,062
Total Acquisition Cost	$5,631,338

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/10/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/11/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds X, XI and REIT

Name of property	Cort Furniture Building
Location of property	10700 Spencer Avenue, Fountain Valley, Orange County, California
Type of property	One-story office and warehouse building
Size of parcel	3.65 acres
Gross leasable space	52,000 sq. feet
Date of commencement of operations/12/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	July 31, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$6,548,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/13/	$303,616
Total Acquisition Cost	$6,851,616

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/12/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/13/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds X, XI and REIT

Name of property	Fairchild Building
Location of property	47320 Kato Road, Fremont, Alameda County, California
Type of property	Two-story office and manufacturing building
Size of parcel	3.05 acres
Gross leasable space	58,424 sq. feet
Date of commencement of operations/14/	Fund X - February 4, 1997 Fund XI - March 3, 1998 REIT - June 5, 1998
Date of purchase	July 21, 1998
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$8,960,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/15/	$397,409
Total Acquisition Cost	$9,357,409

/14/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/15/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	PricewaterhouseCoopers Building
Location of property	George Road, Tampa, Hillsborough County, Florida
Type of property	Four-story office building
Size of parcel	9 acres
Gross leasable space	130,091 sq. feet
Date of commencement of	June 5, 1998

operations/16/

Date of purchase	December 31, 1998
Mortgage financing at date of purchase	$14,132,538
Cash down payment	$420,000
Contract purchase price plus acquisition fee	$21,226,463
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/17/	$898,168
Total Acquisition Cost	$22,124,631

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/16/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/17/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	AT&T Building
Location of property	Progress Avenue and Interstate Drive, Harrisburg, Dauphin County, Pennsylvania
Type of property	Four-story office building
Size of parcel	10.5 acres
Gross leasable space	81,859 sq. feet
Date of commencement of operations/18/	June 5, 1998
Date of purchase	February 4, 1999
Mortgage financing at date of purchase	$6,425,000
Cash down payment	$250,000
Contract purchase price plus acquisition fee	$12,531,900
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/19/	$232,209
Total Acquisition Cost	$12,764,109

/18/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/19/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Matsushita Building
Location of property	Pacific Commercentre, Lake Forest, Orange County, California
Type of property	Construction of a two-story office building
Size of parcel	8.8 acres
Gross leasable space	150,000 sq. feet
Date of commencement of operations/20/	June 5, 1998
Date of purchase	March 15, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	N/A
Contract purchase price plus acquisition fee	$4,577,485
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/21/	$13,822,515
Total Acquisition Cost	$18,400,000

/20/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/21/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	EYBL CarTex Building

Location of property	111 SouthChase Boulevard in SouthChase Industrial Park, Fountain Inn, Greenville County, South Carolina
Type of property	Two-story manufacturing and office building
Size of parcel	11.94 acres
Gross leasable space	169,510 sq. feet
Date of commencement of operations/22/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	May 18, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$50,000
Contract purchase price plus acquisition fee	$5,122,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/23/	$225,540
Total Acquisition Cost	$5,347,540

____

/22/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/23/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Sprint Building
Location of property	Leawood, Kansas
Type of property	Three-story office building
Size of parcel	7.12 acres
Gross leasable space	68,900 sq. feet
Date of commencement of operations/24/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	July 2, 1999
Mortgage financing at date of purchase	N/A

Cash down payment	$1,000,000
Contract purchase price plus acquisition fee	$9,546,210
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/25/	$398,299
Total Acquisition Cost	$9,944,509

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/24/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/25/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Alstom Power Building
Location of property	Midlothian, Chesterfield County, Virginia
Type of property	Four-story office building
Size of parcel	7.49 acres
Gross leasable space	102,000 sq. feet
Date of commencement of operations/26/	June 5, 1998
Date of purchase	July 22, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$948,400
Contract purchase price plus acquisition fee	$948,400
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/27/	$9,969,515
Total Acquisition Cost	$10,917,915

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/26/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/27/ Includes the improvements made after acquisition through September

30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Johnson Matthey Building
Location of property	434-436 Devon Park Drive, Tredyffrin, Chester County, Pennsylvania
Type of property	Research and development, office and warehouse building
Size of parcel	10.0 acres
Gross leasable space	130,000 sq. feet
Date of commencement of operations/28/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	August 17, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$200,000
Contract purchase price plus acquisition fee	$8,050,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/29/	$342,077
Total Acquisition Cost	$8,392,077

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/28/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/29/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Marconi Building
Location of property	Chancellory Business Park, Wood Dale, Illinois
Type of property	Two-story office, assembly and manufacturing building

Size of parcel	15.3 acres
Gross leasable space	250,354 sq. feet
Date of commencement of operations/30/	REIT - June 5, 1998
Date of purchase	September 10, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$500,000
Contract purchase price plus acquisition fee	$32,630,940
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/31/	$1,912,472
Total Acquisition Cost	$34,543,412

/30/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/31/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Funds XI, XII and REIT

Name of property	Gartner Building
Location of property	Fort Myers, Florida
Type of property	Two-story office building
Size of parcel	4.9 acres
Gross leasable space	62,400 sq. feet
Date of commencement of operations/32/	Fund XI - March 3, 1998 Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	September 20, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	$500,000
Contract purchase price plus acquisition fee	$8,347,600
Other cash expenditures	

expensed	N/A
Other cash expenditures capitalized/33/	$347,824
Total Acquisition Cost	$8,695,424

____

/32/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/33/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Cinemark Building
Location of property	Plano, Collin County, Texas
Type of property	Five-story office building
Size of parcel	3.52 acres
Gross leasable space	118,108 sq. feet
Date of commencement of operations/34/	June 5, 1998
Date of purchase	December 21, 1999
Mortgage financing at date of purchase	N/A
Cash down payment	N/A
Contract purchase price plus acquisition fee	$21,826,900
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/35/	$920,379
Total Acquisition Cost	$22,747,279

____

/34/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/35/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Metris Building
Location of property	Tulsa, Tulsa County, Oklahoma
Type of property	Three-story office building
Size of parcel	14.6 acres
Gross leasable space	101,100 sq. feet
Date of commencement of operations/36/	June 5, 1998
Date of purchase	February 11, 2000
Mortgage financing at date of purchase	8,000,000
Cash down payment	$4,740,000
Contract purchase price plus acquisition fee	$12,740,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/37/	$521,072
Total Acquisition Cost	$13,261,072

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/36/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/37/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Dial Building
Location of property	15501 N. Dial Boulevard, Scottsdale, Maricopa County, Arizona
Type of property	Two-story office building
Size of parcel	8.8 acres (approximately)
Gross leasable space	129,689 sq. feet
Date of commencement of operations/38/	June 5, 1998
Date of purchase	March 29, 2000

Mortgage financing at date of purchase	$14,289,309
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$14,289,309
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/39/	$597,264
Total Acquisition Cost	$14,886,573

____

/38/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/39/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	ASML Building
Location of property	8555 South River Parkway, Tempe, Maricopa County, Arizona
Type of property	Two-story office and warehouse building
Size of parcel	9.51 acres
Gross leasable space	95,133 sq. feet
Date of commencement of operations/40/	June 5, 1998
Date of purchase	March 29, 2000
Mortgage financing at date of purchase	$17,397,133
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$17,397,133
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/41/	$727,185
Total Acquisition Cost	$18,124,318

____

/40/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/41/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Motorola Tempe Building
Location of property	8075 South River Parkway, Tempe, Maricopa County, Arizona
Type of property	Two-story office building
Size of parcel	12.44 acres
Gross leasable space	133,225 sq. feet
Date of commencement of operations/42/	June 5, 1998
Date of purchase	March 29, 2000
Mortgage financing at date of purchase	$8,813,558
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$16,036,219
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/43/	$669,639
Total Acquisition Cost	$16,705,858

____

/42/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/43/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells Fund XII and REIT

Name of property	Siemens Building
Location of property	4685 Investment Drive, Troy, Oakland County, Michigan

Type of property	Three-story office building
Size of parcel	5.3 acres
Gross leasable space	71,054 sq. feet
Date of commencement of operations/44/	Fund XII - June 1, 1999 REIT - June 5, 1998
Date of purchase	May 10, 2000
Mortgage financing at date of purchase	N/A
Cash down payment	$400,000
Contract purchase price plus acquisition fee	$14,292,489
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/45/	$1,440,430
Total Acquisition Cost	$12,852,059

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/44/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/45/ Includes improvements made after acquisitions through September 30, 2000.

TABLE VI (continued)

Wells REIT

Name of property	Avnet Building
Location of property	8700 South Price Road, Tempe, Maricopa County, Arizona
Type of property	Two-story office building
Size of parcel	9.63 acres
Gross leasable space	132,070 sq. feet
Date of commencement of operations/46/	June 5, 1998
Date of purchase	June 12, 2000
Mortgage financing at date of purchase	N/A
Cash down payment	$100,000
Contract purchase price plus acquisition fee	$13,269,502

Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	$13,269,502

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/46/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

TABLE VI (continued)

Wells REIT

Name of property	Delphi Building
Location of property	1441 West Long Lake Road, Troy, Oakland County, Michigan
Type of property	Three-story office building
Size of parcel	5.52 acres
Gross leasable space	107,152 sq. feet
Date of commencement of operations/47/	June 5, 1998
Date of purchase	June 29, 2000
Mortgage financing at date of purchase	$8,000,000
Cash down payment	N/A
Contract purchase price plus acquisition fee	$19,921,332
Other cash expenditures expensed	N/A
Other cash expenditures capitalized	N/A
Total Acquisition Cost	$19,921,332

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/47/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

TABLE VI (continued)

Wells REIT

Name of property	Motorola Plainfield Building
Location of property	1111 Durham Avenue, Plainfield, Middlesex County, New Jersey
Type of property	Three-story office building
Size of parcel	34.5 acres
Gross leasable space	236,710 sq. feet
Date of commencement of operations/48/	June 5, 1998
Date of purchase	November 1, 2000
Mortgage financing at date of purchase	$22,800,150
Cash down payment	$1,000,000
Contract purchase price plus acquisition fee	$33,814,566
Other cash expenditures expensed	N/A
Other cash expenditures capitalized/49/	$424,760
Total Acquisition Cost	$34,239,326

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/48/ The date minimum offering proceeds were obtained and funds became available for investment in properties.

/49/ Includes improvements made after acquisitions through September 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Norcross, and State of Georgia, on the 27/th/ day of November, 2000.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
A Maryland corporation
(Registrant)

By: /s/ Leo F. Wells, III

Leo F. Wells, III, President

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to Registration Statement has been signed below on November 27, 2000 by the following persons in the capacities indicated.

Name	Title
/s/ Leo F. Wells, III	President and Director

Leo F. Wells, III		(Principal Executive Officer)
/s/ Douglas P. Williams Douglas P. Williams		Executive Vice President and Director (Principal Financial and Accounting Officer)
/s/ John L. Bell John L. Bell (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Richard W. Carpenter Richard W. Carpenter (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Bud Carter Bud Carter (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ William H. Keogler, Jr. William H. Keogler, Jr. (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Donald S. Moss Donald S. Moss (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Walter W. Sessoms Walter W. Sessoms (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Neil H. Strickland Neil H. Strickland (By Douglas P. Williams, as Attorney-in-fact)	*	Director

* By Douglas P. Williams, as Attorney-in-fact, pursuant to Power of Attorney dated August 18, 2000 and included as Exhibit 24.1 herein.

EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement, filed herewith
1.2	Form of Warrant Purchase Agreement (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.1	Amended and Restated Articles of Incorporation (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.2	Form of Bylaws (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
3.3	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
5.1	Opinion of Holland & Knight LLP as to legality of securities, filed herewith
8.1	Opinion of Holland & Knight LLP as to tax matters, filed herewith
8.2	Opinion of Holland & Knight LLP as to ERISA matters, filed herewith
10.1	Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
10.2	Advisory Agreement dated January 30, 2000 (previously filed in and

incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-93933, filed on March 15, 2000)

10.3 Management Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on From S-11, Commission File No. 333-83933, filed on July 28, 1999)

10.4 Leasing and Tenant Coordinating Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on From S-11, Commission File No. 333-83933, filed on July 28, 1999)

10.5 Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.6 Lease Agreement for the ABB Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.7 Net Lease Agreement for the Avaya Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.8 First Amendment to Net Lease Agreement for the Avaya Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.9 Lease Agreement for the Iomega Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.10 Joint Venture Agreement of Wells/Fremont Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.11 Lease Agreement for the Fairchild Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.12 Joint Venture Agreement of Wells/Orange County Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.13 Lease for the PwC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.14 Amended and Restated Promissory Note for $15,500,000 for the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.15 Amendment No. 1 to Mortgage and Security Agreement and other Loan

Documents for the PwC Building securing the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.16 Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.17 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999).

10.18 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.19 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.20 Rental Income Guaranty Agreement relating to the Quest Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.21 Office Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.22 Guaranty of Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.23 Fifth Amendment to Lease for the Johnson Matthey Building (previously filed as Exhibit 10.7 and incorporated by reference to Post-Effective Amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on September 1, 1999)

10.24 Lease Agreement for the Gartner Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.25 Lease Agreement for the Alstom Power Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.26 Second Amendment to Lease Agreement for the Alstom Power Building (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.27 Amended and Restated Joint Venture Partnership Agreement of the Wells Fund XI-Fund XII - REIT Joint Venture (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.28 Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.29 Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to

Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.30 Lease Agreement for the Metris Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.31 Promissory Note for $26,725,000 for the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.32 Mortgage, Assignment and Security Agreement for the Marconi Building and the AT&T Building securing the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.33 Assumption and Modification Agreement for the Metris Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.34 Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (previously filed as Exhibit 10.11 and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on April 25, 2000)

10.35 Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.36 First Amendment to Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.37 Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.38 First Amendment to Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.39 Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.40 First Amendment to Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective

Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.41	Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.42	First Amendment to Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.43	Ground Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.44	Promissory Note for $5,000,000 to Ryan Companies US, Inc. relating to the Motorola Tempe Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.45	Purchase Money Deed of Trust, Assignment of Leases and Rents, Fixture Filing and Security Agreement securing the Motorola Tempe Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.46	Office Lease for the Siemens Building (previously filed as Exhibit 10.13 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on July 25, 2000)
10.47	Joint Venture Partnership Agreement of Fund VII-IX-REIT Joint Venture (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.48	Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.49	Ground Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.50	Lease Agreement for the Delphi Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.51	Lease Agreement for the Quest Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.52	Loan Agreement with SouthTrust Bank, N.A. for a $35,000,000 revolving line of credit dated May 3, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.53	Promissory Note for $35,000,000 to SouthTrust Bank, N.A. (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.54	Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.55	Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.56	Leasehold Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.57	Lease Agreement for the Motorola Plainfield Building, filed herewith
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP, filed herewith
24.1	Power of Attorney, filed herewith

EXHIBIT 1.1

DEALER MANAGER AGREEMENT

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 135,000,000 Shares of Common Stock/$1,350,000,000

DEALER MANAGER AGREEMENT

November 15, 2000

Wells Investment Securities, Inc.
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092

Ladies and Gentlemen:

Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), is registering for public sale a maximum of 140,000,000 shares of its common stock, $.01 par value per share (the "Offering"), of which amount 5,000,000 shares are to be sold upon exercise of soliciting dealer warrants to be issued to broker-dealers participating in the Offering, with the balance of 135,000,000 shares (the "Shares" or the "Stock") to be issued and sold for an aggregate purchase price of $1,350,000,000 (125,000,000 shares to be offered to the public and 10,000,000 shares to be offered pursuant to the Company's dividend reinvestment plan). Such Stock is to be sold for a per share cash purchase price of $10.00; and the minimum purchase by any one person shall be 100 Shares (except as otherwise indicated in the Prospectus or in any letter or memorandum from the Company to Wells Investment Securities, Inc. (the "Dealer Manager")). Terms not defined herein shall have the same meaning as in the Prospectus. The Stock is being registered with the SEC (as defined herein) as part of a registration of 140,000,000 shares, of which amount 5,000,000 will be issued upon the exercise of certain warrants to be issued in connection with the Offering. In connection therewith, the Company hereby agrees with you, the Dealer Manager, as follows:

1. Representations and Warranties of the Company

The Company represents and warrants to the Dealer Manager and each dealer with whom the Dealer Manager has entered into or will enter into a Selected Dealer Agreement in the form attached to this Agreement as Exhibit "A" (said dealers being hereinafter called the "Dealers") that:

1.1 A registration statement with respect to the Company has been prepared by the Company in accordance with applicable requirements of the Securities Act of 1933, as amended (the Securities Act"), and the applicable rules and regulations (the "Rules and

Regulations") of the Securities and Exchange Commission (the "SEC") promulgated thereunder, covering the Shares. Said registration statement, which includes a preliminary prospectus, was initially filed with the SEC on or about August 31, 2000. Copies of such registration statement and each amendment thereto have been or will be delivered to the Dealer Manager. (The registration statement and prospectus contained therein, as finally amended and revised at the effective date of the registration statement, are respectively hereinafter referred to as the "Registration Statement" and the "Prospectus," except that if the Prospectus first filed by the Company pursuant to Rule 424(b) under the Securities Act shall differ from the Prospectus, the term "Prospectus" shall also include the Prospectus filed pursuant to Rule 424(b).)

1.2 The Company has been duly and validly organized and formed as a corporation under the laws of the state of Maryland, with the power and authority to conduct its business as described in the Prospectus.

1.3 The Registration Statement and Prospectus comply with the Securities Act and the Rules and Regulations and do not contain any untrue statements of material facts or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; <u>provided</u>, <u>however</u>, that the foregoing provisions of this Section 1.3 will not extend to such statements contained in or omitted from the Registration Statement or Prospectus as are primarily within the knowledge of the Dealer Manager or any of the Dealers and are based upon information furnished by the Dealer Manager in writing to the Company specifically for inclusion therein.

1.4 The Company intends to use the funds received from the sale of the Shares as set forth in the Prospectus.

1.5 No consent, approval, authorization or other order of any governmental authority is required in connection with the execution or delivery by the Company of this Agreement or the issuance and sale by the Company of the Shares, except such as may be required under the Securities Act or applicable state securities laws.

1.6 There are no actions, suits or proceedings pending or to the knowledge of the Company, threatened against the Company at law or in equity or before or by any federal or state commission, regulatory body or administrative agency or other governmental body, domestic or foreign, which will have a material adverse effect on the business or property of the Company.

1.7 The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms of this Agreement by the Company will not conflict with or constitute a default under any charter, by-law, indenture, mortgage, deed of trust, lease, rule, regulation, writ, injunction or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company, except to the extent that the enforceability of the indemnity and/or contribution provisions contained in Section 4 of this Agreement may be limited under applicable securities laws.

1.8 The Company has full legal right, power and authority to enter into this Agreement and to perform the transactions contemplated hereby, except to the extent that the enforceability of the indemnity and/or contribution provisions contained in Section 4 of this Agreement may be limited under applicable securities laws.

1.9 At the time of the issuance of the Shares, the Shares will have been duly authorized and validly issued, and upon payment therefor, will be fully paid and nonassessable and will conform to the description thereof contained in the Prospectus.

2. <u>Covenants of the Company</u>

The Company covenants and agrees with the Dealer Manager that:

2.1 It will, at no expense to the Dealer Manager, furnish the Dealer Manager with such number of printed copies of the Registration Statement, including all amendments and exhibits thereto, as the Dealer Manager may reasonably request. It will similarly furnish to the Dealer Manager and others designated by the Dealer Manager as many copies as the Dealer Manager may reasonably request in connection with the offering of the Shares of: (a) the

Prospectus in preliminary and final form and every form of supplemental or amended prospectus; (b) this Agreement; and (c) any other printed sales literature or other materials (provided that the use of said sales literature and other materials has been first approved for use by the Company and all appropriate regulatory agencies).

2.2 It will furnish such proper information and execute and file such documents as may be necessary for the Company to qualify the Shares for offer and sale under the securities laws of such jurisdictions as the Dealer Manager may reasonably designate and will file and make in each year such statements and reports as may be required. The Company will furnish to the Dealer Manager a copy of such papers filed by the Company in connection with any such qualification.

2.3 It will: (a) use its best efforts to cause the Registration Statement to become effective; (b) furnish copies of any proposed amendment or supplement of the Registration Statement or Prospectus to the Dealer Manager; (c) file every amendment or supplement to the Registration Statement or the Prospectus that may be required by the SEC; and (d) if at any time the SEC shall issue any stop order suspending the effectiveness of the Registration Statement, it will use its best efforts to obtain the lifting of such order at the earliest possible time.

2.4 If at any time when a Prospectus is required to be delivered under the Securities Act any event occurs as a result of which, in the opinion of either the Company or the Dealer Manager, the Prospectus or any other prospectus then in effect would include an untrue statement of a material fact or, in view of the circumstances under which they were made, omit to state any material fact necessary to make the statements therein not misleading, the Company will promptly notify the Dealer Manager thereof (unless the information shall have been received from the Dealer Manager) and will effect the preparation of an amended or supplemental prospectus which will correct such statement or omission. The Company will then promptly

prepare such amended or supplemental prospectus or prospectuses as may be necessary to comply with the requirements of Section 10 of the Securities Act.

3. <u>Obligations and Compensation of Dealer Manager</u>

3.1 The Company hereby appoints the Dealer Manager as its agent and principal distributor for the purpose of selling for cash up to a maximum of 135,000,000 Shares through Dealers, all of whom shall be members of the National Association of Securities Dealers, Inc. (NASD). The Dealer Manager may also sell Shares for cash directly to its own clients and customers at the public offering price and subject to the terms and conditions stated in the Prospectus. The Dealer Manager hereby accepts such agency and distributorship and agrees to use its best efforts to sell the Shares on said terms and conditions. The Dealer Manager represents to the Company that it is a member of the NASD and that it and its employees and representatives have all required licenses and registrations to act under this Agreement.

3.2 Promptly after the effective date of the Registration Statement, the Dealer Manager and the Dealers shall commence the offering of the Shares for cash to the public in jurisdictions in which the Shares are registered or qualified for sale or in which such offering is otherwise permitted. The Dealer Manager and the Dealers will suspend or terminate offering of the Shares upon request of the Company at any time and will resume offering the Shares upon subsequent request of the Company.

3.3 Except as provided in the "Plan of Distribution" Section of the Prospectus, as compensation for the services rendered by the Dealer Manager, the Company agrees that it will pay to the Dealer Manager selling commissions in the amount of 7% of the gross proceeds of the Shares sold plus a dealer manager fee in the amount of 2.5% of the gross proceeds of the Shares sold.

The Company will not be liable or responsible to any Dealer for direct payment of commissions to such Dealer, it being the sole and exclusive responsibility of the Dealer Manager for payment of commissions to Dealers. Notwithstanding the above, at its discretion, the Company may act as agent of the Dealer Manager by making direct payment of commissions to such Dealers without incurring any liability therefor.

3.4 The Dealer Manager represents and warrants to the Company and each person and firm that signs the Registration Statement that the information under the caption "Plan of Distribution" in the Prospectus and all other information furnished to the Company by the Dealer Manager in writing expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus, or any amendment or supplement thereto does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

4. Indemnification

4.1 The Company will indemnify and hold harmless the Dealers and the Dealer Manager, their officers and directors and each person, if any, who controls such Dealer or

Dealer Manager within the meaning of Section 15 of the Securities Act from and against any losses, claims, damages or liabilities, joint or several, to which such Dealers or Dealer Manager, their officers and directors, or such controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement or alleged untrue statement of a material fact contained (i) in any Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto or in the Prospectus or any amendment or supplement to the Prospectus or (ii) in any blue sky application or other document executed by the Company or on its behalf specifically for the purpose of qualifying any or all of the Shares for sale under the securities laws of any jurisdiction or based upon written information furnished by the Company under the securities laws thereof (any such application, document or information being hereinafter called a "Blue Sky Applications"), or (b) the omission or alleged omission to state in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of the Registration Statement, or in the Prospectus or any amendment or supplement to the Prospectus or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse each Dealer or Dealer Manager, its officers and each such controlling person for any legal or other expenses reasonably incurred by such Dealer or Dealer Manager, its officers and directors, or such controlling person in connection with investigating or defending such loss, claim, damage, liability or action; provided that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of, or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company or Dealer Manager by or on behalf of any Dealer or Dealer Manager specifically for use with reference to such Dealer or Dealer Manager in the preparation of the Registration Statement or any such post-effective amendment thereof, any such Blue Sky Application or any such preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto; and further provided that the Company will not be liable in any such case if it is determined that such Dealer or Dealer Manager was at fault in connection with the loss, claim, damage, liability or action.

4.2 The Dealer Manager will indemnify and hold harmless the Company and each person or firm which has signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, from and against any losses, claims, damages or liabilities to which any of the aforesaid parties may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement of a material fact contained (i) in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or (ii) any Blue Sky Application, or (b) the omission to state in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any untrue

statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of the Registration Statement, or in the Prospectus, or in any amendment or supplement to the Prospectus or the omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein in the light of the circumstances under which they were made not misleading in each case to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Dealer Manager specifically for use with reference to the Dealer Manager in the preparation of the Registration Statement or any such post-effective amendments thereof or any such Blue Sky Application or any such preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto, or (d) any unauthorized use of sales materials or use of unauthorized verbal representations concerning the Shares by the Dealer Manager and will reimburse the aforesaid parties, in connection with investigation or defending such loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which the Dealer Manager may otherwise have.

4.3 Each Dealer severally will indemnify and hold harmless the Company, Dealer Manager and each of their directors (including any persons named in any of the Registration Statements with his consent, as about to become a director), each of their officers who has signed any of the Registration Statements and each person, if any, who controls the Company and the Dealer Manager within the meaning of Section 15 of the Securities Act from and against any losses, claims, damages or liabilities to which the Company, the Dealer Manager, any such director or officer, or controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement or alleged untrue statement of a material fact contained (i) in the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereof or (ii) in any Blue Sky Application, or (b) the omission or alleged omission to state in the Registration Statement (including the Prospectus as a part thereof or any post-effective amendment thereof or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of the Registration Statement, or in the Prospectus, or in any amendment or supplement to the Prospectus or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or the Dealer Manager by or on behalf of such Dealer specifically for use with reference to such Dealer in the preparation of the Registration Statement or any such post-effective amendments thereof or any such Blue Sky Application or any such preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto, or (d) any unauthorized use of sales materials or use of unauthorized verbal representations concerning the Shares by such Dealer or Dealer's representations or agents in violation of Section VII of the Selected Dealer Agreement or otherwise and will reimburse the Company and the Dealer Manager and any such directors or officers, or controlling person, in connection with

investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which such Dealer may otherwise have.

4.4 Promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 4, notify in writing the indemnifying party of the commencement thereof and the omission so to notify the indemnifying party will relieve it from any liability under this Section 4 as to the particular item for which indemnification is then being sought, but not from any other liability which it may have to any indemnified party. In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled, to the extent it may wish, jointly with any other indemnifying party similarly notified, to participate in the defense thereof, with separate counsel. Such participation shall not relieve such indemnifying party of the obligation to reimburse the indemnified party for reasonable legal and other expenses (subject to Section 4.5) incurred by such indemnified party in defending itself, except for such expenses incurred after the indemnifying party has deposited funds sufficient to effect the settlement, with prejudice, of the claim in respect of which indemnity is sought. Any such indemnifying party shall not be liable to any such indemnified party on account of any settlement of any claim or action effected without the consent of such indemnifying party.

4.5 The indemnifying party shall pay all legal fees and expenses of the indemnified party in the defense of such claims or actions; provided, however, that the indemnifying party shall not be obliged to pay legal expenses and fees to more than one law firm in connection with the defense of similar claims arising out of the same alleged acts or omissions giving rise to such claims notwithstanding that such actions or claims are alleged or brought by one or more parties against more than one indemnified party. If such claims or actions are alleged or brought against more than one indemnified party, then the indemnifying party shall only be obliged to reimburse the expenses and fees of the one law firm that has been selected by a majority of the indemnified parties against which such action is finally brought; and in the event a majority of such indemnified parties is unable to agree on which law firm for which expenses or fees will be reimbursable by the indemnifying party, then payment shall be made to the first law firm of record representing an indemnified party against the action or claim. Such law firm shall be paid only to the extent of services performed by such law firm and no reimbursement shall be payable to such law firm on account of legal services performed by another law firm.

4.6 The indemnity agreements contained in this Section 4 shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of any Dealer, or any person controlling any Dealer or by or on behalf of the Company, the Dealer Manager or any officer or director thereof, or by or on behalf of the Company or the Dealer Manager, (b) delivery of any Shares and payment therefor, and (c) any termination of this Agreement. A successor of any Dealer or of any of the parties to this Agreement, as the case may be, shall be entitled to the benefits of the indemnity agreements contained in this Section 4.

5. <u>Survival of Provisions</u>

The respective agreements, representations and warranties of the Company and the Dealer Manager set forth in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of the Dealer Manager or any Dealer or any person controlling the Dealer Manager or any Dealer or by or on behalf of the Company or any person controlling the Company, and (c) the acceptance of any payment for the Shares.

6. Applicable Law

This Agreement was executed and delivered in, and its validity, interpretation and construction shall be governed by the laws of, the State of Georgia; provided however, that causes of action for violations of federal or state securities laws shall not be governed by this Section.

7. Counterparts

This Agreement may be executed in any number of counterparts. Each counterpart, when executed and delivered, shall be an original contract, but all counterparts, when taken together, shall constitute one and the same Agreement.

8. Successors and Amendment

8.1 This Agreement shall inure to the benefit of and be binding upon the Dealer Manager and the Company and their respective successors. Nothing in this Agreement is intended or shall be construed to give to any other person any right, remedy or claim, except as otherwise specifically provided herein. This Agreement shall inure to the benefit of the Dealers to the extent set forth in Sections 1 and 4 hereof.

8.2 This Agreement may be amended by the written agreement of the Dealer Manager and the Company.

9. Term

Any party to this Agreement shall have the right to terminate this Agreement on 60 days' written notice.

10. Confirmation

The Company hereby agrees and assumes the duty to confirm on its behalf and on behalf of dealers or brokers who sell the Shares all orders for purchase of Shares accepted by the Company. Such confirmations will comply with the rules of the SEC and the NASD, and will comply with applicable laws of such other jurisdictions to the extent the Company is advised of such laws in writing by the Dealer Manager.

11. Suitability of Investors

The Dealer Manager will offer Shares, and in its agreements with Dealers will require that the Dealers offer Shares, only to persons who meet the financial qualifications set forth in the Prospectus or in any suitability letter or memorandum sent to it by the Company and will only make offers to persons in the states in which it is advised in writing that the Shares are qualified for sale or that such qualification is not required. In offering Shares, the Dealer Manager will, and in its agreements with Dealers, the Dealer Manager will, require that the Dealer comply with the provisions of all applicable rules and regulations relating to suitability of investors, including without limitation, the provisions of Article III.C. of the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc.

12. Submission of Orders

12.1 Those persons who purchase Shares will be instructed by the Dealer Manager or the Dealer to make their checks payable to "Wells Real Estate Investment Trust, Inc." The Dealer Manager and any Dealer receiving a check not conforming to the foregoing instructions shall return such check directly to such subscriber not later than the end of the next business day following its receipt. Checks received by the Dealer Manager or Dealer which conform to the foregoing instructions shall be transmitted for deposit pursuant to one of the methods described in this Section 12. Transmittal of received investor funds will be made in accordance with the following procedures.

12.2 Where, pursuant to a Dealer's internal supervisory procedures, internal supervisory review is conducted at the same location at which subscription documents and checks are received from subscribers, checks will be transmitted in care of the Dealer Manager by the end of the next business day following receipt by the Dealer for deposit to Wells Real Estate Investment Trust, Inc.

12.3 Where, pursuant to a Dealer's internal supervisory procedures, final internal supervisory review is conducted at a different location, checks will be transmitted by the end of the next business day following receipt by the Dealer to the office of the Dealer conducting such final internal supervisory review (the "Final Review Offices"). The Final Review Office will in turn by the end of the next business day following receipt by the Final Review Office, transmit such checks in care of the Dealer Manager for deposit to Wells Real Estate Investment Trust, Inc.

12.4 Where the Dealer Manager is involved in the distribution process, checks will be transmitted by the Dealer Manager for deposit to Wells Real Estate Investment Trust, Inc. as soon as practicable, but in any event by the end of the second business day following receipt by the Dealer Manager. Checks of rejected subscribers will be promptly returned to such subscribers.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us as of the date first above written.

Very truly yours,

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By:____
Leo F. Wells, III
President

Accepted and agreed as of the
date first above written.

WELLS INVESTMENT SECURITIES, INC.

By:_________________________________
Leo F. Wells, III
President

EXHIBIT "A"

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 135,000,000 Shares of Common Stock/$1,350,000,000

SELECTED DEALER AGREEMENT

Ladies and Gentlemen:

Wells Investment Securities, Inc., as the dealer manager ("Dealer Manager") for Wells Real Estate Investment Trust, Inc. (the "Company"), a Maryland corporation, invites you (the "Dealer") to participate in the distribution of shares of common stock ("Shares") of the Company subject to the following terms:

I. Dealer Manager Agreement

The Dealer Manager has entered into an agreement with the Company called the Dealer Manager Agreement dated November 15, 2000, in the form attached hereto as Exhibit "A." By your acceptance of this Agreement, you will become one of the Dealers referred to in such Agreement between the Company and the Dealer Manager and will be entitled and subject to the indemnification provisions contained in such Agreement, including the provisions of such Agreement (Section 4.3 of the Dealer Manager Agreement) wherein the Dealers severally agree to indemnify and hold harmless the Company, the Dealer Manager and each officer and director thereof, and each person, if any, who controls the Company and the Dealer Manager within the meaning of the Securities Act of 1933, as amended. Except as otherwise specifically stated herein, all terms used in this Agreement have the meanings provided in the Dealer Manager Agreement. The Shares are offered solely through broker-dealers who are members of the National Association of Securities Dealers, Inc. ("NASD").

Dealer hereby agrees to use its best efforts to sell the Shares for cash on the terms and conditions stated in the Prospectus. Nothing in this Agreement shall be deemed or construed to make Dealer an employee, agent, representative or partner of the Dealer Manager or of the Company, and Dealer is not authorized to act for the Dealer Manager or the Company or to make any representations on their behalf except as set forth in the Prospectus and such other printed information furnished to Dealer by the Dealer Manager or the Company to supplement the Prospectus ("supplemental information").

II. Submission of Orders

Those persons who purchase Shares will be instructed by the Dealer to make their checks payable to "Wells Real Estate Investment Trust, Inc." Any Dealer receiving a check not conforming to the foregoing instructions shall return such check directly to such subscriber not later than the end of the next business day following its receipt. Checks received by the Dealer which conform to the foregoing instructions shall be transmitted for deposit pursuant to one of the methods in this Article II. Transmittal of received investor funds will be made in accordance with the following procedures:

> Where, pursuant to the Dealer's internal supervisory procedures, internal supervisory review is conducted at the same location at which subscription documents and checks are received from subscribers, checks will be transmitted in care of the Dealer Manager by the end of the next business day following receipt by the Dealer for deposit to Wells Real Estate Investment Trust, Inc.

> Where, pursuant to the Dealer's internal supervisory procedures, final and internal supervisory review is conducted at a different location, checks will be transmitted by the end of the next business day following receipt by the Dealer to the office of the Dealer conducting such final internal supervisory review (the "Final Review Office"). The Final Review Office

will in turn by the end of the next business day following receipt by the Final Review Office, transmit such checks for deposit to Wells Real Estate Investment Trust, Inc.

III. Pricing

Shares shall be offered to the public at the offering price of $10.00 per Share payable in cash. Except as otherwise indicated in the Prospectus or in any letter or memorandum sent to the Dealer by the Company or Dealer Manager, a minimum initial purchase of 100 Shares is required. Except as otherwise indicated in the Prospectus, additional investments may be made in cash in minimal increments of at least 2.5 Shares. The Shares are nonassessable. Dealer hereby agrees to place any order for the full purchase price.

IV. Dealers' Commissions

Except for discounts described in or as otherwise provided in the "Plan of Distribution" Section of the Prospectus, the Dealer's selling commission applicable to the total public offering price of Shares sold by Dealer which it is authorized to sell hereunder is 7% of the gross proceeds of Shares sold by it and accepted and confirmed by the Company, which commission will be paid by the Dealer Manager. For these purposes, a "sale of Shares" shall occur if and only if a transaction has closed with a securities purchaser pursuant to all applicable offering and subscription documents and the Company has thereafter distributed the commission to the Dealer Manager in connection with such transaction. The Dealer hereby waives any and all rights to receive payment of commissions due until such time as the Dealer Manager is in receipt of the commission from the Company. The Dealer affirms that the Dealer Manager's liability for commissions payable is limited solely to the proceeds of commissions receivable associated therewith. In addition, as set forth in the Prospectus, the Dealer Manager may reallow out of its dealer manager fee a marketing fee and due diligence expense reimbursement of up to 1.5% of the gross proceeds of Shares sold by Dealers participating in the offering of Shares, based on such factors as the number of Shares sold by such participating Dealer, the assistance of such participating Dealer in marketing the offering of Shares, and bona fide conference fees incurred.

The parties hereby agree that the foregoing commission is not in excess of the usual and customary distributors' or sellers' commission received in the sale of securities similar to the Shares, that Dealer's interest in the offering is limited to such commission from the Dealer Manager and Dealer's indemnity referred to in Section 4 of the Dealer Manager Agreement, that the Company is not liable or responsible for the direct payment of such commission to the Dealer.

V. Payment

Payments of selling commissions will be made by the Dealer Manager (or by the Company as provided in the Dealer Manager Agreement) to Dealer within 30 days of the receipt by the Dealer Manager of the gross commission payments from the Company.

VI. Right to Reject Orders or Cancel Sales

All orders, whether initial or additional, are subject to acceptance by and shall only become effective upon confirmation by the Company, which reserves the right to reject any order. Orders not accompanied by a Subscription Agreement and Signature Page and the required check in payment for the

Shares may be rejected. Issuance and delivery of the Shares will be made only after actual receipt of payment therefor. If any check is not paid upon presentment, or if the Company is not in actual receipt of clearinghouse funds or cash, certified or cashier's check or the equivalent in payment for the Shares within 15 days of sale, the Company reserves the right to cancel the sale without notice. In the event an order is rejected, canceled or rescinded for any reason, the Dealer agrees to return to the Dealer Manager any commission theretofore paid with respect to such order.

VII. Prospectus and Supplemental Information

Dealer is not authorized or permitted to give and will not give, any information or make any representation concerning the Shares except as set forth in the Prospectus and supplemental information. The Dealer Manager will supply Dealer with reasonable quantities of the Prospectus, any supplements thereto and any amended Prospectus, as well as any supplemental information, for delivery to investors, and Dealer will deliver a copy of the Prospectus and all supplements thereto and any amended Prospectus to each investor to whom an offer is made prior to or simultaneously with the first solicitation of an offer to sell the Shares to an investor. The Dealer agrees that it will not send or give any supplements thereto and any amended Prospectus to that investor unless it has previously sent or given a Prospectus and all supplements thereto and any amended Prospectus to that investor or has simultaneously sent or given a Prospectus and all supplements thereto and any amended Prospectus with such supplemental information. Dealer agrees that it will not show or give to any investor or prospective investor or reproduce any material or writing which is supplied to it by the Dealer Manager and marked "dealer only" or otherwise bearing a legend denoting that it is not to be used in connection with the sale of Shares to members of the public. Dealer agrees that it will not use in connection with the offer or sale of Shares any material or writing which relates to another Company supplied to it by the Company or the Dealer Manager bearing a legend which states that such material may not be used in connection with the offer or sale of any securities other than the Company to which it relates. Dealer further agrees that it will not use in connection with the offer or sale of Shares any materials or writings which have not been previously approved by the Dealer Manager. Each Dealer agrees, if the Dealer Manager so requests, to furnish a copy of any revised preliminary Prospectus to each person to whom it has furnished a copy of any previous preliminary Prospectus, and further agrees that it will itself mail or otherwise deliver all preliminary and final Prospectuses required for compliance with the provisions of Rule 15c2-8 under the Securities Exchange Act of 1934. Regardless of the termination of this Agreement, Dealer will deliver a Prospectus in transactions in the Shares for a period of 90 days from the effective date of the Registration Statement or such longer period as may be required by the Securities Exchange Act of 1934. On becoming a Dealer, and in offering and selling Shares, Dealer agrees to comply with all the applicable requirements under the Securities Act of 1933, and the Securities Exchange Act of 1934. Notwithstanding the termination of this Agreement or the payment of any amount to Dealer, Dealer agrees to pay Dealer's proportionate share of any claim, demand or liability asserted against Dealer and the other Dealers on the basis that Dealers or any of them constitute an association, unincorporated business or other separate entity, including in each case Dealer's proportionate share of any expenses incurred in defending against any such claim, demand or liability.

VIII. License and Association Membership

Dealer's acceptance of this Agreement constitutes a representation to the Company and the Dealer Manager that Dealer is a properly registered or licensed broker-dealer, duly authorized to sell Shares under Federal and state securities laws and regulations and in all states where it offers or sells Shares, and that it is a member in good standing of the NASD. This Agreement shall automatically terminate if the Dealer ceases to be a member in good standing of such association, or in the case of a foreign dealer, so to conform. Dealer agrees to notify the Dealer Manager immediately if Dealer ceases to be a member in good standing, or in the case of a foreign dealer, so to conform. The Dealer Manager

also hereby agrees to abide by the Rules of Fair Practice of the NASD and to comply with Rules 2730, 2740, 2420 and 2750 of the NASD Conduct Rules.

IX. Limitation of Offer

Dealer will offer Shares only to persons who meet the financial qualifications set forth in the Prospectus or in any suitability letter or memorandum sent to it by the Company or the Dealer Manager and will only make offers to persons in the states in which it is advised in writing that the Shares are qualified for sale or that such qualification is not required. In offering Shares, Dealer will comply with the provisions of the Rules of Fair Practice set forth in the NASD Manual, as well as all other applicable rules and regulations relating to suitability of investors, including without limitation, the provisions of Article III.C. of the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc.

X. Termination

Dealer will suspend or terminate its offer and sale of Shares upon the request of the Company or the Dealer Manager at any time and will resume its offer and sale of Shares hereunder upon subsequent request of the Company or the Dealer Manager. Any party may terminate this Agreement by written notice. Such termination shall be effective 48 hours after the mailing of such notice. This Agreement is the entire agreement of the parties and supersedes all prior agreements, if any, between the parties hereto.

This Agreement may be amended at any time by the Dealer Manager by written notice to the Dealer, and any such amendment shall be deemed accepted by Dealer upon placing an order for sale of Shares after he has received such notice.

XI. Notice

All notices will be in writing and will be duly given to the Dealer Manager when mailed to 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092, and to Dealer when mailed to the address specified by Dealer herein.

XII. Attorney's Fees and Applicable Law

In any action to enforce the provisions of this Agreement or to secure damages for its breach, the prevailing party shall recover its costs and reasonable attorney's fees. This Agreement shall be construed under the laws of the State of Georgia and shall take effect when signed by Dealer and countersigned by the Dealer Manager.

THE DEALER MANAGER:

WELLS INVESTMENT SECURITIES, INC.

Attest:

By:_________________________	By:_________________________________
Name:_______________________	Leo F. Wells, III
Title:______________________	President

We have read the foregoing Agreement and we hereby accept and agree to the terms and conditions therein set forth. We hereby represent that the list below of jurisdictions in which we are registered or licensed as a broker or dealer and are fully authorized to sell securities is true and correct, and we agree to advise you of any change in such list during the term of this Agreement.

1. Identity of Dealer:

Name:____

Type of
entity:____
(to be completed by Dealer) (corporation, partnership or proprietorship)

Organized in the State of:____
(to be completed by Dealer) (State)

Licensed as broker-dealer in the following
States:____
(to be completed by Dealer)

Tax I.D. #:____

2. Person to receive notice pursuant to Section XI.

Name:____

Company:____

Address:____

City, State and Zip Code:____

Telephone No.:(_____)____

Telefax No.:(_____)____

AGREED TO AND ACCEPTED BY THE DEALER:

____
(Dealer's Firm Name)

By:____________________________________
Signature

Title:_________________________________

EXHIBIT 5.1

OPINION OF HOLLAND & KNIGHT LLP AS TO LEGALITY OF SECURITIES

[LETTERHEAD OF HOLLAND & KNIGHT LLP]

November 15, 2000

Wells Real Estate Investment Trust, Inc.
6200 The Corners Parkway, Suite 250
Norcross, GA 30092

Re: Wells Real Estate Investment Trust, Inc.
Registration Statement on Form S-11
Registration No. 333-44900

Ladies and Gentlemen:

We have acted as counsel to Wells Real Estate Investment Trust, Inc. (the "Company"), a Maryland corporation, in connection with the public offering and sale (the "Offering") of up to 125,000,000 shares of common stock, par value $0.01 per share. The Shares are being registered with the Securities and Exchange Commission (the "Commission") pursuant to a Registration Statement on Form S-11 filed with the Commission on August 31, 2000 (as amended, the "Registration Statement"). We are familiar with the documents and materials relating to the Company relevant to this opinion.

In rendering our opinion, we have examined the following:

(i) the Company's Amended and Restated Articles of Incorporation, as duly filed with the Department of Assessments and Taxation of the State of Maryland on August 16, 2000;

(ii) the Company's Bylaws, as amended to date;

(iii) the Registration Statement, including the Prospectus contained therein as part of the Registration Statement; and

(iv) Certificate of Status for the Company from the State of Maryland dated October 12, 2000;

(v) originals (or copies identified to our satisfaction) of such other documents and records of the Company, together with certificates of public officials and officers

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of the Company, and such other documents, certificates, records and papers as we have deemed necessary or appropriate for purposes of this opinion.

With respect to all of the foregoing documents, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to the originals of all documents submitted to us as certified or reproduced copies.

Assuming the foregoing, based on our review of the relevant documents and materials, and without further investigation, it is our opinion that:

1. The Company has been duly organized and is validly existing and in good standing under the laws of the State of Maryland.

2. At such time as (i) the Registration Statement has become effective with the Commission pursuant to the Securities Act of 1933, as amended, (ii) the Shares have been validly and properly issued by the Company pursuant to the Offering in the form and containing the terms described in the Registration Statement, and (iii) all legally required consents, approvals and authorizations of governmental regulatory authorities have been obtained, including without limitation, an appropriate order of effectiveness of the Commission, the Shares, when sold, will be legally issued, fully paid and non-assessable.

We hereby consent to the reference to our firm under the caption "Legal Opinions" in the Prospectus that forms a part of the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, however, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended, or that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Commission promulgated thereunder.

We undertake no obligation to update the opinions expressed herein at any time after the date hereof. This opinion letter is solely for the information and use of the addressee, and it may not be distributed, relied upon for any purpose by any other person, quoted in whole or in part, or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

Sincerely yours,

HOLLAND & KNIGHT LLP
/s/ Holland & Knight LLP

EXHIBIT 8.1

OPINION OF HOLLAND & KNIGHT LLP AS TO TAX MATTERS

[LETTERHEAD OF HOLLAND & KNIGHT LLP]

November 15, 2000

Wells Real Estate Investment Trust, Inc.
6200 The Corners Parkway, Suite 250
Norcross, GA 30092

Re: Wells Real Investment Trust, Inc.
Registration Statement on Form S-11
Registration No. 333-44900

Ladies and Gentlemen:

We have acted as counsel to Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), in connection with the registration of 135,000,000 shares of its common stock with the Securities and Exchange Commission pursuant to a Registration Statement on Form S-11, Registration No. 333-44900 (as amended, the "Registration Statement"), which includes the Company's Prospectus (as amended, the "Prospectus"). In connection therewith, we have been asked to provide an opinion regarding certain federal income tax matters related to the Company. Capitalized terms used in this letter and not otherwise defined herein have the meaning set forth in the Prospectus.

The opinions set forth in this letter are based on relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations thereunder (including proposed and temporary Regulations), and interpretations of the foregoing as expressed in court decisions, the legislative history, and existing administrative rulings, policies and practices of the Internal Revenue Service (the "Service") including its practices and policies indicated in private letter rulings (which rulings are not binding on the Service except, in the case of each such ruling, with respect to the specific taxpayer that receives such ruling), all as of the date hereof. These provisions and interpretations are subject to change, which may or may not be retroactive in effect, which changes could adversely affect the opinions rendered herein and the tax consequences to the Company and investors in the Company's common stock.

In rendering this opinion, we have examined the following documents: (1) the Registration Statement and the facts and descriptions set forth therein of the Company and its investments, activities, operations and governance; (2) the Company's Articles of Incorporation and Bylaws, both as amended, and stock ownership information provided by the Company; and (3) the Certificate of Limited Partnership and Agreement of Limited Partnership of Wells Operating Partnership, L.P. ("Wells OP"). The opinions set forth in this letter also are premised on certain additional information and representations through consultation with officers of the Company, including those contained in the Company's management representation certificate to us dated November 15, 2000 (the "Management Representation Certificate") and the Company's accountants, Arthur Anderson LLP, regarding certain facts and other matters (including among other things, representations as to the Company's stock ownership, assets, acquisitions, revenues, and distributions) as are germane to the determination that the Company has been and will be owned and operated in such a manner that the Company has and will continue to satisfy the requirements for qualification as a REIT under the Code.

We have made such factual and legal inquiries, including the procedures described above and examination of the documents set forth above, as we have deemed necessary or appropriate for purposes of our opinion. For purposes of rendering our opinion, however, we have not made an independent investigation or audit of the facts set forth in the above-referenced documents, including the Registration Statement and the Management Representation Certificate. We consequently have relied upon the representation in the Management Representation Certificate that the information presented therein and in such documents or otherwise furnished to us, is accurate.

In our review, we have assumed, with your consent, that all of the information representations and statements set forth in the documents that we reviewed (including, without limitation, the Management Representation Certificate) are accurate, true and correct, and each of the obligations imposed by any such document on the parties thereto, including obligations imposed under the Articles of Incorporation and Bylaws of the Company and the Wells OP Partnership Agreement, have been and will be performed or satisfied in accordance with their terms, except as specifically set forth otherwise in the Management Representation Certificate. Moreover, we have assumed that the Company and Wells OP have been and will continue to be operated in the manner described in the relevant corporate or partnership organizational documents and in the Prospectus. We assume for the purposes of this opinion that each of the Company and Wells OP is validly organized and duly incorporated or organized under the laws of the jurisdiction of such incorporation or organization. We also have assumed the genuineness of all signatures, the proper execution of all documents, the authenticity of all documents submitted to us as originals, the conformity to originals of documents submitted to us as copies, and the authenticity of the originals from which any copies were made.

Based upon, subject to, and limited by the assumptions and qualifications set forth herein, in the discussion in the Prospectus under the caption "Federal Income Tax Considerations" (which is incorporated herein by reference), and the discussion herein, we are of the following opinions as of the date hereof:

1. It is more likely than not that the Company was organized and has operated in conformity with the requirements for qualification and taxation as a real estate investment trust ("REIT") pursuant to Sections 856 through 860 of the Code for its taxable year ended December 31, 1999, and the continued operation of the Company in a manner consistent with the statements made in the Management Representation Certificate and the requirements for REIT qualification as described in the Prospectus will more likely than not enable the Company to continue to meet the requirements for qualification and taxation as a REIT.

2. The descriptions of the law and the legal conclusions contained in the Prospectus under the caption "Federal Income Tax Considerations" are correct in all material respects, and the discussion thereunder fairly summarizes the federal income tax considerations that are likely to be considered material to a holder of Common Stock.

We assume no obligation to advise you of any changes in our opinion subsequent to the delivery of this opinion letter, and we do not undertake to update this opinion letter. The Company's qualification and taxation as a REIT depends upon the Company's ability to meet on a continuing basis, through actual annual operating and other results, the various requirements under the Code described in the Prospectus with regard to, among other things, the sources of its gross income, the composition of its assets, the level and timing of its distributions to stockholders and the diversity of its stock ownership. Holland & Knight LLP will not review the Company's compliance with these requirements on a continuing basis. Accordingly, no assurance can be given that the actual results of the operations of the Company and Wells OP, the sources of their income, the nature of their assets, the level and timing of the Company's distributions to stockholders and the diversity of its stock ownership for any given taxable year will satisfy the requirements under the Code for qualification and taxation of the Company as a REIT. In addition, as noted above, our opinions are based solely on the documents that we have examined, the additional information that we have obtained, and the representations that have been made to us, and cannot be relied upon if any of the facts contained in such documents or in such additional information is, or later becomes, inaccurate or if any of the representations made to us is, or later becomes, inaccurate.

We also note that an opinion of counsel merely represents counsel's best judgment with respect to the probable outcome on the merits and is not binding on the Service or the courts. In certain instances with respect to matters for which there is no relevant authority, including the effect of certain transfer restrictions on the ability of the Company to satisfy the requirement for REIT qualification that its shares be transferable, our opinion is based on

authorities which we have considered to be analogous even though certain such authorities have been rendered obsolete for unrelated reasons by subsequent authorities. There can be no assurance that positions contrary to our opinions will not be taken by the Service, or that a court considering the issues would not hold contrary to our opinions.

We undertake no obligation to update the opinions expressed herein at any time after the date hereof. This opinion letter has been prepared solely for your use in connection with the filing of the Registration Statement on the date of this opinion letter and should not be quoted in whole or in part or otherwise referred to, nor filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

We hereby consent to the filing of our opinion as an exhibit to the Registration Statement and to the use of the name of our firm in the Registration Statement. In giving this consent, however, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended, or that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission promulgated thereunder.

Sincerely yours,

HOLLAND & KNIGHT LLP

/s/ Holland & Knight LLP

EXHIBIT 8.2

OPINION OF HOLLAND & KNIGHT LLP AS TO ERISA MATTERS

[LETTERHEAD OF HOLLAND & KNIGHT LLP]

November 15, 2000

Wells Real Estate Investment Trust, Inc.
6200 The Corners Parkway, Suite 250
Norcross, GA 30092

Re: Wells Real Estate Investment Trust Inc.
Registration Statement on Form S-11
Registration No. 333-44900

Ladies and Gentlemen:

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation which has elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes. The Company is registering 135,000,000 shares of its common stock (the "Shares") with the Securities and Exchange Commission pursuant to a Registration Statement on Form S-11, Registration No. 333-44900 (as amended, the "Registration Statement"), which includes the Company's Prospectus (as amended, the "Prospectus"), and has requested our opinion as to whether, pursuant to the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. (S)(S) 1001-1461 ("ERISA"), the assets of the Company will be treated as the assets of an employee benefit plan by virtue of any such plan's purchase of Shares.

In rendering this opinion, we have reviewed the Registration Statement and the Prospectus included therein and the Company's Articles of Incorporation and Bylaws, each as amended. We have assumed the authenticity of the documents provided and have not attempted to verify independently any factual information.

Based on and subject to the foregoing, we are of the following opinions as of the date hereof:

1. Assuming that the offering of Shares takes place as described in the Registration Statement, the Shares will more likely than not constitute "publicly-offered securities," as that term is used in regulations promulgated by the U.S. Department of Labor (the "Department") and codified at 29 C.F.R. (S) 2510.3-101. Accordingly, pursuant to and based upon the authority of such regulations, it is our opinion that it is more likely than not that, for purposes of ERISA, the assets of the Company will not be considered to be assets of any employee benefit plan purchasing Shares.

2. The descriptions of the law and the legal conclusions contained in the Prospectus under captions "Risk Factors - Retirement Plan Risks" and "ERISA Considerations" are correct in all material respects, and the discussion thereunder fairly summarizes the state of relevant law currently in effect with respect to an investment in Shares by employee benefit plans.

These opinions are based on existing law which is, to a large extent, the result of regulations and administrative interpretations issued by the Department. No assurance can be given that Department opinions or judicial decisions will not be rendered in the future which would modify the conclusions expressed in this opinion letter. We assume no obligation to advise you of any changes in our opinions subsequent to the delivery of this opinion letter, and we do not undertake to update this opinion letter.

The Company's qualification for the "publicly-offered securities" exemption under the Department's regulations also depends upon the Company's ability to meet on a continuing basis the various requirements under the regulations described in the Prospectus. Holland & Knight LLP will not review the Company's compliance with these requirements on a continuing basis.

Accordingly, no assurance can be given that the actual ownership of the Company for any given year will satisfy the requirements under ERISA and the Department's regulations for qualification for the above exemption. In addition, as noted above, our opinions are based solely on the documents that we have examined, the additional information that we have obtained, and the representations that have been made to us, and cannot be relied upon if any of the facts contained in such documents or in such additional information is, or later becomes, inaccurate or if any of the representations made to us is, or later becomes, inaccurate.

Further, an opinion of counsel merely represents counsel's best judgment with respect to the probable outcome on the merits and is not binding on the Department or the courts. In certain instances with respect to matters for which there is no relevant authority, including the effect of certain transfer restrictions on the ability of the Company to satisfy the requirements for qualification that its shares be freely transferable, our opinion is based on authorities which we have considered to be analogous even though certain such authorities have been rendered obsolete for unrelated reasons by subsequent authorities. There can be no assurance that positions contrary to our opinions will not be taken by the Department, or that a court considering the issues would not hold contrary to our opinions.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm in the Registration Statement. In giving this consent, however, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended, or that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission promulgated thereunder.

This opinion letter is solely for the information and use of the addressee, and it may not be distributed, relied upon for any other purpose by any other person, quoted in whole or in part, or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

Sincerely yours,

HOLLAND & KNIGHT LLP
/s/ Holland & Knight LLP

EXHIBIT 10.57

LEASE AGREEMENT FOR THE

MOTOROLA PLAINFIELD BUILDING

LEASE

BY AND BETWEEN

WHMAB REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership,
as Landlord

and

MOTOROLA, INC., a Delaware corporation, as Tenant.

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LEASE

THIS LEASE ("Lease"), made and entered into this __ day of December, 1999, between WHMAB REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership, having an address at c/o Archon Group, L.P., 1275 K Street, N.W., Suite 900, Washington, D.C. 20005, Attention: Vice President Real Estate, with a copy to Archon Group, L.P., 600 East Las Colinas Boulevard, Suite 1900, Irving, Texas 75039, Attention: Asset Manager (herein called "Landlord") and MOTOROLA, INC., a Delaware corporation, having an office at 425 North Martingale Road, Suite 1650, Schaumburg, Illinois 60173, Attention: CE Real Estate & Development, with a copy to Motorola, Inc., 20 Cabot Boulevard, Mansfield, Massachusetts 02048-1193, Attention: CE Real Estate & Development, (herein called "Tenant");

1. Premises.

A. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the real property located at 1111 Durham Road, South Plainfield, New Jersey 07080-2305, together with all of the improvements situated thereon, including, without limitation, the entire building, and related improvements (hereinafter the "Building"); as used herein, the term "Building" includes the land described in Exhibit A hereto, which Building Landlord and Tenant agree consists of 220,115 rentable square feet of office space (the "Office Space") and 16,595 rentable square feet of storage space (the "Storage Space") for all purposes in this Lease as shown on the floor plan, Exhibit A, attached hereto (the real property and the Building are hereinafter referred to collectively as the "Premises").

B. Landlord hereby grants to Tenant, during the Term of this Lease or any extension thereof, the exclusive use for Tenant's employees, invitees, visitors and agents of the parking areas adjacent to the Building.

C. Landlord hereby leases to Tenant the rooftop of the Building for the installation, operation, and maintenance of radio transmitting and receiving equipment, microwave, satellite or antennae communication system devices along with associated other electronic equipment which may be passive and/or active and mounting structures. Tenant shall notify Landlord prior to making any such installation, and all such installations shall be supervised by Landlord and shall be performed in accordance with Section 9; Landlord shall not be paid any supervision fee for such work, but shall be reimbursed for all reasonable out of pocket costs incurred by it in connection with the same. Tenant is hereby granted an easement, for the purpose of running transmission lines, cables, electrical lines and any other associated equipment from the Premises to the structures on the rooftop. Tenant, at Tenant's cost, during the term of this Lease and any extension thereof, shall maintain and repair the above mentioned equipment on the rooftop as necessary. Upon the expiration or other termination of this Lease, Tenant shall remove its equipment and cables installed on the rooftop of the Building or relating to this easement from the rooftop and repair any damage resulting from its installation and use, reasonable wear and tear excepted.

2. Term.

A. The term ("Term") of this Lease shall be for a period of ten (10) years, which term shall, subject to the provisions of Section 2.C., commence on the earlier to occur of (i) the date the Tenant substantially completes its improvements in the Premises as contemplated by Section 4.B., or (ii) November 1, 2000 (the "Commencement Date"). The Term is subject to extensions pursuant to agreement of the parties or the options hereinafter set forth.

B. The parties currently contemplate that Landlord will deliver the Premises to Tenant for early occupancy to complete its improvements therein upon completion of the Landlord's Work; the target date for such occupancy is May 1, 2000 (the "Early Occupancy Date"). Additionally, Landlord will cooperate with Tenant to allow Tenant to occupy (at Tenant's sole risk and expense) the Premises during the time that Landlord is performing Landlord's Work, provided that Landlord, in its reasonable judgment, does not believe that such occupancy will interfere with the performance of Landlord's Work. If Landlord allows Tenant to occupy the Premises prior to completion of Landlord's Work, Landlord may thereafter terminate such right if, in Landlord's reasonable judgment, Tenant's occupancy of, and work in, the Premises interferes with the performance of Landlord's Work. Tenant acknowledges that it has been advised that the Premises are currently occupied by another tenant that is obligated to move out so as to afford Landlord and Tenant possession of the Premises to perform the work herein contemplated. If such existing tenant should hold over and delay Tenant's occupancy of the Premises to a date beyond November 1, 2000, then Landlord shall pay to Tenant, to the extent Landlord receives the same, the difference between the base rent payable by such existing tenant under the terms of its lease and the increased rent payable by such existing tenant by virtue of such holding over. Landlord shall make such payments to Tenant within 15 business days after receipt thereof, and such payments shall be the sole remedy available for any failure to deliver possession of the Premises to Tenant by November 1, 2000. Landlord shall use all commercially reasonable efforts to enforce the terms of its existing lease to recover such difference between the base rent payable by the existing tenant and increased rent payable in case of a holdover, or, in lieu thereof, Landlord may directly pay such difference to such Tenant hereunder.

C. Notwithstanding the provisions of Sections 2.A. and 2.B., if and only if (i) performance of Landlord's Work takes a period of longer than four (4) weeks from the time the existing tenant vacates the Premises so as to permit the Landlord to commence Landlord's Work, (ii) the Commencement Date would occur on November 1, 2000, and (iii) because of Landlord's Work taking such longer period, the Tenant has a period of less than six (6) full calendar months from the Early Occupancy Date to November 1, 2000 in which to complete its work in the Premises, then notwithstanding the provisions of Sections 2.A. and 2.B., the Commencement Date shall be deferred on the day by day basis for each day in excess of four (4) weeks that it takes to substantially complete Landlord's Work, and the termination date of the Term shall be extended accordingly, but in the event the new termination date would occur other than on the last day of the calendar month, said termination date shall be on the last day of that month.

3. Base Rent.

Tenant shall pay to Landlord a late charge equal to three percent (3%) of any installment of monthly Base Rent and any other amount payable under this Lease that is paid late as liquidated damages to compensate Landlord for costs and inconveniences of special handling and disruption of cash flow. Notwithstanding the foregoing, no late charge will be assessed for the first occurrence of a late payment in any one calendar year.

A. Base Rent - Initial Term.

During the initial Term of the Lease, Tenant will pay rent to Landlord in advance and without demand at the office of the Landlord or at such other place as Landlord from time to time may notify Tenant in writing monthly base rent, (hereinafter "Base Rent") payable on the first day of each calendar month pursuant to the following schedule:

Lease Year	Months	Annual Base Rent Rate - Office Space	Annual Base Rent Rate - Storage Space	Aggregate Monthly Base Rent
1-5	1-60	$14.50 / RSF	$8.00 / RSF	$277,035.62
6-10	61-120	$15.50 / RSF	$8.80 / RSF	$296,484.88

with appropriate proration of Base Rent if the initial Term or any portion of the Term hereof should commence on a date other than the first day of a calendar month.

During the period (if any) between the Early Occupancy Date and the Commencement Date, Tenant shall have the right to occupy the Premises and such occupancy shall be subject to all of the provisions of this Lease; provided, however, Tenant shall have no obligation to pay Base Rent or Additional Rent during such period, but Tenant shall pay the cost of all utility services used by it during such period. Said early possession shall not advance the termination date of this Lease.

For purposes of this Lease, the term "Lease Year" means the one year period beginning on the Commencement Date and ending 364 days thereafter and the anniversary thereof each year.

The parties stipulate that the aggregate monthly Base Rent set forth above is payable in all events notwithstanding the actual rentable square feet contained in either the Office Space or the Storage Space, the parties having agreed that such areas are stipulated for all purposes of this Lease.

B. Base Rent - First and Second Renewal Term.

In the event Tenant exercises its option to extend the term of this Lease for the First Renewal Term or the Second Renewal Term (defined below), Tenant will pay Base Rent determined in accordance with Schedule 3.B hereto.

All the other terms and conditions of this Lease shall apply during the First Renewal Term and Second Renewal Term.

C. Additional Rent.

In addition to the Base Rent required to be paid by Tenant under this Section 3, Tenant shall pay to Landlord as additional rent all other amounts required to be paid by Tenant under Section 50. All amounts payable to Landlord under this Lease constitute rent and shall be payable without notice, demand, deduction or offset (unless specifically provided otherwise) to such person and at such place as Landlord may from time to time designate by written notice to Tenant.

4. Condition of Premises - Commencement Date.

A. Landlord shall diligently proceed to perform the environmental remediation work described in Exhibit B ("Landlord's Work"). Satisfactory performance of Landlord's Work and provision of the building allowances referred to in Section 4.C. are Landlord's only obligations with respect to performing work (or providing funds) in or with respect to the Premises to make the same ready for occupancy by Tenant.

With respect to Landlord's Work, the parties agree as follows:

(i) Such work shall be commenced as soon as the existing tenant vacates the Building, and shall be diligently prosecuted by Landlord until completion. Landlord shall use all reasonable efforts to complete such work as soon as possible, but shall not be liable in damages or otherwise (except as provided for in Section 2B and Section 6) for any delay in performing Landlord's Work, even if the same delays Tenant from taking possession of the Premises on the scheduled Commencement Date. Landlord shall endeavor to perform such work so as to minimize inconvenience to Tenant. Landlord shall provide to Tenant a schedule for Landlord's Work which shall be attached to this Lease as part of Exhibit B.

(ii) Upon notice from Landlord, the parties shall inspect the Premises and prepare a punchlist of any incomplete or unsatisfactory items in Landlord's Work. If the parties are unable to agree on the resolution of punchlist items, the matter shall be resolved according to Section 32, and such decision shall be final and binding upon the parties. All punchlist items for Landlord's Work shall be diligently completed by Landlord.

(iii) Landlord represents and agrees that, upon completion as provided in the schedule for Landlord's Work, the Landlord's Work and the roof and all structural portions of the Building will be in good repair and condition, and properly constructed in accordance with all applicable laws, statutes, orders, ordinances, rules and regulations.

(iv) Landlord represents and warrants to Tenant that except as may be disclosed in the Environmental Reports (as defined in Schedule 33), to the best of Landlord's actual knowledge (which is limited to the current actual knowledge of Stephen Abelman) as of the Early Occupancy Date and the Commencement Date, the Premises or the Building will not contain any

asbestos containing materials, lead paint or products that contain lead or polychloride biphenyls (PCB's).

B. Tenant Improvements.

With respect to Tenant Improvements, the parties agree as follows:

(i) Landlord and Tenant acknowledge and agree that Tenant is hereby authorized to (1) perform the work with regard to the shell and core of the Building more particularly described in Exhibit C-1 hereto (the "Base Building Improvements"), and (2) construct and install at the Premises those improvements (hereinafter the "Tenant Improvements") described in Exhibit C-2 hereto. Tenant shall, at its sole expense (but subject to reimbursement from the Base Building Allowance, the Architectural Allowance and the Tenant Improvement Allowance described below), construct the Base Building Improvements and Tenant Improvements in accordance with Section 4.B.(iii).

(ii) Tenant agrees that it will apply for, (and Landlord will join in any applications, if necessary) for any required building permits, and upon issuance promptly and diligently pursue construction of the Base Building Improvements and Tenant Improvements.

(iii) Prior to commencement of either the Base Building Improvements or Tenant Improvements, Tenant shall submit to Landlord detailed plans and specifications therefor. Landlord shall not unreasonably withhold or delay its approval of such plans and specifications, but may withheld its approval if any such improvements will adversely affect the Building's structure or its mechanical, heating, ventilating, air conditioning, electrical, or other systems. Landlord shall approve or disapprove such plans and specifications within ten (10) business days after receipt thereof from Tenant; if Landlord does not respond within such ten (10) business day period it shall be deemed to have approved the plans and specifications in question. After approval of any such plans and specifications, Tenant shall construct the Base Building Improvements and Tenant Improvements in strict compliance therewith, and shall not make any material alteration from such approved plans and specifications unless Landlord has approved such alteration. All work performed by Tenant shall be performed only by licensed contractors and subcontractors reasonably satisfactory to Landlord and such contractors and subcontractors shall procure and maintain insurance against such risks, in such amounts, and with such companies as Landlord may reasonably require for the scope of the specific contractor's work. Certificates of such insurance must be received by Landlord before any such work is commenced. All such work shall be performed in a good and workmanlike manner free from all defects, shall be in compliance with all applicable laws and legal requirements, and shall be pursued diligently to completion.

C. Tenant Improvement Allowance.

(i) Landlord has agreed to provide Tenant (1) an allowance (the "Base Building Allowance") of $1,350,000 to help defray the cost of certain of the Base Building Improvements, (2) an allowance (the "Tenant Improvement

Allowance") to help defray the cost of constructing the Tenant Improvements in an amount equal to $25 per rentable square foot of area

contained in the Office Space (aggregate amount $5,502,875.00) and $5 per rentable square foot of area contained in the Storage Space (aggregate amount $82,975), and (3) an allowance (the "Architectural Allowance") to help defray the cost of preparing plans for the Tenant Improvements equal to $2 per rentable square foot of area in the Office Space (aggregate amount $440,230) and $.75 per rentable square foot of area in the Storage Space (aggregate amount $12,446.25). Tenant shall have the right to utilize the Base Building Allowance to pay costs attributable to construction of the following Base Building Improvements only: a new Chiller (defined below); new fire protection system; installation of a fire alarm panel; curb cuts to comply with the Americans with Disabilities Act ("ADA") requirements; installation of two employee side entrance doors; restriping of handicap parking spaces, replacing exterior stairs and rails, reworking entrance doors, interior stair surfaces and rails, rails on interior ramps, toilet facility updates, drinking fountain changes, fitness center access, domestic water pump replacement, building modifications necessary to install the Chiller and any other modifications necessary for ADA compliance with respect to the exterior of the Premises and replacing elevator controls and lights as necessary to comply with the ADA. Tenant shall have the right to utilize the Architectural Allowance to pay all or any portion of the cost incurred by Tenant in preparing plans and specifications for the Tenant Improvements. Tenant shall have the right to utilize all or any portion of the Tenant Improvement Allowance for costs attributable to construction of the Tenant Improvements, telecommunications, permitting, mechanical and structural engineering, built-in furniture, moving, and voice and data cabling. If Tenant does not expend the full amount of the Base Building Allowance, the Architectural Allowance, or the Tenant Improvement Allowance for such costs, then Landlord shall have no responsibility for any further amounts in respect thereof. If and to the extent the Base Building Allowance, the Architectural Allowance, or the Tenant Improvement Allowance is insufficient to pay the costs of constructing the Base Building Improvements specified above, preparing the plans and specifications for the Tenant Improvements, or constructing the Tenant Improvements, respectively, Tenant shall bear all such excess costs and Landlord shall have no liability therefor.

(ii) The Base Building Allowance, the Architectural Allowance, and the Tenant Improvement Allowance will be paid at Tenant's option, either to Tenant or to Tenant's contractors on a monthly basis upon satisfaction of the following requirements: (i) Landlord has received Tenant's direction to make such disbursements, together with Tenant's certification that the amounts requested have been expended in accordance with the provisions hereof for the above-specified Base Building Improvements, Tenant Improvements, or the plans and specifications therefor, as applicable, at least ten (10) business days prior to the date such sums are due to Tenant or Tenant's contractors, and (ii) Tenant has delivered to Landlord such sworn statements, affidavits and lien waivers from major contractors, subcontractors and material suppliers as Landlord may reasonably require. Landlord shall pay to Tenant or to Tenant's contractors the installment of the allowance in question within ten (10) business days after the request therefor in writing to Landlord and the full satisfaction of the above stated requirements, or Landlord shall be in default of this Lease and Tenant shall have the right (after having given Landlord a further ten (10) business days' notice to Landlord of its failure to make the payment in question) to deduct or setoff the amount of the Tenant Improvement Allowance, the Base Building Allowance and/or the Architectural Allowance from any Base Rent or Additional Rent to become due to Landlord until the unpaid allowances are fully recovered by Tenant.

(iii) Subject to Landlord's rights under Section 4.B.(iii), Tenant shall have the right to use contractors and subcontractors of its own selection. Tenant reserves the right to reject any and all proposals and to award the work in its sole discretion as it deems fit.

(iv) Landlord shall be paid a construction supervision fee of 2% of the amount of the Tenant Improvement Allowance in connection with supervision of construction of the Tenant Improvements. No construction supervision fee shall be paid in connection with the Base Building Allowance or the Architectural Allowance. Such construction supervision fee shall be paid monthly as draws are made in respect of the Tenant Improvement Allowance based on the amount so drawn. Tenant will not be charged for the use of elevators, hoists, security costs, or access to loading docks during construction of Tenant Improvements or in connection with Tenant's move into the Premises. Landlord shall have no obligation to provide security in conjunction with the construction of the Tenant Improvements, and Tenant shall be responsible therefor.

5. Use.

Tenant shall have the right to use the Premises for any lawful purpose permitted by applicable zoning ordinances. Tenant in its use and occupancy of the Premises shall not commit waste, nor overload the floors or structure, nor subject the Premises to any use which would tend to damage any portion thereof, provided such tendency to cause damage is reasonably foreseeable.

6. Occupancy.

If Landlord, for any reason, cannot deliver the Premises in condition for occupancy by Tenant to conduct its business therein on the Commencement Date specified in Section 2 of this Lease, then as the sole remedy therefor, rent shall abate for the period between said Commencement Date and the time when Landlord can deliver such possession, and Landlord shall pay Tenant those amounts (if any) as provided for in Section 2.B.

7. Compliance.

Tenant shall, during the Term of this Lease conform the use Tenant makes of the Premises to all applicable laws, statutes, orders, ordinances, rules and regulations of all federal, state or political subdivisions having jurisdiction over the Premises, now in force or that may be enacted hereafter, provided that the provisions of this Section 7 shall not require the Tenant to rebuild, repair or alter the Premises and/or the improvements forming a part of the Premises to make said Premises and/or improvements comply with any such laws, statutes, orders, ordinances, rules or regulations.

8. No Waste or Damage.

Tenant shall not commit any waste upon or do any damage to the Premises. Tenant shall not use or permit the use of the Premises for any unlawful purpose. Tenant shall not permit any rubbish, refuse or garbage to accumulate or create a fire hazard in or about the Premises. In

connection with its occupancy of the Premises, Tenant shall not use the Premises in violation of any laws, ordinances, regulations or orders of any duly constituted authorities of the city, county, state and federal government.

9. Changes, Alterations and Additions.

No material changes, alterations or additions shall be made to the Premises by Tenant without the prior approval of Landlord, which approval shall not be unreasonably withheld. For purposes of this Section 9, a "material" change, alteration or addition shall be a change that requires the expenditure of a sum in excess of One Hundred Thousand and 00/100 Dollars ($100,000.00). Prior to making any such changes, alterations or additions, Tenant shall submit written plans and drawings respecting same to Landlord and Landlord shall approve or disapprove same within fifteen (15) business days after receipt thereof, and if Landlord fails to disapprove such plans and drawings by notice in writing to Tenant within such time, they shall be deemed approved. All changes, alterations and additions shall comply with the applicable City, County and State laws, statutes, orders, ordinances, rules and regulations. Landlord agrees, if necessary, to join in any applications to governmental authorities for such permits as may be required to do the work contemplated in this Section 9. Any permanent additions to or alterations of the Premises which cannot be removed without material damage to the Premises, except removable paneling and wall fixtures and furniture and trade fixtures (and further excluding all signs, and goods and materials used in the Tenant's business) shall become a part of the realty and belong to Landlord unless otherwise agreed by Landlord and Tenant; Landlord may condition its approval of any material change, alteration, or addition to the Premises upon Tenant's agreeing to remove any such item from the Premises upon expiration or termination of the Term. Tenant's removable paneling and wall fixtures and furniture, trade fixtures, signs, goods and materials used in Tenant's business shall at all times remain personal property and may be removed from time to time by Tenant or other occupants of the Premises, provided, however, that Tenant shall be responsible for the cost of repair of any physical injury to the Premises caused by the removal of any such property, but not for any diminution in value of the Premises caused by the absence of the property removed or by any necessity for replacing such property.

10. Ingress and Egress.

The Landlord grants to Tenant the nonexclusive right to ingress and egress to the Premises over (a) the existing streets and highways adjoining the Premises and (b) any and all portions of the property and the Building of which the Premises are a part. Tenant shall have full and unimpaired access to the Premises at all times except as provided in Sections 12, 16 and 17. The Landlord will not interrupt or disturb any entrances, and will use all reasonable means to prevent any interruption, disturbance or deprivation by any third party.

11. Abandonment.

Tenant shall endeavor to continuously occupy the Premises and not vacate or abandon the Premises at any time during said lease Term or any extension thereof for more than thirty (30) consecutive days unless required to do so by duly authorized legal authority or other cause

beyond Tenant's reasonable control. Notwithstanding the foregoing, in the event Tenant fails to occupy the Premises for period of thirty (30) consecutive days or longer but is still making rent payments to Landlord as required under this Lease, Tenant's failure to occupy the Premises shall not be deemed to be an abandonment or vacation of the Premises or a default under the Lease.

12. Repairs.

A. Landlord's Obligation. This Lease is intended to be a modified net lease; accordingly, Landlord's maintenance obligations under this Lease are limited solely to the following items and the items in Section 12.C. Landlord, at Landlord's cost, during the Term of this Lease and any extension thereof, shall make all necessary repairs and replacements to (1) the roof (Landlord shall be responsible for an annual inspection and maintenance, as necessary, of the roof) and all structural portions of the Premises, including structural members of the exterior walls and foundation piers (the "Building Structure") and (2) the driveways serving the Building to the extent that such repairs are caused by acts of God and are of such a material nature that such repairs would capitalized under generally accepted accounting principles, in each case except for damage caused by Tenant or its contractors, invitees, or agents (each a "Tenant Party"). In addition, at Landlord's cost, Landlord shall make all repairs to the interior of the Premises which may be of a structural nature or which are caused by structural failures or movement, or repairs to the interior of the Premises made necessary by leakage of the roof; provided however, that (1) Landlord shall not be obligated to make repairs for any damage caused by a Tenant Party and (2) Landlord shall not be responsible for any work under this Section 12 until Landlord has been provided a reasonable time to perform such work after Tenant delivers to Landlord written notice of the need therefor. The Building's Structure shall not include windows, glass or plate glass, doors, special store fronts or office entries, all of which shall be maintained by Tenant.

B. Tenant's Obligations. Tenant, during the Term of this Lease and any extension thereof, agrees to keep in good order and repair all areas of the Building and the related landscaping (except for maintenance work which Landlord is expressly responsible for under Sections 12.A. and 12.C.). Tenant shall also provide maintenance for the plumbing and light fixtures and shall replace any glass which may be damaged or broken with glass of the same quality. Tenant agrees to surrender the Premises in good order and repair, reasonable wear and tear and ordinary deterioration (taking Tenant's maintenance and repair obligations as set forth under this Lease into consideration), and loss, damage or destruction from any cause and/or the taking of, damage to, or reduction of the size of, the Premises by eminent domain, all excepted.

C. Chiller. Tenant acknowledges that Landlord is providing, as part of the Base Building Allowance, an allowance to Tenant to enable Tenant to purchase and install a new chiller for the heating, ventilation and air-conditioning system within the Premises (the "Chiller"). Prior to purchasing the Chiller, Tenant shall submit Tenant's selection of such Chiller for Landlord's prior approval, which approval shall not be unreasonably withheld or delayed so long as the proposed Chiller is reasonably suited for the Building (including the capacity thereof), is made by a manufacturer reasonably acceptable to Landlord, and has: (i) as to the Chiller itself, at least one (1) year and (ii) as to the compressor component, a five (5) year parts and labor warranty naming Landlord as the owner thereunder. During the Term of this

Lease and any extension thereof, Tenant at its expense, shall provide proper, periodic and normal maintenance and inspection for such heating and air conditioning equipment so as to keep Chiller in good repair and condition and in accordance with law and with the Chiller manufacturers' suggested operation/maintenance program. Within thirty (30) days after the Commencement Date, Tenant shall enter into a regularly scheduled preventative maintenance/service contract for the Chiller, in compliance with Landlord's specifications and otherwise in form and substance and with a contractor reasonably acceptable to Landlord and the equipment manufacturer, and deliver a copy thereof to Landlord. At least thirty days before the end of the Term, Tenant shall deliver to Landlord a certificate from an engineer reasonably acceptable to Landlord certifying that the Chiller is then in good repair and working order. If the Chiller requires repairs or replacement of parts, or both, of a major or substantial nature (i.e., in excess of proper, periodic and normal maintenance and inspection), these repairs or replacements, or both, shall be made by Landlord at its expense, unless (1) Tenant's misuse or abuse of the same necessitates the repair or replacement, or both or (2) Tenant fails to keep the Chiller within the suggested operations/service program of the equipment manufacturer in question or otherwise allows the manufacturer's warranty to expire or lapse. Tenant shall transfer to Landlord all warranties received from the manufacturers, dealers and/or installers of such Chiller.

13. [omitted]

14. Utilities and Services.

Tenant shall pay for all water, heat, gas, fuel, electricity, telephone service and all other services in the nature of utility services supplied to the Premises for use by Tenant as well as services supplied to Tenant in the operation of its business, together with any taxes thereon.

15. Inspection.

Tenant will allow Landlord access to the Premises at reasonable times during normal working hours for the purpose of examining or exhibiting the same or making repairs Landlord is required to make, subject to Section 56. Unless Tenant has given notice to Landlord to extend the Term of this Lease, Landlord may place on the Premises at any time within one hundred eighty (180) days prior to the expiration of the lease Term or any extension thereof, if extended, notices of "For Sale", or "For Rent".

16. Damage or Destruction of Premises.

A. In the event of minor damage (less than fifty percent (50%) to the Premises by fire or any other cause which renders the Premises untenable in part but Tenant is able in its sole judgment to conduct its business therein, and Tenant continues to occupy them in part, the rent shall be apportioned and reduced from the date the damage occurs in the proportion that the unoccupied portion of the Premises bears to the entire Premises until the damage has been repaired.

B. In the event of substantial damage (fifty percent (50%) or more) (including destruction) to the Premises by fire or any other cause which renders the Premises untenable in whole or in such part that it is impracticable for Tenant to conduct its business therein, the rent shall wholly abate and be apportioned from the date the damage occurs until the damage has been repaired.

C. In the event of either minor or substantial damage, unless this Lease is terminated as provided in Section 16.D., Landlord shall commence within a reasonable time after such damage has occurred to repair the Premises to the condition in which they were immediately prior to such damage, and Landlord shall complete such repair with due diligence. In the event of any damage to the Premises Landlord shall, within sixty (60) days after the date such damage occurs, deliver to Tenant a good faith estimate of the time needed to repair such damage. If a material portion of the Premises are so damaged that Tenant is prevented from conducting its business therein in a manner reasonably comparable to that conducted immediately before such damage, and Landlord estimates that the damage cannot be repaired within 270 days after the date of the occurrence, then Tenant may terminate this Lease pursuant to Section 6.D.

D. If (i) the Premises are damaged at any time during the last twelve (12) months of the initial lease Term or at any time during the last twelve (12) months of any extension term by fire or any other cause to the extent of fifty percent (50%) or more of the replacement value thereof as of the date such damage occurs or (ii) any mortgagee holding a lien against the Building requires that the applicable insurance proceeds be applied to its indebtedness rather than to restoration of the Premises or (iii) if the Premises are damaged, Tenant is unable to reasonably occupy the same and Landlord estimates that the time to repair the damage will exceed 270 days, all as provided in Section 16.C., then this Lease, except as provided in Section 16.E., may be terminated at the election of either Landlord (in the case of clauses (i) and (ii)) or Tenant (in the cases of clauses (i) and (iii)) by giving notice in writing of such election to the other party within thirty (30) days from the later of the date the damage occurs or the date that Landlord's mortgagee notifies it that it will so apply insurance proceeds to its indebtedness (as to clauses (i) and (ii)), or within thirty (30) days after Landlord delivers its damage repair notice to Tenant (as to clause (iii)). Upon such termination, any unearned rent or other payments paid in advance beyond the date of damage shall immediately be refunded to Tenant.

E. If Landlord elects to terminate this Lease under Section 16.D.(i), Tenant may by written notice to Landlord exercise any remaining option to renew under Section 27 within twenty (20) days after receipt of Landlord's notice of termination, and in such event, Landlord's notice of termination shall be void, and Landlord shall repair the Premises as herein provided.

17. Condemnation.

A. If the whole or any substantial part (fifty percent (50%) or more) of the Premises shall be taken or condemned by any competent authority for any public use or purpose, the Term of this Lease shall end upon, and not before, the date when the possession of the part so taken shall actually be required for such use or purpose. Current rent shall thereupon be apportioned as of the date of such termination.

B. If only an insubstantial part (less than fifty percent (50%) of the Premises shall be taken or condemned, and Tenant is able, in its sole judgment, to continue to operate its business in the Premises, and such taking or condemnation does not give Tenant the right to terminate this Lease, this Lease shall continue in full force and effect, and the rental due thereunder shall abate proportionately to the extent that Tenant is deprived of usable area either in the Premises or otherwise, and as of the date of such deprivation. If Tenant is not able, in its sole judgment, to continue normal business operation, Tenant may terminate this Lease immediately upon written notice to Landlord. In the event this Lease is not terminated under this Section 17.B., Landlord shall, at Landlord's sole cost and expense, but only to the extent any condemnation award is made available to Landlord therefor, restore the remaining portion of the Premises to the extent necessary to render them reasonably suitable for the purposes for which they were leased, and shall make all repairs to the Premises to the extent necessary to constitute the Premises a complete architectural unit.

C. In any such case, whether this Lease is terminated or not, each party shall be entitled to claim and receive an award of damages suffered by it by reason of such taking. Landlord shall be entitled to receive and retain the entire award or consideration for the affected lands and improvements and Tenant shall not have or advance any claims against Landlord for the value of its property or its leasehold estate or the unexpired term of this Lease or for costs of removal or relocation or business interruption expense or any other damages arising out of the taking or purchase. Nothing herein shall give Landlord any interest in, or preclude Tenant from seeking and recovering on its own account from the condemning authority, any award of compensation attributable to the taking or purchase of Tenant's chattels or trade fixtures or attributable to Tenant's relocation expense or loss of goodwill provided that any such separate claim by Tenant shall not reduce or adversely affect the amount of Landlord's award. If any such award made or compensation paid to Tenant specifically includes an award or amount for Landlord, Tenant shall promptly account therefor to Landlord.

18. Landlord's Liability.

Landlord shall not be liable for damage to property of Tenant in the

Premises or for injury to person unless such damage or injury is caused by (A) Landlord's failure to make repairs or perform any obligations which Landlord is obligated to make under this Lease or (B) is caused by the fault or negligence of Landlord, Landlord's agents, employees, contractors, subcontractors, invitees, licensees or other authorized representatives. In all events, the liability of Landlord (and its partners, shareholders, or members) to Tenant or any person or entity claiming by, through, or under Tenant, for any default by Landlord under the terms of this Lease or any matter relating to or arising out of the occupancy or use of the Premises and/or the Building shall be limited to Tenant's actual direct, but not consequential, damages therefor, and shall be recoverable only from the interest of Landlord in the Building, and Landlord (and its partners, shareholders, or members) shall not be personally liable for any deficiency.

19. Default.

A. If any default of either party continues uncorrected for thirty (30) days (seven (7) days in the case of a default in the payment of rent or other amount due hereunder) after receipt

of written notice from the other party, stating with particularity the nature and extent of the default, the party giving such notice may cancel this Lease by written notice of cancellation; provided, however, that such notice of cancellation shall not cancel this Lease if within thirty (30) days (seven (7) days in the case of a default in the payment of rent or other amount due hereunder) after its receipt the party in default either (i) undertakes to correct such default or (ii) contests the existence of the default in a court of competent jurisdiction and complies with the final order of any court in which the case is tried or the final order of any court to which an appeal is taken within thirty (30) days after entry of final judgment. No delay or omission of either party in exercising any right accruing upon any default of the other party shall impair any such right or be construed to be a waiver thereof, and every such right may be exercised at any time during the continuance of such default. A waiver by either of the parties of a breach or a default under any of the terms and conditions of this Lease by the other party shall not be construed to be a waiver thereof, and every such right may be exercised at any time during the continuance of such default. A waiver by either of the parties of a breach or a default under any of the terms and conditions of this Lease by the other party shall not be construed to be a waiver of any subsequent breach or default or of any other term or condition of this Lease. No remedy provided in this Lease shall be exclusive, but each shall be cumulative with all other remedies provided in this Lease and at law or equity.

B. Should either of the parties at any time fail or omit to do any act or thing provided under this Lease to be done by such party, then the other party may, in its sole discretion, itself do or cause to be done such act or thing after expiration of the applicable grace period and pursue all of its remedies against the other party. Prior to exercising its rights under this Section 19.B., the party desiring to do so shall first give the other party an additional written notice and an additional period of time of not less than thirty (30) days within which to perform the obligation in question. Further, if the unperformed obligation in question is of such a nature that it may not be reasonably performed or cured within a period of thirty (30) days, then so long as the obligated party commences to take curative action within such thirty (30) day period and thereafter continues such cure with diligence and continuity, then the other party shall not be entitled to exercise any rights under this Section 19.B.

C. In the event of a dispute between the parties which requires a party hereto to seek redress through an action at law or in equity (or to seek redress through a form of Alternative Dispute Resolution) the losing party shall pay, upon demand, all of the prevailing party's costs, charges and expenses, including reasonable attorneys' fees, incurred by such prevailing party in connection with the resolution of such dispute; provided, however, attorneys' fees shall be due and payable only if the prevailing party is required to file suit due to default by the losing party. For purposes of this Section, the term "losing party" shall mean the party which obtains substantially less relief than originally sought by such party in the legal or equitable action (or Alternative Dispute Resolution forum) and the term "prevailing party" shall mean the party which obtained substantially the relief sought by such party in the legal or equitable action (or Alternative Dispute Resolution forum).

20. Bankruptcy.

In the event the estate created hereby shall be taken in execution or by other process of law, or if Tenant shall be adjudicated insolvent or bankrupt pursuant to the provisions of any state or federal insolvency or bankruptcy law, or if a receiver or trustee of the property of Tenant shall be appointed by reason of Tenant's insolvency or inability to pay its debts, or if any assignment shall be made of Tenant's property for the benefit of creditors, then and in any of such events, Landlord may terminate this Lease by written notice to Tenant; provided, however, if the order of the court creating any of such disabilities shall not be final by reason of pendency of such proceeding, or appeal from such order, then Landlord shall not have the right to terminate this Lease so long as Tenant performs its obligations hereunder.

21. Insurance; Waivers; Subrogation; Indemnity.

A. Tenant's Insurance. Tenant shall maintain throughout the Term the following insurance policies: (1) commercial general liability insurance in amounts of $3,000,000 per occurrence or, following the expiration of the initial Term, such other amounts as Landlord may from time to time reasonably require, insuring Tenant, Landlord, Landlord's agents and Landlord's partners against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises, (2) insurance covering the full value of Tenant's property and improvements, and other property (including property of others) in the Premises, (3) contractual liability insurance sufficient to cover Tenant's indemnity obligations hereunder (but only if such contractual liability insurance is not already included in Tenant's commercial general liability insurance policy), (4) worker's compensation insurance, and (5) business interruption insurance. Tenant's insurance shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy. Tenant shall furnish to Landlord certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days before cancellation or a material change of any such insurance policies. All such insurance policies shall be in form, and issued by companies, reasonably satisfactory to Landlord.

B. Landlord's Insurance. Throughout the Term of this Lease, Landlord shall maintain, as a minimum, the following insurance policies: (1) fire and extended risk insurance for the Building's replacement value and (2) commercial general liability insurance in an amount of not less than $3,000,000. The cost of all insurance carried by Landlord with respect to the Building shall be included in Operating Costs.

C. No Subrogation. Landlord and Tenant each waives any claim it might have against the other for any injury to or death of any person or persons or damage to or theft, destruction, loss, or loss of use of any property (a "Loss"), to the extent the same is insured against under any insurance policy that covers the Building, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, or, in the case of Tenant's waiver, is required to be insured against under the terms hereof, regardless of whether the negligence of the other party caused such Loss. Each party shall cause its insurance carrier to endorse all

applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party.

D. Indemnity. Subject to Section 21.C., Tenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages, and expenses (including reasonable attorneys' fees) arising from (1) any Loss arising from any occurrence on the Premises, or (2) Tenant's failure to perform its obligations under this Lease, even though caused or alleged to be caused by the negligence or fault of Landlord or its agents (other than a Loss arising from the sole or gross negligence of Landlord or its agents), This indemnity is intended to indemnify Landlord and its agents against the consequences of their own negligence or fault as provided above when Landlord or its agents are jointly, comparatively, contributively, or concurrently negligent with Tenant. Subject to Section 21.C., Landlord shall defend, indemnify, and hold harmless Tenant and its agents from and against all claims, demands, liabilities, causes of action, suits, judgments, and expenses (including reasonable attorneys' fees) for any Loss arising from any occurrence in the Building's common areas, even though caused or alleged to be caused by the negligence or fault of Tenant or its agents (other than a Loss arising from the sole or gross negligence of Tenant or its agents). This indemnity is intended to indemnify Tenant and its agents against the consequences of their own negligence or fault as provided above when Tenant or its agents are jointly, comparatively, contributively, or concurrently negligent with Landlord. The indemnities set forth in this Section 21.D. shall survive termination or expiration of this Lease and shall not terminate or be waived, diminished or affected in any manner by any abatement or apportionment of Rent under any provision of this Lease. If any proceeding is filed for which indemnity is required hereunder, the indemnifying party agrees, upon request therefor, to defend the indemnified party in such proceeding at its sole cost utilizing counsel satisfactory to the indemnified party.

22. Tenant's Self-Insurance.

Tenant may provide self-insurance in lieu of the insurance required in Section 21.A., whether by the establishment of an insurance fund or reserve to be held and applied to make good losses from casualties, or otherwise, which conforms to the practice of large corporations maintaining systems of self-insurance. As a condition to establishing a self-insurance plan in lieu of the insurance provided in Section 21.A., Tenant shall deliver to Landlord the following (collectively, the "Self-Insurance Documents"): (1) a certificate of an independent actuary or other independent, qualified person reasonably acceptable to Landlord stating that the self-insurance plan is adequate to provide the protection of the insurance policies described in Section 21.A.; (2) a balance sheet as of the end of the most recent quarter of the then-current fiscal year of Tenant (or, if the first quarter in such fiscal year has not expired, the last quarter of the previous fiscal year), prepared by a national firm of certified public accountants (reasonably acceptable to Landlord) in accordance with generally accepted accounting principles consistently applied ("GAAP"), accompanied by such accounting firm's opinion that the Tangible Net Worth of Tenant exceeds $100,000,000; and (3) a letter (a "Compliance Letter") certifying that, to Tenant's best knowledge, such information is true and correct in all material respects as of the date stated, there has been no material adverse change in the financial condition of Tenant since such date, and there are no lawsuits pending (individually or in the aggregate) which, if

adversely decided, could reasonably be expected to have a material adverse effect on Tenant's financial condition. Thereafter, Tenant shall deliver to Landlord as soon as available (and in any event within 60 days) after the end of each fiscal year, a balance sheet for such fiscal year, prepared by a national firm of certified public accountants (reasonably acceptable to Landlord) in accordance with GAAP, accompanied by such accounting firm's unqualified opinion that the Tangible Net Worth of Tenant exceeds $100,000,000, together with a Compliance Letter. If at any time Tenant's Tangible Net Worth is less than $100,000,000 or if the contents of the Compliance Letter is not reasonably satisfactory to Landlord, then Tenant shall be required to immediately obtain and maintain the insurance provided for in Section 21.A. If Tenant self-insures any of the risks to which coverage is required under Section 21.A., Tenant's self-insurance program shall be amended to include the waivers of subrogation and the additional insured status mentioned above in favor of Landlord and its agents and partners. Furthermore, (a) the self-insurance protection shall be equivalent to the coverage required above and Tenant shall not be relieved from the indemnification obligations of this Lease, and (b) the Self-Insurance Documents shall indicate the additional insured status mentioned above as well as the waivers of subrogation, and shall state that Landlord will be notified in writing 30 days prior to cancellation or material change of such self-insurance program. If Tenant fails to comply with the requirements relating to self-insurance and insurance, Landlord may obtain such insurance and Tenant shall pay to Landlord immediately on demand the premium cost thereof. It is expressly understood that the self-insurance permitted above does not relieve Tenant of its statutory obligations under the New Jersey Workers' Compensation Act. If Tenant self-insures under this Section 22 and is obligated to defend Landlord under any provision of this Lease, Landlord shall have the right to engage special counsel for its defense at Tenant's expense, and Tenant shall pay, as incurred from time to time, Landlord's reasonable attorneys' fees and expenses (including, without limitation, expert witness fees) relating to Landlord's defense. As used herein, "Tangible Net Worth" means the excess of total assets over total liabilities (in each case, determined in accordance with GAAP) excluding from the determination of total assets all assets which would be classified as tangible assets under GAAP, including, without limitation, goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises.

23. Mechanic's Liens.

The Tenant will not permit any mechanic's or materialmen's or other liens to stand against the Premises for any labor or material furnished the Tenant in connection with work of any character performed on said Premises by or at the direction of the Tenant; and the Landlord will not permit any such liens for work or material furnished the Landlord to stand against such Premises. However, the Landlord and the Tenant shall respectively have the right to contest the validity or amount of any such lien, but upon the final determination of such questions shall immediately pay any adverse judgment rendered with all proper costs and charges and shall have the lien released at the contestant's own expense. If Landlord or Tenant desires to contest any such lien, then prior to commencing such contest it will furnish the other party with a bond, if requested, to secure the payment of such obligation.

24. Assignment or Subletting.

A. Transfers. Except as provided in Section 24.G., Tenant shall not, without the prior written consent of Landlord, (1) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (2) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization, (3) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a change in the current control of Tenant, (4) sublet any portion of the Premises, (5) grant any license, concession, or other right of occupancy of any portion of the Premises, or (6) permit the use of the Premises by any parties other than Tenant (any of the events listed in Section 24.A.(1) through 24.A.(6) being a "Transfer").

B. Consent Standards. Landlord shall not unreasonably withhold its consent to any assignment or subletting of the Premises, provided that the proposed transferee (A) is creditworthy, (B) has a good reputation in the business community, (C) will use the Premises for the use permitted herein, and (D) is not a governmental entity, or subdivision or agency; otherwise, Landlord may withhold its consent in its sole discretion.

C. Request for Consent. If Tenant requests Landlord's consent to a Transfer, then, at least 15 business days prior to the effective date of the proposed Transfer, Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Concurrently with Tenant's notice of any request for consent to a Transfer, Tenant shall pay to Landlord a fee of $1,000 to defray Landlord's expenses in reviewing such request.

D. Conditions to Consent. If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement whereby it expressly assumes Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer for the period of the Transfer. No Transfer shall release Tenant from its obligations under this Lease, but rather Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers. If an event of default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against rent. Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice from Landlord to do so following the occurrence of an event of default hereunder. Tenant shall pay for the cost of any demising walls or other improvements necessitated by a proposed subletting or assignment.

E. Cancellation. Landlord may, within fifteen (15) days after submission of Tenant's written request for Landlord's consent to (i) an assignment or (ii) a subletting of 60% or more of the Premises, but not the subletting of less than 60% of the area of the Premises, cancel this Lease as to the portion of the Premises proposed to be sublet or assigned as of the date the proposed

Transfer is to be effective. If Landlord cancels this Lease as to any portion of the Premises, then this Lease shall cease for such portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the proposed Transfer. Thereafter, Landlord may lease the Premises to the prospective transferee (or to any other person) without liability to Tenant.

F. Additional Compensation. Tenant shall pay to Landlord, immediately upon receipt thereof, sixty percent (60%) of any excess of (1) all rent (or any compensation in lieu of rent) received by Tenant for a Transfer less the costs reasonably incurred by Tenant with unaffiliated third parties in connection with such Transfer (i.e., brokerage commissions, tenant finish work, and the like) over (2) the rent allocable to the portion of the Premises covered thereby.

G. Permitted Transfers. Notwithstanding Section 24.A., Tenant may Transfer all or part of its interest in this Lease or all or part of the Premises (a "Permitted Transfer") to the following types of entities (a "Permitted Transferee") without the written consent of Landlord:

(1) an affiliate of Tenant (being an entity controlling, controlled by, or under common control with Tenant);

(2) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (A) Tenant's obligations hereunder are assumed by the entity surviving such merger or created by such consolidation; and (B) the Tangible Net Worth of the surviving or created entity is not less than the Tangible Net Worth of Tenant as of the date hereof; or

(3) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets if such entity's Tangible Net Worth after such acquisition is not less than the Tangible Net Worth of Tenant as of the date hereof.

Tenant shall promptly notify Landlord of any such Permitted Transfer. Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, or if Tenant no longer exists because of a merger, consolidation, or acquisition, the surviving or acquiring entity shall expressly assume in writing the obligations of Tenant hereunder. Additionally, the Permitted Transferee shall comply with all of the terms and conditions of this Lease. At least 30 days after the effective date of any Permitted Transfer, Tenant agrees to furnish Landlord with copies of the instrument effecting any of the foregoing Transfers and documentation establishing Tenant's satisfaction of the requirements set forth above applicable to any such Transfer. The occurrence of a Permitted Transfer shall not waive Landlord's rights as to any subsequent Transfers. "Tangible Net Worth" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("GAAP"), excluding, however, from the determination of total assets all assets which would be classified as intangible assets under GAAP including goodwill, licenses, patents, trademarks, trade names, copyrights, and

franchises. Any subsequent Transfer by a Permitted Transferee shall be subject to the terms of this Section 24.

25. Delays.

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any of their or its respective provisions anywhere herein contained, by reason of (i) the destruction, in whole or in part, of any building or improvement forming a part of the entire Premises, or (ii) strikes, or (iii) lockouts, or (iv) labor troubles, or (v) war, whether declared or undeclared, or (vi) riot, or (vii) Act of God, or (viii) embargoes, or (ix) delays in transportation, or (x) inability to procure materials and/or labor, or (xi) failure of power, or (xii) restrictive governmental laws or regulations, whether valid or not, or (xiii) insurrection, or (xiv) any other reason other than financial, beyond the reasonable control of such party, and not the fault of the party so delayed or hindered in or prevented from performing work or doing acts otherwise required under this Lease, then performance of such work or doing of such acts shall be excused for the period of the delay, and the period for the performance of such work or doing such acts shall be extended for a period equivalent to the period of such delay; provided, however, that the provisions of this Section 25 shall not operate so as to excuse or release Tenant from the prompt payment of rent or other sums required to be paid by Tenant to Landlord or to other payees anywhere hereunder.

26. Run With The Land.

The covenants and conditions herein contained shall be construed as running with the land, apply to and bind the parties hereto, their respective heirs, representatives, executors, administrators, successors and assigns of all of the parties hereto. All parties hereto agree that they shall be jointly and severally liable hereunder for their respective obligations.

27. Option to Renew.

Tenant is hereby granted two options to renew the Lease as specified in Schedule 3.B.

28. Expansion Right.

A. Tenant shall have the right to require that Landlord expand the size of the Building to add up to an additional 143,000 additional square feet of rentable area (the "Expansion Space"). Any such expansion shall be subject to Landlord's and Tenant's reasonable approval of the site plan, plans and specifications, and construction budget therefor. The design of any the Expansion Space shall be such that Landlord can reasonably market the same as office space for lease to third parties on a multi-tenant basis following expiration or termination of this Lease. Any such expansion shall be done in compliance with all applicable local and state laws, including zoning and building ordinances.

Tenant's right to exercise its expansion right is subject to (1) Tenant being in default hereunder at the time Tenant exercises such right; (2) Tenant then occupying not less than 75% of the rentable square feet of the Premises; and Tenant not having assigned its rights in the entire

Premises (other than pursuant to a Permitted Transfer); and (3) Tenant's credit rating then being not less than Baa1 by Moody's Investor Service, Inc. ("Moody's") or BBB+ by Standard & Poor's Rating Group ("S&P"), or their equivalent.

B. If Tenant wishes to exercise its rights under this Section 28, it shall notify Landlord thereof in writing, and Landlord and Tenant shall thereafter meet to determine the exact scope of the expansion and to agree upon a schedule for development of the site plan, plans and specifications, and construction budget for the Expansion Space, all of which shall be subject to

Landlord and Tenant's reasonable approval. Landlord shall be responsible for causing preparation of the site plan and plans and specifications and then for constructing the Expansion Space after approval of such items and the budget. As a condition to exercise of Tenant's rights hereunder, Tenant agrees to reimburse Landlord for all cost and expenses incurred by Landlord in preparation of the site plan, plans and specifications, and construction budget in the event that the parties are unable to agree upon the exact scope of the project for the Expansion Space and do not proceed with construction thereof. If the parties do agree and construction proceeds, such costs shall be included in the total cost of the Expansion Space for purposes of determining the rent therefor as provided in Section 28.C.

C. If the parties agree to any such expansion, the following shall apply:

1. Upon completion of the Expansion Space, the Term shall be extended such that it shall end 10 years from the date of occupancy of the Expansion Space as to both the initial Premises and the Expansion Space;

2. Prior to commencement of construction of any such expansion, Landlord and Tenant shall agree upon the final site plan, the plans and specifications for design thereof, and upon a budget specifying all applicable costs of construction.

3. The rental for the Expansion Space shall be based upon the total hard construction costs and soft costs for constructing the same, all of which shall be competitively bid at that time, and which shall include construction management fees, legal fees, loan fees, design fees, approval fees, and consulting fees (all of which shall not be in excess of then comparable market rates therefor), and a reasonable allocation of land costs, multiplied by an interest rate equal to the then current 10 year treasury rate plus 500 basis points (but not less than 10.5% per annum). The rental rate will be set such that it will fully amortize all such costs at the aforesaid interest rate over a period of 10 years. The total hard and soft costs for constructing the Expansion Space shall be subject to an agreed-upon maximum amount, which shall be specified in the budget for constructing the Expansion Space.

4. The Base Rent for the initial Premises for the extended 10 year period of the Term shall be at the greater of the Base Rent then payable or 95% of the then Prevailing Rental Rate, determined as provided in Schedule 3.B.

D. If Tenant exercises its rights under this Section 28, and the parties are unable to agree upon the final plans and specifications and construction budget for the Expansion Space

and for the rental payable in respect thereof, then provided that (i) the Expansion Space requested by Tenant complies with the provisions of Section 28.A. regarding the space being reasonably marketable in the general office market to third parties on a multi-tenant basis, and (ii) the proposed design for the Expansion Space was such that the Construction Costs reasonably projected therefor were not in excess of those that would be incurred in the market where the Building is located for construction of a typical Class A multi-tenant office space for low rise buildings (not in excess of three stories), and only in such event, Tenant shall have the option to purchase the Building from Landlord at its Fair Market Value, determined in accordance with Schedule 28.D. If Tenant has given notice to Landlord that it wishes to exercise its rights under this Section 28; Landlord and Tenant have not been able to agree on the plans and specifications and construction budget for the Expansion Space and the rent payable therefor; and Tenant believes it is entitled to exercise its rights under this Section 28.D., it shall notify Landlord thereof in writing. If Landlord disputes Tenant's right to exercise its rights under this Section 28.D., it shall so notify Tenant within fifteen (15) days after receipt of Tenant's notice, and the parties shall submit such dispute to arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association, with the arbitration being held in Washington, D.C. At such proceeding, the arbitrator be limited solely to determining whether the conditions precedent to Tenant's right to exercise its purchase option under this Section 28.D. have occurred. If Landlord agrees that Tenant has the right to exercise its rights under this Section 28.D., or if it is so determined by an arbitrator appointed as provided in the preceding sentence, then Landlord and Tenant shall meet within a further period of fifteen (15) days after such determination to see if they can agree upon the Fair Market Value of the Building; at such meeting the then Landlord shall disclose to Tenant the purchase price it paid for acquisition of the Building (the "Landlord's Purchase Price"). If they are unable to so agree, then the Fair Market Value shall be determined in accordance with the provisions of Schedule 28.D. and upon final determination thereof, Tenant shall be obligated to purchase and Landlord shall be obligated to sell the Building to Tenant for the greater of (i) such Fair Market Value, or (ii) the Landlord's Purchase Price. The purchase price shall be payable in full in cash at closing, and Landlord shall convey the Building to Tenant free of any liens and subject only to the encumbrances and restrictions affecting the Building on the date of this Lease and such other encumbrances as Landlord may hereafter place upon the Building, provided the same do not materially interfere with the use thereof for the purposes herein contemplated or materially diminish the value thereof. The closing shall occur within thirty (30) days after the Fair Market Value is so determined at the offices of Landlord. At such closing Landlord shall convey the Building to Tenant by special warranty deed or its equivalent, and Tenant shall pay to Landlord the purchase price in full in cash. Tenant shall be responsible for obtaining title insurance in connection with such acquisition.

29. Subordination.

This Lease shall be subject and subordinated at all times to the liens of any mortgages or deeds of trust in any amount or amounts whatsoever now existing or hereafter encumbering the Premises, without the necessity of having further instruments executed by Tenant to effect such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand, such further instruments evidencing such subordination of this Lease to such liens of mortgages or deeds of trust as may be reasonably requested by Landlord. So long

as Tenant shall pay the rent reserved and comply with, abide by and discharge the terms, conditions, covenants and obligations on its part, to be kept and performed herein and shall attorn to any successor in title, notwithstanding the foregoing, the peaceable possession of the Tenant in and to the Premises for the Term of this Lease, shall not be disturbed, in the event of the foreclosure of any such mortgage or deed of trust, by the purchaser at such foreclosure sale or such purchaser's successor in title.

30. Holdover.

Any holding over after the expiration of the Term of this Lease or any extension thereof, with the consent of Landlord, shall be construed to be a tenancy from month-to-month, at one hundred twenty-five percent (125%) of the base monthly rental as paid during the last month of the initial Term or any renewal term hereof, and shall otherwise be on the terms and conditions herein specified so far as applicable.

31. Termination.

Tenant shall have the right to terminate this Lease effective at the end of the seventh full Lease Year of the Term, provided that (i) Tenant shall have given Landlord not less than 12 months prior written notice of its desire to terminate this Lease, and (ii) concurrently with the giving of such notice Tenant shall pay to Landlord one-half of the Termination Fee provided for below, with the balance being due and payable in full on, and as a precondition to, the date of effective termination of this Lease. The fee payable by Tenant for its right of termination (the "Termination Fee") shall be an amount equal to (1) the unamortized cost of the Tenant Improvement Allowance, and the Architectural Allowance, to the extent the same are funded by Landlord, plus all unamortized leasing commissions paid by Landlord in connection with the execution of this Lease, plus (2) five months Base Rent at the then effective rate. For the purposes of clause (1) preceding, the unamortized cost of the enumerated items shall be the amount required to amortize the sum of such costs over a period of 10 years using an interest rate of 10% per annum.

32. Alternative Dispute Resolution.

Landlord and Tenant shall attempt to settle any claim or controversy arising out of this Lease, other than any failure by Tenant to timely pay Base Rent, through consultation and negotiation in the spirit of mutual friendship and cooperation. If such attempts fail, then the dispute shall first be submitted to a mutually acceptable neutral advisor for mediation, fact-finding or other form of alternate dispute resolution. Neither of the parties may unreasonably withhold acceptance of such an advisor, and his or her selection will be made within 30 days after notice by the other party demanding such mediation. Cost of such mediation or any other alternate dispute resolution agreed upon by the parties shall be shared equally by Landlord and Tenant. Any dispute which cannot be so resolved between the parties within ninety (90) days of the date of the initial demand by either party for such mediation, shall be finally determined by the courts. The use of such a procedure shall not be construed to affect adversely the rights of either party under the doctrines of laches, waiver or estoppel. Nothing in this Section 32 shall prevent either party from pursuing judicial proceedings if (a) good faith efforts to resolve a

dispute under these procedures have been unsuccessful or (b) interim resort to a court is necessary to prevent serious and irreparable injury to a party or to others.

33. Environmental.

For purposes of this paragraph: "Existing Environmental Conditions" shall mean the environmental conditions at the Premises, including the presence of any Hazardous Materials, as of the commencement of the Term of this Lease including but not limited to any conditions specifically identified in the reports (the "Environmental and Structural Reports") listed in Schedule 33 hereto:

A. Landlord agrees to indemnify and save harmless Tenant, Tenant's successors and assigns and Tenant's present and future officers, directors, employees and agents (collectively "Indemnitees") from and against any and all liabilities, penalties, fines, forfeitures, demands, damages, losses, claims, causes of action, suits, judgments, and costs and expenses incidental thereto (including cost of defense, settlement, reasonable attorney's fees, reasonable consultant's fees and reasonable expert fees), which Tenant or any or all of the Indemnitees may hereafter suffer, incur, be responsible for or disburse as a result of:

(1) any governmental action, order, directive, administrative proceeding or ruling;

(2) personal or bodily injuries (including death) or damage (including

loss of use) to any Premises (public or private);

(3) cleanup, remediation, investigation or monitoring of any pollution or contamination of or adverse effects on human health or the environment; or

(4) any violation or alleged violation of laws, statutes, ordinances, orders, rules or regulations of any governmental entity or agency (collectively "Environmental Liabilities")

directly or indirectly caused by or arising out of any Existing Environmental Conditions or Environmental Hazards existing on or about the Premises except to the extent that any such Environmental Hazard is caused by or arises out of Tenant's occupancy of the Premises. The term "Environmental Hazards" shall be defined as hazardous substances, hazardous wastes, pollutants, asbestos, polychlorinated biphenyls (PCBs), petroleum or other fuels (including crude oil or any fraction or derivative thereof) and underground storage tanks. The term "hazardous substances" shall be as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.) (CERCLA), and any regulations promulgated pursuant thereto. The term "hazardous wastes" shall be as defined in the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.) (RCRA), and any regulations promulgated pursuant thereto. The term "pollutants" shall be as defined in the Clean Water Act (33 U.S.C. Section 1251 et seq.), and any regulations promulgated pursuant thereto. This provision shall survive termination of the Lease.

B. Tenant agrees to indemnify and save harmless Landlord, Landlord's successors and assigns and Landlord's present and future officers, directors, employees and agents (collectively "Indemnitees") from and against any and all liabilities, penalties, fines, forfeitures, demands, damages, losses, claims, causes of action, suits, judgments, and costs and expenses incidental thereto (including cost of defense, settlement, reasonable attorneys' fees, reasonable consultant fees and reasonable expert fees), which Landlord or any or all of the Indemnitees may hereafter suffer, incur, be responsible for or disburse as a result of any Environmental Liabilities directly or indirectly caused by or arising out of any Environmental Hazards existing on or about the Premises but only to the extent that any such Environmental Hazards are caused by or arise out of Tenant's occupancy of the Premises. This provision shall survive termination of the Lease.

34. Brokers.

The parties agree that Julien J. Studley, Inc. and C. B. Richard Ellis, Inc. ("Broker") are the sole brokers who brought about this Lease. Tenant represents and warrants that Tenant did not negotiate with respect to the leasing of the Premises through any other broker and that no other broker was instrumental in bringing about this lease. Tenant shall indemnify Landlord against any and all claims of any other brokers with whom Tenant has had any dealings, and shall hold Landlord harmless from all losses and expenses in connection therewith, including reasonable legal expenses. Landlord represents and warrants that Landlord has not dealt with any other real estate broker in connection with the leasing of the Premises, and Landlord agrees to indemnify and hold Tenant harmless from all losses and expenses in connection with the claims of any real estate broker claiming by, under or through Landlord, including reasonable legal expenses. Landlord shall pay the commission of C. B. Richard Ellis, Inc. who, in turn, shall pay the commission of Julien J. Studley, Inc., in each case pursuant to the terms of a separate agreement.

35. Notices.

All notices, approvals or requests in connection with this Lease shall be sent by certified mail, or via overnight carrier with delivery charges prepaid or with delivery not conditioned upon payment of charges, except notices concerning repairs and replacements which may be given orally or by any other means which might reasonably be expected to give the other party notice; provided, however, that no notice other than by certified mail or overnight carrier shall constitute a notice of default authorizing cancellation of this Lease. Notices to the Landlord may be addressed to the Landlord at the addresses set out in the introductory paragraph to this Lease. Notices to the Tenant shall be addressed to Motorola, Inc., CE Real Estate & Development, 425 N. Martingale Road, Schaumburg, IL 60173, Attention: Real Estate Manager. Either party may at any time designate by written notice to the other a change of address.

36. Waiver.

Failure or delay on the part of Landlord or Tenant to exercise any right, remedy, power or privilege hereunder shall not operate as a waiver thereof. A waiver, to be effective, must be in

writing and must be signed by the party making the waiver. A written waiver of a default shall not operate as a waiver of any other default or of the same type of default on a future occasion.

37. Amendments.

No revision of this Lease shall be valid unless made in writing and signed by duly authorized representatives of both parties.

38. Quiet Enjoyment.

If Tenant performs the terms of this Lease, Landlord will warrant and defend Tenant in the quiet and peaceful enjoyment and possession of the Premises during the Term hereof and any extension without interruption by Landlord or any person claiming under Landlord.

39. Conveyance by Landlord.

Landlord covenants that no conveyance, assignment by or other change of interest of Landlord in the Premises hereby demised, whether recorded or unrecorded, shall be binding upon Tenant unless and until Tenant shall be actually notified thereof by certified mail or overnight carrier, and any such purchaser, assignee or other party in interest agrees to affirm and assume all of the duties and obligations of the Landlord under this Lease, and in no event shall such conveyance, assignment or other change of interest affect this Lease or the renewal option, expansion or termination rights hereunder. If Landlord assigns its rights under this Lease, then Landlord shall be released from any further obligations hereunder, provided the assignee assumes Landlord's obligations hereunder in writing.

40. Short Form Lease.

The parties will at any time at the request of either one, promptly execute duplicate originals of an instrument, in recordable form, which will constitute a short form of lease setting forth a description of the Premises, the Term of this Lease and any other portions hereof, excepting the rental provisions, as either party may request.

41. Construction of Language.

The terms Lease, lease agreement or agreement shall be inclusive of each other, and include renewals, extensions or modifications of the Lease. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular shall be held to include the plural and the plural to include the singular, when the sense requires. Section headings and titles are not a part of the Lease and shall have no effect upon the construction or interpretation of any part hereof. References in this Lease to a "Section" shall be references to sections of this Lease unless the context indicates to the contrary.

42. Marginal Headings.

The headings in this Lease are used only for convenience in finding the subject matters, and are not to be taken as part of this Lease, or to be used in determining the intent of the parties.

43. Entire Agreement.

This Lease constitutes the final expression of the agreement of the parties; it is intended as a complete and exclusive statement of their agreement, and it supersedes all prior and concurrent promises, representations, negotiations, discussions and agreements that may have been made with respect to the subject matter hereof.

44. Severability.

If any provision of this Lease, or the application thereof to any person or circumstance, shall be held invalid or unenforceable by any court of competent jurisdiction, the remainder of this Lease or the application of such provisions to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

45. Estoppel Certificate.

Tenant shall, from time to time upon not less than ten (10) business days' prior written request by Landlord, deliver to Landlord a statement in writing stating upon Tenant's knowledge and belief: (a) that this Lease is unmodified and in full force and effect or, that there have been modifications, that the Lease as modified is in full force and effect; (b) the dates to which Rent and other charges have been paid; (c) that Landlord is not in default under any provision of this Lease or, if in default, a detailed description thereof. Failure to deliver the certificate within ten (10) days shall be conclusive upon Tenant, for the benefit of Landlord and its successors, that this Lease is in full force and effect and has not been modified except as may be represented to Landlord.

46. Signs.

Tenant shall not exhibit, inscribe, paint or affix any sign on the exterior of the Building or the property or in any window of the Premises without Landlord's prior written consent. Subject to compliance with applicable laws and restrictive covenants, Tenant shall be entitled to install, at its cost, a sign on the monument signage, a building top sign and l a tenant identification sign in front of the building at Tenant's expense. In the event of Tenant's uncured default as set forth above, Landlord, in addition to its other remedies available hereunder, may remove such signs without any liability to Tenant and Tenant shall reimburse Landlord for the cost of such removal immediately upon demand therefor.

47. [omitted]

48. Rules and Regulations.

Tenant agrees for itself, its employees, agents, clients, customers, invitees and guests, to comply fully with reasonable rules and regulations and with such reasonable modifications thereof and additions thereto as Landlord may make for the Building.

Tenant shall be responsible for the observance of all of the foregoing rules and regulations by Tenant's employees, agents, clients, customers, invitees and guests. Landlord and Tenant agree that Landlord's remedy for violation of any of the foregoing rules and regulations by Tenant (or any person or entity under Tenant's authority or control) shall be a payment by Tenant to Landlord an amount equal to the reasonably substantiated actual damages suffered or incurred by Landlord on account of such violation.

49. [omitted]

50. Additional Rent - Operating Expenses and Real Estate Taxes.

For purposes of this Section and this Lease, the term "Tenant's Percentage Share" shall mean 100%. Landlord and Tenant each acknowledge that the Base Rent specified in Section 3 does not provide for Operating Expenses and Real Estate Taxes which may hereafter pertain to the Building or the property of which the Premises are a part. Tenant shall pay as Additional Rent its percentage share of Real Estate Taxes and Operating Expenses as follows:

A. Real Estate Taxes. Tenant shall pay to Landlord, (or directly to the taxing authority if there is a separate real estate tax bill for the Premises), Tenant's Percentage Share of the Real Estate Taxes assessed against the Premises. The additional rent imposed hereby shall be paid by Tenant to Landlord upon submission by Landlord of a real estate tax bill and an invoice therefor. A copy of the original receipted tax bill submitted by Landlord to Tenant shall be sufficient evidence of the amount of taxes assessed against the real property to which such bill relates. The calculation of Tenant's Percentage Share of Real Estate Taxes shall be submitted with the above-referenced tax bill. Should the taxing authorities include in such Real Estate Taxes the value of any improvements made by Tenant, or include machinery, equipment, fixtures, inventory or other personal property or assets of Tenant, the Tenant shall also pay the entire taxes for such items.

B. Operating Expenses. Landlord and Tenant acknowledge that this Lease shall be construed to be a "modified triple net lease" and that except as expressly set forth in Section 12, Landlord shall receive the monthly Base Rent free and clear of any and all other impositions, taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises (not the operation of the owning entity itself). In addition to the Base Rent, except as expressly set forth in Section 12 of this Lease, Tenant shall pay to the parties respectively entitled thereto all impositions (including any taxes on rentals paid to Landlord), insurance premiums, operating charges, maintenance charges, construction costs, and any other charges, costs and expenses which arise or may be contemplated under any provisions of this Lease as being Tenant's responsibility and cost, during the Term. The specific responsibility of

Landlord and Tenant for repairs, replacements and maintenance is more fully described in Section 12. Tenant shall pay to Landlord, Tenant's Percentage Share of the Operating Expenses for the Premises. For purposes of this Lease, the term "Operating Expenses" shall mean those costs reasonably incurred by Landlord in connection with the ownership, operation, and maintenance of the Building and Premises, including without limitation: 1) parking lot lighting; 2) landscaping and lawn care (to the extent performed by Landlord); 3) snow removal (to the extent performed by Landlord); 4) the insurance provided for in Section 21.B., 5) a management fee, not to exceed one percent (1%) of Base Rent; 6) wages and salaries of all employees engaged in operation, maintenance and security of the Building, including taxes, insurance, and benefits relating thereto; and 7) all supplies and materials used in the operation, maintenance, repair, replacement and security of the Building. The additional rent imposed hereby shall be paid by Tenant to Landlord upon submission by Landlord of a detailed invoice and backup Landlord shall not bill or charge Tenant for any fees, accounting fee, audit fees appraisal fees, refinancing costs or any other similar type of fee other than as listed above.

Notwithstanding anything to the contrary, the following shall be excluded from "Operating Expenses":

A. Administrative and management salaries, except for personnel working exclusively for the Building and/or the property of which the Premises are a part.

B. Expenses for any capital improvements made to the property or Building. For Operating Expense purposes, a capital improvement need not add value to the Building, but can prolong the Building's life, or a system or component of the Building's life. A capital improvement must have a useful life of more than one year's time.

C. Expenses for painting, redecorating or other work performed, or equipment furnished for any tenant of the Building or the property.

D. Expenses for repairs or other work occasioned by fire, windstorm or other insurable casualty.

E. Expenses incurred in leasing, marketing, advertising, or in procuring new tenants.

F. Legal expenses incurred in enforcing the terms of any lease.

G. Interest or amortization payments of any mortgage on the Premises, the Building and/or the property.

H. Expenses incurred in refinancing the Building or property.

I. Tenant improvement expenses.

J. Costs resulting from Landlord's violation of any agreement to which Landlord is a party, or of any applicable laws, ordinances, rules, regulations or orders.

K. Any expenses for which Landlord actually receives payment from insurance, condemnation awards, other tenants, or any other source.

L. Transfer or recordation taxes and other charges incurred in connection with the transfer of the Building.

M. Land trust fees.

N. Any other permissible costs to the extent they exceed arms-length competitive rates.

O. Memberships, tuition, seminars and contributions.

P. Increases in real estate taxes attributable to the sale or transfer of the Building.

Q. Costs incurred to remove, remedy, contain or treat any Environmental Hazards on, in or about the Premises, the real property or the Building (including, without limitation, Environmental Hazards in the ground water or soil) to the extent such Environmental Hazards are (1) in existence as of the Lease Commencement Date and in violation of applicable laws, or (2) introduced into the real property after the Lease Commencement Date by Landlord or Landlord's agents, employees or tenants (excluding Tenant and its agents and employees) in violation of applicable laws in effect as of the date of introduction.

R. Costs, fees and expenses associated with the formation and administration of the ownership entity constituting Landlord, and of its partners and affiliates, such as costs of tax returns, annual audits or appraisals.

If Landlord desires Tenant to pay its proportionate share of Real Estate Taxes and Operating Expenses on a monthly basis, at the beginning of each calendar year, Landlord shall supply to Tenant an estimate, certified by an authorized agent or officer of Landlord, setting forth in detail Landlord's reasonable estimate of Operating Expenses and Real Estate Taxes for such calendar year, and Tenant's Percentage Share of same. The additional rent imposed hereby shall be paid by Tenant to Landlord in monthly installments, in advance, as the Operating Expenses and Real Estate Taxes component of the total monthly rent. Each such monthly installment of Operating Expenses and Real Estate Taxes shall be equal to one-twelfth (1/12) of Tenant's Percentage Share of the Landlord's reasonable estimate of the Operating Expenses and Real Estate Taxes for such calendar year. Within ninety (90) days after the end of each calendar year Landlord shall provide to Tenant a detailed statement, certified by an authorized agent or officer of Landlord, setting forth in reasonable detail the actual Operating Expenses and Real Estate Taxes for the preceding calendar year. Such statement shall also include a calculation or reconciliation of estimated Operating Expenses and Real Estate Taxes to actual Operating Expenses and Real Estate Taxes and of any overpayment or underpayment made by Tenant to Landlord with respect to the Operating Expenses and Real Estate Taxes for such preceding calendar year. In the event Tenant underpaid Landlord for Tenant's Percentage Share of

Operating Expenses and Real Estate Taxes for such preceding calendar year, Tenant shall pay the amount of such underpayment to Landlord within thirty (30) days of Tenant's receipt of Landlord's certified statement. In the event Tenant overpaid Landlord for Tenant's Percentage Share of Operating Expenses and Real Estate Taxes of such year, Landlord shall credit Tenant an amount equal to such overpayment amount against Tenant's future monthly Operating Expenses and Real Estate Taxes obligations until such credit is exhausted. (If such overpayment by Tenant is made in the last year of the Lease Term, Landlord shall remit to Tenant the amount of the overpayment due hereunder within thirty (30) days of the expiration or termination date of the Lease.) If a dispute arises between Landlord and Tenant as to whether any item or items shall be properly included in such statement, the matter shall be determined in accordance with Section 32 of the Lease, and the determination of such matter as therein provided shall be final and binding upon Landlord and Tenant.

Tenant, or its representative shall have the right to examine and to copy Landlord's books and records showing Operating Expenses and Real Estate Taxes at Tenant's sole cost and expense. Such examination will be upon reasonable prior notice to Landlord and during normal business hours at any time within six (6) months following the furnishing by Landlord to Tenant of Landlord's annual statement reconciling estimated operating expenses to actual operating expenses. The books and records that Tenant may examine include, but are not limited to, accounting records, vendor contracts, payroll records, management agreements and supporting invoices and detail for all items. If an error is discovered that has also been made in previous Landlord statements, Tenant may correct that same error in the previous statements and receive credit therefor. Mathematical errors or errors in computation may be corrected at any time during the Term of the Lease. Tenant agrees to keep all information obtained by it pursuant to this Section 50 confidential in the same manner as is applicable to Landlord pursuant to Section 56.

51. Tenant Expense Waiver.

Notwithstanding the provisions of Section 50, it is understood and agreed that in the event Landlord fails to submit to Tenant an itemized bill for any amounts which may be due thereunder within one hundred eighty (180) days after the expiration of the Term of this Lease to which such expenses, charges and/or escalations are applicable, Tenant shall not be liable for payment of any such additional expenses, charges and/or escalations, it being expressly agreed by the parties that Landlord shall be deemed to have waived its right to collect such expenses, charges and/or escalations from Tenant for such Lease.

52. Compliance With Federal Laws.

Tenant conducted a study to determine the status of compliance of the Building and the Premises with Title 3 of the Americans with Disabilities Act and the regulations promulgated thereunder (collectively, the "ADA"). A portion of the Base Building Work, based upon the studies conducted by Tenant, is designed to bring the Building into compliance with ADA. As between Landlord and Tenant, Tenant shall be solely responsible for all costs and expenses associated with ADA compliance as to the Building and the Premises during the Term. If hereafter the ADA should be amended to require additional work with respect to the Building or

the interior of the Premises, then Landlord shall be responsible for all costs and expenses in connection with bringing the exterior of the Building into compliance with the ADA (and such expenses shall not be Operating Expenses), and Tenant shall be responsible for all costs to bring the interior of the Premises into compliance with the ADA.

53. [omitted].

54. No Party To Be Deemed Drafter.

Landlord and Tenant have both had the opportunity to have counsel examine this Lease and to propose changes to clarify any ambiguities. Accordingly, in any interpretation of this Lease, an ambiguity shall not be resolved by interpreting the Lease against the drafter. The language of this Lease shall be interpreted according to the fair meaning and not for or against either party.

55. No Intended Third Party Beneficiary.

Landlord and Tenant may each, separately, deal with other persons in connection with the Premises or with other matters that may also relate to or be the subject of this Lease. Landlord and Tenant do not intend to make any such third person with whom each of them may deal an intended third party beneficiary under this Lease. There is no third person who is an intended third party beneficiary under this Lease. No incidental beneficiary (whatever relationship such person may have with Landlord or Tenant) shall have any right to bring an action or suit, or to assert any claim against Landlord or Tenant under this Lease.

56. Confidentiality and Nondisclosure.

As Landlord and Landlord's agents will have reasonable access rights to the Premises, Landlord will come into contact with Motorola's business information. Landlord agrees that any information which it gathers, observes or comes into contact with pursuant to this Lease about Motorola operations and business practices, shall be kept confidential and not disclosed to any third party without the prior written consent of Motorola except as required by law. Landlord agrees that it will not in any manner use its knowledge of Motorola's business for the benefit of any other person or company or divulge to others information or data concerning Motorola's business affairs, including the names of customers, names of employees, marketing strategies or terms or particulars of Motorola's business. The Landlord further agrees not to use or disclose to any party any information, systems, ideas, processes, practices, methods of operation or manufacture observed at Motorola's Premises. Landlord agrees to inform all of its representatives or agents that will access the Motorola Premises of this confidentiality requirement. In addition, anyone who enters the Motorola Premises must comply with the instructions of Motorola security personnel on areas of the Premises that require escorted access and sign the Motorola security logs as visitors. In the event Landlord enters the Premises during non-business hours or in the event of an emergency, Landlord will notify Tenant in writing within one (1) business day of its entry and the reason therefor.

57. Year 2000

Landlord agrees that it shall be responsible for correcting any failure of any system in the Building that is not in use at the Commencement Date, if and to the extent that such a failure results solely from the change in date from December 31, 1999 to January 1, 2000. Landlord's obligations under this Section 57 shall not extend to any Building or system that is in use or functioning at the Commencement Date.

58. Miscellaneous.

A. Conduit Connection. During the Term (and any extensions or renewals thereof), Tenant shall be permitted to construct, install, maintain and repair conduit connections to the Premises over, across and through the Premises, the Building, and the common areas in and to the Building for high speed telecommunication transmission lines (and technological evolutions thereof) and fiber optics (individually and collectively, the "Conduit Connection") subject to compliance with all applicable laws, ordinances, rules and regulations. Tenant shall advise and consult with Landlord as to the exact locations of such Conduit Connection at the Building and Landlord agrees to cooperate with Tenant to facilitate, permit and otherwise obtain such Conduit Connection for the Premises, provided that Landlord shall not be obligated to incur any expense in connection therewith. Landlord shall supervise the installation of all Conduit Connections, and all such installation, maintenance, and repair shall be performed in accordance with Section 9. Upon termination of this Lease, Tenant shall be obligated to remove (at its sole cost and risk) any improvements, utilities, conduits cable or other items of equipment installed or constructed in connection with such Conduit Connection unless Landlord otherwise agrees at the time of installation. Tenant shall repair any damage caused by such removal. Tenant's rights under this Section 58.A. are non-exclusive, and shall not limit Landlord's rights to make installations in the Building.

B. Assumption of Lease Obligations. Landlord agrees to reimburse Tenant for Tenant's current obligation to pay rent (both base rent and additional rent) in respect of the lease dated January 3, 1996 between Tenant as successor in interest to the original tenant and MBL Life Assurance Corporation as landlord for its premises at 330 South Randolphville Road, during the period from November 1, 2000 through March 31, 2001, provided that (i) Tenant is not in default under any of its obligations under this Lease during such time period, (ii) the maximum obligation incurred by Landlord pursuant to this Section 58.B. is $424,760, and (iii) if the Commencement Date is delayed pursuant to the provisions of Section 2.C., then the period during which Landlord shall so reimburse Tenant for its current obligation to pay rent shall be reduced by the time period of such delay on a day for day basis. In no event shall Landlord's obligation to reimburse Tenant hereunder commence prior to November 1, 2000, even if the Commencement Date should occur before such date. Tenant represents and warrants that the monthly aggregate rental payable under such lease is $84,952 per month. Landlord shall so reimburse Tenant within ten (10) business days after receipt of an invoice therefor and a certification from Tenant that it has paid such amount pursuant to such lease.

C. Temporary Space. Landlord shall use all commercially reasonable efforts to cause the existing tenant of the Building to vacate a portion thereof so as to make available up to

60,921 rentable square feet for Tenant's temporary usage on or before December 15, 1999. Landlord shall not be liable to Tenant in damages otherwise if it is unable to obtain the right to use such space. Tenant's occupancy of such temporary space shall be on all of the terms, provisions, and conditions of this Lease, except that Base Rent for such period shall be $10.50 per rentable square foot of area made available, payable monthly in advance.

D. Right of First Offer. Provided no event of default on the part of Tenant exists under this Lease, and provided that Tenant is then occupying at least 75%of the rentable square feet of the Building, Landlord shall, prior to offering for sale the Building or any portion thereof to any party, or prior to accepting any unsolicited offer for the purchase thereof, offer to Tenant the right to purchase the same under the same terms, conditions, and provisions as Landlord either proposes to sell the Building or under the same terms, conditions, and provisions as the unsolicited offer that Landlord proposes to accept. Landlord shall give Tenant written notice (a "Landlord's Notice") of its desire to so sell the Building setting forth the complete terms, conditions, and provisions of any such sale or of any unsolicited offer it has received that it wishes to accept, including normal and customary allocations closing costs and the delivery of market title, subject only to approved exceptions. Tenant shall have a period of 14 calendar days after receipt of Landlord's Notice in which to elect to acquire the Building under the same terms and conditions as set forth in Landlord's Notice. If Tenant does not affirmatively exercise such right within such time period or otherwise fails to notify Landlord of its election not to exercise its option during such period, Tenant shall be have deemed to have rejected Landlord's offer and thereafter Landlord shall be free to sell the Building under the same (or, as to Landlord, more favorable) terms and conditions as set forth in Landlord's Notice, except that, as provided below, the purchase price may be reduced to not less than 95% of the purchase price specified in Landlord's Notice. Upon consummation of any such sale Tenant shall have no further rights under this Section 58.D., and upon request Tenant shall execute such documents as Landlord or its transferee may reasonably request to evidence the termination of Tenant's rights. If, however, Landlord should desire to sell the Building or to accept an unsolicited offer for the sale of the Building under terms and conditions that are less favorable to Landlord than those set forth in the Landlord's Notice, Landlord may not sell the Building without again re-offering the same to Tenant in the manner herein set forth, provided that (i) for the purpose of this Section, Landlord may sell or offer to sell the Building for a purchase price that is not less than 95% of the purchase price specified in Landlord's Notice without again reoffering the Building to Tenant, and (ii) if Landlord does not close the sale of the Building to a third party within 15 months after Tenant has elected not to exercise its right under this Section, then Landlord may not consummate the sale of the Building without again reoffering the same to Tenant as provided for in this Section.

Tenant's rights under this Section 58 shall terminate if this Lease or Tenant's right to possession of the Premises is terminated, or Tenant assigns its interest in this Lease or sublets 25% or more of the rentable square feet of area in the Premises (other than by way of a Permitted Transfer).

E. Nitrogen Tanks. Reference is made to the fact that Tenant requires the installation of nitrogen tanks in the Building as part of its Tenant Improvements for operation of Tenant's business in the Premises. Landlord agrees to provide local real estate counsel to obtain

necessary local governmental approvals for the nitrogen tanks, but the provision of such legal counsel shall be limited to the initial request and application to the appropriate governmental authorities, and Landlord shall not be responsible for or reimburse Tenant for any costs for appealing any grant or denial of such approval, or for any costs arising out of any litigation relating to the obtaining of such approval or the installation of such tanks. Tenant shall pay all costs associated with engineering services relative to the installation of such nitrogen tanks in the Building.

F. Certain Equipment. Reference is made to the fact that the current tenant in the Building has equipped the same with a diesel generator and certain kitchen equipment. If and to the extent such equipment is left in the Building upon vacancy by the existing tenant, Landlord shall lease such equipment to Tenant as part of the personal property contained in the Premises.

G. Building Roof. Tenant shall be allowed to raise the roof over the garage area of the Building, subject to Landlord's right of reasonable approval of the specific design and, in general, Tenant's compliance with the provisions of Section 9.

59. Tenant's Right to Terminate.

A. Notwithstanding anything to the contrary contained herein, this Lease and all of Tenant's obligations hereunder are conditional and contingent upon Tenant's receipt of approval of Business Employment Incentive Program Incentives presently pending with the New Jersey Economic Development Authority ("EDA") and the state of New Jersey (the "State") in amount and form acceptable to Tenant in Tenant's reasonable discretion (the "Governmental Incentives"). If the Governmental Incentives are not received by February 10, 2000, Tenant may by written notice to Landlord terminate this Lease as provided in Section 59.C., whereupon all obligations and liabilities of both Landlord and Tenant shall be extinguished, except only that Tenant agrees under such circumstances to reimburse Landlord promptly for Landlord's "Commensurate Damages" as defined below. The contingency shall expire and thereafter be of no force or effect on February 10, 2000.

B. As a condition to the effectiveness of Tenant's termination of this Lease pursuant to Section 59.A., Tenant shall pay the following amounts to Landlord (such amounts being referred to herein as "Commensurate Damages");

(1) Tenant shall reimburse Landlord for all out of pocket costs incurred by Landlord in connection with the preparation and execution of this Lease, including without limitation, attorney's fees, design and space planning costs, inspection costs, and consultant's fees; and

(2) Tenant shall also pay to Landlord (i) an amount equal to the difference between the Base Rent that would have been payable by Tenant hereunder for the period beginning November 1, 2000 and ending October 31, 2003, and the actual base rent (i.e., excluding amounts paid by such tenants as reimbursement for operating and other expenses) received by Landlord from other tenants to whom space in the Building is hereafter leased by Landlord during such time period, and (ii) an amount equal to the actual costs incurred by Landlord in

owning, operating and maintaining the Building, so long as the Building is vacant, during such time period ("Vacant Operating Costs").

The amounts payable pursuant to Section 59.B(1) shall be paid by Tenant to Landlord within 15 days after receipt of a statement therefor from Landlord together with reasonable backup supporting information, such as copies of invoices. The amounts payable pursuant to Section 59.B.2. shall be paid from time to time (but not more frequently than monthly) within 15 days after receipt by Tenant of a statement from Landlord reflecting the amount of Base Rent that would have accrued for the time period in question, the amount of any base rent actually received from other tenants of the Building during such period, and the amount of Vacant Operating Costs for the period in question.

C. If Tenant has not acted to terminate this Lease by giving written notice to Landlord that the Governmental Incentives have not been received by 5:00 p.m. Eastern Standard Time on February 10, 2000, then this Section 59 shall terminate and be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have executed these presents, in duplicate, the day and year first above-written.

L A N D L O R D	T E N A N T
WHMAB REAL ESTATE LIMITED PARTNERSHIP	MOTOROLA, INC., a Delaware Corporation
By:_________________________________, its general partner	
By: /s/ Stephen M. Abelman Stephen M. Abelman	By: /s/ Rick Kriva 1/10/00 by cal
Its: Assistant Vice President	Its: Director - CE Real Estate & Development

LIST OF EXHIBITS AND SCHEDULES

Exhibits

Exhibit A	Floor Plan and Description of Land
Exhibit B	Description of Landlord's Work (Environmental Remediation Work) and Schedule
Exhibit C-1	Description of Base Building Improvements
Exhibit C-2	Description of Tenant Improvements

Schedules

Schedule 3.B.	Renewal Option
Schedule 28.D.	Determination of Fair Market Value
Schedule 33	List of Environmental Reports

EXHIBIT A

Floor Plan and Description of Land

Description of Land

PARCEL I

ALL THAT CERTAIN TRACT, PARCEL AND LOT OF LAND LYING AND BEING SITUATED IN THE BOROUGH OF SOUTH PLAINFIELD, AND THE TOWNSHIP OF EDISON COUNTY OF MIDDLESEX, STATE OF NEW JERSEY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING IN THE NORTHERLY LINE OF RUNYONS LANE WHERE THE SAME IS INTERSECTED BY THE SOUTHWESTERLY LINE OF NEW JERSEY STATE HIGHWAY ROUTE 287 AND FROM SAID BEGINNING POINT RUNNING; THENCE

1. SOUTH 72 DEGREES 51 MINUTES 16 SECONDS WEST AND ALONG THE AFOREMENTIONED NORTHERLY LINE OF RUNYONS LANE A DISTANCE OF 237.39 FEET TO A CORNER OF LAND NOW OR FORMERLY OF L.A. & C.L. KLINGER; THENCE

2. NORTH 12 DEGREES 21 MINUTES 44 SECONDS WEST AND ALONG THE LINE OF LANDS OF "KLINGER" AS AFOREMENTIONED A DISTANCE OF 196.02 FEET TO A POINT; THENCE

3. NORTH 21 DEGREES 20 MINUTES 09 SECONDS WEST AND STILL ALONG A LINE OF LAND OF "KLINGER" AS AFORESAID A DISTANCE OF 18.27 FEET TO A POINT; THENCE

4. SOUTH 77 DEGREES 17 MINUTES 56 SECONDS WEST AND STILL ALONG A LINE OF "KLINGER" AS AFORESAID A DISTANCE OF 223.01 FEET TO A POINT; THENCE

5. SOUTH 12 DEGREES 45 MINUTES 44 SECONDS EAST AND STILL ALONG ANOTHER LINE OF "KLINGER" AS AFORESAID A DISTANCE OF 231.51 FEET TO A POINT IN THE AFOREMENTIONED NORTHERLY LINE OF RUNYONS LANE; THENCE

6. SOUTH 72 DEGREES 51 MINUTES 16 SECONDS WEST AND ALONG THE NORTHERLY LINE OF RUNYONS LANE A DISTANCE OF 869.34 FEET TO THE EASTERLY SIDE LINE OF NEW BROOKLYN ROAD; THENCE

7. NORTH 17 DEGREES 37 MINUTES 14 SECONDS WEST AND ALONG SAID EASTERLY SIDE LINE OF NEW BROOKLYN ROAD A DISTANCE OF 700.12 FEET TO A POINT BEING AS CORNER OF THE PROPERTY DELINEATED ON A MAP ENTITLED "MAP MOUNTAIN VIEW HEIGHTS, THE PROPERTY OF NUNZIO ROBUSTELLI, ESQ." FILED IN THE CLERK'S OFFICE OF MIDDLESEX COUNTY SEPTEMBER 18, 1917 AS MAP NUMBERED 863 FILE NUMBERED 350 (HEREINAFTER REFERRED TO AS THE MAP); THENCE

8. STILL ALONG THE EASTERLY SIDE LINE OF NEW BROOKLYN ROAD AND THE PROPERTY DELINEATED ON SAID MAP NORTH 21 DEGREES 08 MINUTES 30 SECONDS WEST A DISTANCE OF 16.62 FEET TO A POINT; THENCE

9. SOUTH 75 DEGREES 45 MINUTES 30 SECONDS WEST AND ALONG THE NORTHERLY LINE OF NEW BROOKLYN ROAD AS DELINEATED ON SAID MAP A DISTANCE OF 247.46 FEET TO THE POINT OF INTERSECTION OF THE EASTERLY SIDE LINE OF LOT NUMBERED 157 AS DELINEATED ON SAID MAP; THENCE

10. NORTH 13 DEGREES 43 MINUTES 00 SECONDS WEST ALONG THE EASTERLY SIDE LINES OF LOTS 157 THROUGH 150 AS DELINEATED ON SAID MAP A DISTANCE OF 220.59 FEET TO A POINT; THENCE

11. SOUTH 68 DEGREES 51 MINUTES 30 SECONDS WEST ALONG THE DIVIDING BETWEEN LOT 150 AND 149 AS DELINEATED ON SAID MAP A DISTANCE OF 201.68 FEET TO THE EASTERLY LINE OF DURHAM AVENUE; THENCE

12. NORTH 13 DEGREES 43 MINUTES 00 SECONDS WEST ALONG THE EASTERLY SIDE LINE OF DURHAM ROAD A DISTANCE OF 421.69 FEET; THENCE

13. NORTH 64 DEGREES 37 MINUTES 00 SECONDS EAST AND ALONG THE NORTHERLY BOUNDARY LINE OF SAID MAP A DISTANCE OF 863.17 FEET TO A POINT IN THE AFOREMENTIONED SOUTHWESTERLY LINE OF NEW JERSEY STATE HIGHWAY ROUTE 287; THENCE

14. SOUTH 48 DEGREES 06 MINUTES 14 SECONDS EAST AND ALONG THE AFOREMENTIONED SOUTHWESTERLY LINE OF N.J. STATE HIGHWAY ROUTE 287 A DISTANCE OF 1737.467 FEET TO THE AFOREMENTIONED NORTHERLY LINE OF RUNYONS ROAD AND THE PLACE OF BEGINNING.

PARCEL II

BEGINNING IN THE EASTERLY LINE OF DURHAM AVENUE AS SAID DURHAM AVENUE HAS BEEN WIDENED BY CONDEMNATION DESCRIBED IN AWARDS DATED JULY 15, 1965, GRANTED BY APPOINTED COMMISSIONERS, AT THE INTERSECTION OF SAID EASTERLY LINE WITH THE DIVIDING LINE OF LOTS NUMBER 154 AND 155 AS SHOWN ON A MAP ENTITLED "MAP MOUNTAIN VIEW HEIGHTS THE PROPERTY OF NUNZIO ROBUSTELLI, ESQ. SITUATED IN PISCATAWAY TOWNSHIP, MIDDLESEX COUNTY, NEW JERSEY" FILED IN THE OFFICE OF THE CLERK OF MIDDLESEX COUNTY, SEPTEMBER 18, 1917 AS MAP NO. 863, FILE 350 (THE MAP) SAID POINT BEING DISTANT 9.44 FEET FROM THE EASTERLY SIDE LINE OF DURHAM AVENUE, FORMERLY NEW BROOKLYN ROAD, AS SHOWN ON SAID MAP AND FROM SAID BEGINNING POINT RUNNING; THENCE

1. NORTH 13 DEGREES 43 MINUTES 00 SECONDS WEST ALONG THE AFORESAID LINE OF DURHAM AVENUE AS WIDENED BY CONDEMNATION, A DISTANCE OF 126.05 FEET TO A POINT; THENCE

2. NORTH 68 DEGREES, 51 MINUTES 30 SECONDS EAST, ALONG THE DIVIDING LINE BETWEEN LOTS NUMBER 149 AND 150 AS SHOWN ON THE MAP, A DISTANCE OF 192.24 FEET TO A POINT; THENCE

3. SOUTH 13 DEGREES 43 MINUTES 00 SECONDS EAST, ALONG THE WESTERLY LINE OF LOTS NUMBERED 147 AND 158 AS SAID LOTS ARE SHOWN ON THE MAP, A DISTANCE OF 126.05 FEET TO A POINT; THENCE

4. SOUTH 68 DEGREES 51 MINUTES 30 SECONDS WEST, ALONG THE DIVIDING LINE BETWEEN LOTS NUMBERED 154 AND 155 AS SAID LOTS ARE SHOWN ON THE MAP, A DISTANCE OF 192.24 FEET TO A POINT IN THE AFOREMENTIONED SAID LINE OF DURHAM AVENUE, AS WIDENED BY CONDEMNATION AND THE POINT AND PLACE OF BEGINNING.

PARCEL III

BEGINNING IN THE NORTHWESTERLY LINE OF NEW BROOKLYN ROAD AT THE INTERSECTION OF SAID NORTHWESTERLY LINE WITH THE DIVIDING LINE OF LOTS NUMBER 157 AND 158 AS

SHOWN ON A MAP ENTITLED "MAP MOUNTAIN VIEW HEIGHTS THE PROPERTY OF NUNZIO ROBUSTELLI, ESQ. SITUATED IN PISCATAWAY TOWNSHIP, MIDDLESEX COUNTY, NEW JERSEY" FILED IN THE OFFICE OF THE CLERK OF MIDDLESEX COUNTY, SEPTEMBER 18, 1917 AS MAP NO. 863, FILE 350 (THE MAP) AND FROM SAID BEGINNING POINT RUNNING; THENCE

1. SOUTH 75 DEGREES 45 MINUTES 30 SECONDS WEST, ALONG THE AFORESAID NORTHWESTERLY LINE OF NEW BROOKLYN ROAD, A DISTANCE OF 185.0 FEET TO A POINT; THENCE

2. NORTH 58 DEGREES 58 MINUTES 46 SECONDS WEST, A DISTANCE OF 7.94 FEET TO A POINT; THENCE

3. NORTH 13 DEGREES 43 MINUTES 00 SECONDS WEST, ALONG THE EASTERLY LINE OF DURHAM AVENUE, AS SAID DURHAM AVENUE HAS BEEN WIDENED BY CONDEMNATION DESCRIBED IN AWARDS DATED JULY 15, 1965, GRANTED BY APPOINTED COMMISSIONERS, A DISTANCE OF 76.10 FEET TO A POINT; THENCE

4. NORTH 68 DEGREES 51 MINUTES 30 SECONDS EAST, ALONG THE DIVIDING LINE BETWEEN NUMBER 154 AND 155, AS SHOWN ON THE MAP, A DISTANCE OF 192.24 FEET TO A POINT; THENCE

5. SOUTH 13 DEGREES 43 MINUTES 00 SECONDS EAST, ALONG THE WESTERLY LINE OF LOT NUMBER 158 AS SHOWN ON THE MAP, A DISTANCE OF 104.54 FEET TO A POINT IN THE AFOREMENTIONED NORTHWESTERLY LINE OF NEW BROOKLYN ROAD AND THE PLACE OF BEGINNING.

THE ABOVE THREE TRACTS BEING JOINTLY DESCRIBED AS FOLLOWS:

BEGINNING IN THE NORTHERLY LINE OF RUNYONS LANE WHERE THE SAME IS INTERSECTED BY THE SOUTHWESTERLY LINE OF NEW JERSEY STATE HIGHWAY ROUTE 287 AND FROM SAID BEGINNING POINT RUNNING; THENCE

1. SOUTH 72 DEGREES 51 MINUTES 16 SECONDS WEST AND ALONG THE AFOREMENTIONED NORTHERLY LINE OF RUNYONS LANE A DISTANCE OF 237.40 FEET TO A CORNER OF LAND NOW OR FORMERLY OF L.A. & C.L. KLINGER; THENCE

2. NORTH 12 DEGREES 21 MINUTES 44 SECONDS WEST AND ALONG THE LINE OF LANDS OF "KLINGER" AS AFOREMENTIONED A DISTANCE OF 196.02 FEET TO A POINT; THENCE

3. NORTH 21 DEGREES 20 MINUTES 09 SECONDS WEST AND STILL ALONG A LINE OF LAND OF "KLINGER" AS AFORESAID A DISTANCE OF 18.27 FEET TO A POINT; THENCE

4. SOUTH 77 DEGREES 17 MINUTES 56 SECONDS WEST AND STILL ALONG A LINE OF "KLINGER" AS AFORESAID A DISTANCE OF 223.01 FEET TO A POINT; THENCE

5. SOUTH 12 DEGREES 45 MINUTES 44 SECONDS EAST AND STILL ALONG ANOTHER LINE OF "KLINGER" AS AFORESAID A DISTANCE OF 231.51 FEET TO A POINT IN THE AFOREMENTIONED NORTHERLY LINE OF RUNYONS LANE; THENCE

6. SOUTH 72 DEGREES 51 MINUTES 16 SECONDS WEST AND ALONG THE NORTHERLY LINE OF RUNYONS LANE A DISTANCE OF 869.34 FEET TO THE EASTERLY SIDELINE OF NEW BROOKLYN ROAD; THENCE

7. NORTH 17 DEGREES 37 MINUTES 14 SECONDS WEST AND ALONG SAID EASTERLY LINE OF NEW BROOKLYN ROAD A DISTANCE OF 700.12 FEET TO A POINT; THENCE

8. STILL ALONG THE EASTERLY SIDE LINE OF NEW BROOKLYN ROAD NORTH 21 DEGREES 08 MINUTES 30 SECONDS WEST A DISTANCE OF 16.62 FEET TO A POINT; THENCE

9. SOUTH 75 DEGREES 45 MINUTES 30 SECONDS WEST AND ALONG THE NORTHERLY LINE OF NEW BROOKLYN ROAD A DISTANCE OF 432.46 FEET TO A POINT; THENCE

10. NORTH 58 DEGREES 58 MINUTES 46 SECONDS WEST, 7.93 FEET TO A POINT IN THE EASTERLY SIDELINE OF DURHAM AVENUE; THENCE

11. NORTH 13 DEGREES 43 MINUTES 00 SECONDS WEST, 201.85 FEET TO A POINT IN SAID SIDELINE; THENCE

12. SOUTH 68 DEGREES 51 MINUTES 30 SECONDS WEST, 9.44 FEET TO A POINT; THENCE

13. NORTH 13 DEGREES 43 MINUTES 00 SECONDS WEST ALONG THE EASTERLY SIDE LINE OF DURHAM AVENUE A DISTANCE OF 421.69 FEET; THENCE

14. NORTH 64 DEGREES 37 MINUTES 00 SECONDS EAST AND ALONG THE NORTHERLY BOUNDARY LINE OF SAID MAP A DISTANCE OF 863.17 FEET TO A POINT IN THE AFOREMENTIONED SOUTHWESTERLY LINE OF NEW JERSEY STATE HIGHWAY ROUTE 287; THENCE

15. SOUTH 48 DEGREES 06 MINUTES 14 SECONDS EAST AND ALONG THE AFOREMENTIONED SOUTHWESTERLY LINE OF N.J. STATE HIGHWAY ROUTE 287 A DISTANCE OF 1737.47 FEET TO THE AFOREMENTIONED NORTHERLY LINE OF RUNYONS ROAD AND THE PLACE OF BEGINNING.

THE ABOVE DESCRIPTION IS IN ACCORDANCE WITH A SURVEY PREPARED BY STORCH ENGINEERS, DATED DECEMBER 30, 1997.

BEING ALSO KNOWN AS (REPORTED FOR INFORMATIONAL PURPOSES ONLY):

LOT 1.A3 AND 1.A6, BLOCK 54.A, ON THE OFFICIAL TAX MAP OF EDISON TOWNSHIP LOT 3, BLOCK 550, ON THE OFFICIAL TAX MAP OF SOUTH PLAINFIELD BOROUGH.

Exhibit A - Page 6

[FLOOR PLAN APPEARS HERE]

Exhibit A - Page 7

[FLOOR PLAN APPEARS HERE]

Exhibit A - Page 8

[FLOOR PLAN APPEARS HERE]

Exhibit A - Page 9

[FLOOR PLAN APPEARS HERE]

Exhibit A - Page 10

[FLOOR PLAN APPEARS HERE]

Exhibit A - Page 11

EXHIBIT B

Description of Landlord's Work (Environmental Remediation Work) and Schedule

ENVIRONMENTAL REMEDIATION WORK

1. ASBESTOS - Remove asbestos-containing floor tile and mastic as indicated in ESE's preliminary assessment report dated October 6, 1999 (the "Report"). All necessary notifications/permits, etc. that may be required by the NJDEQE, EPA or local laws will be the responsibility of the Landlord. The job will be performed by a certified asbestos abatement firm and will be monitored by a certified IH with final clearance samples performed using TEM technology. All waste will be disposed of at an approved site and documentation for the completion of the work will be provided to the Tenant prior to accepting occupancy.

2. COMPRESSOR - Landlord will install an oil water separator for the compressor as noted in the Report.

3. PUMPING ISLAND - Based upon the New Jersey Department of Environmental Protection "no further action" letter for this former underground storage tank site, the pumping island will remain as is.

4. DIESEL TANKS - Landlord will provide secondary containment for the 25 gallon day tank and associated piping. The flooring in the generator room will be sealed with a chemical resistant coating. Landlord will also install an interstitial monitor in the 500 gallon tank which will tie into an audible/visual alarm system in the mechanical room of the Building.

5. FLOOR DRAIN - The drain will remain as is with no further work since secondary containment will be installed in this room along with a chemical resistant coating on the floor.

SCHEDULE

Item 1 will be performed during weeks 1-4 of Landlord's construction period.

Item 2 will be installed during week 1 of Landlord's construction period.

Item 4 will be performed during weeks 2 and 3 of Landlord's construction period.

EXHIBIT C-1

Description of Base Building Improvements

1. Add fire protection throughout the entire building; this includes but is not limited to: sprinklers 1 head per 130 SF @ 0.17 GPM/SF over the most remote 3000 SF of floor area, jockey or fire pump as required to operate the system, flows and tamper devices, fire hydrants, and fire hose valve and cabinets. An alarm check valve shall be provided in the wet pipe systems and equipped with an outside motor gong and an inside electric bell. Systems to be controlled by its own O.S. & Y valve and waterflow alarm. The design of the hydraulically calculated sprinkler system shall handle a demand of 500 gpm (1,890 L/min) for inside and outside hose streams. All work to meet local codes, NFPA and AON Risk Services protection levels.

2. Replace two building chillers including all piping, controls, pumps and valves as required to utilize the existing cooling towers and chilled water loops.

3. Install or upgrade the fire alarm system (addressable.) Tie in the new sprinkler system devices. Install all components such as audio/visual

strobes to meet all applicable codes including ADA.

4. Replace the domestic water booster pumps.

5. Retrofit many base building ADA issues including parking lot issues, exterior stairs, curb ramps, entry doors, main corridor issues, base building door hardware such as toilet rooms, mech. rooms, main conference rooms on the mezz., interior stair modifications of flooring and rails, interior ramps, some elevator modifications, toilet facilities, drinking fountains, public telephones and the fitness center locker rooms.

EXHIBIT C-2

Description of Tenant Improvements

Tenant will occupy the 1111 Durham Facility with a mixture of Administrative and Engineering functions. The majority of the space will be for engineers using software and hardware applications in a research and development atmosphere. The space will contain: several engineering labs, testing chambers, a proto line area, main computer room, data distribution rooms, conference rooms, training rooms, several roof mounted antennas, fitness room, health service, vending areas, video conference room, private offices and modular furniture work stations. One of the test chambers may require the raising of the garage roof. This will be done in a manner to blend the building architecture. The proto line is for the development of new products but not for mass manufacturing. The upper floor will be designed around a central core of offices, conference rooms and labs surrounded on the exterior by modular furniture workstations.

Tenant also desires to upgrade the exterior appearance of the building.

In order to update the appearance of the 1111 Durham Building we would hire an architect to study and present design schemes on the following:

1. Review the main entrance. Study creating a new entrance canopy. This could require new footings and foundation for the Canopy. Additionally we will look at updating the lighting and landscaping in front of the entrance.

2. The sunshade will stay in place as it provides required relief to the cooling load of the building. We will study painting the entire sunshade or high lighting elements of the sunshade such as the vertical elements.

3. There are several round exterior columns that are clad the same as the building. We will study recladding the columns.

4. We will study changing the appearance of the brick elements of the building either through painting or a cladding of them.

5. We will review options for new snap covers on the curtainwall.

6. We do not envision recladding or reglazing the curtainwall at this time.

It is our intent to create an image that not only reflects a strong established Corporate building(as it does today) but also reflects a creative High Tech. Company.

SCHEDULE 3.B.

RENEWAL OPTION

Provided no Event of Default exists and Tenant is occupying not less than 75% of the rentable square feet in the Premises at the time of such election, Tenant may renew this Lease for two additional periods of five years each (the "First Renewal Term" and the "Second Renewal Term," respectively), by delivering written notice of the exercise thereof to Landlord not later than 12 months before the expiration of the then effective Term. The Base Rent payable for each month during such extended Term shall be the greater of (i) the Base Rent payable during the final year of the Term immediately prior to such extension, or (ii) 95% of the "Market Rent", determined as provided in this Schedule 3.B.

Following determination of Base Rent for either Renewal Term, Landlord and Tenant shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except as follows:

(a) Basic Rent shall be adjusted to the greater of (i) 95% of the Market Rent or (ii) the Base Rent payable during the final year of the Term immediately prior to such extension;

(b) Following extension of the option for the Second Renewal Term, Tenant shall have no further unilateral renewal option; and

(c) Landlord shall lease to Tenant the Premises in their then-current condition, and Landlord shall not provide to Tenant any allowances (e.g., moving allowance, construction allowance, and the like) or other tenant inducements.

Tenant's rights under this Exhibit shall terminate if (1) this Lease or Tenant's right to possession of the Premises is terminated, (2) Tenant assigns its interest in this Lease or sublets more than 25% of the total rentable square feet of the Premises (other than by way of a Permitted Transfer), (3) Tenant fails to timely exercise either of its options under this Schedule, time being of the essence with respect to Tenant's exercise thereof, or (4) Tenant's credit rating is less than Moody's Baa1 or S&P BBB+, or their equivalent, on the date the renewal right is exercised or the renewal term commences.

SCHEDULE 3.B.

Market rent shall be a rental rate equal to the then current market rate, for comparable space in other buildings comparable to the Premises in the sub-market taking into account all relevant factors including the size and cost of the building in question when compared to the Premises and the amenity package available for the building in question when compared to the Premises, the creditworthiness of the Tenant, all concessions which are being offered to renewal tenants as new tenant improvements, size and location of the space and the rate shall specifically exclude amounts previously attributed to Tenant's original Tenant Improvements Landlord's Work and additional Tenant Improvements (collectively the "Market Rent").

Upon receiving notice of Tenant's intent to extend the term of the lease, Landlord shall notify Tenant in writing of its determination of Market Rent. In the event Tenant rejects Landlord's determination of the Market Rent, Tenant shall include with its notice of rejection, Tenant's determination of Market Rent. Landlord and Tenant shall then negotiate in good faith for thirty (30) days following the delivery of Tenant's notice to Landlord in an attempt to reach an agreement as to the Market Rent. If, however, Landlord and Tenant are unable to reach an agreement as to the Market Rent, then Tenant shall have the option within five (5) days following the end of such thirty (30) day period to (1) revoke its election to extend the term of this Lease, or (2) to request non-binding mediation. In the event that Tenant shall revoke its notice to extend the term of this Lease, the Lease shall expire per its terms. In the event that Tenant shall elect the non-binding mediation, then Landlord and Tenant shall, within ten (10) days thereafter, each designate a qualified real estate professional. The two (2) such appointees shall within five (5) days thereafter, designate a third real estate professional having substantially similar qualifications.

After a third real estate professional has been designated in accordance with the above paragraph, then within twenty (20) days after the appointment of the third representative, the group shall present their findings regarding the issues of market terms and conditions to both the Landlord and Tenant. If, at that time, Landlord and Tenant are in agreement with the mediation group's findings, then the Lease shall be modified under those terms and conditions.

If, at the time of the mediation group's presentation, no agreement can be reached then, Tenant's sole options are to cancel the option to renew or to agree to Landlord's determination of Market Rent.

SCHEDULE 28.D.

DETERMINATION OF FAIR MARKET VALUE

If Landlord and Tenant are unable to agree upon the Fair Market Value of the Building within the fifteen (15) day period provided for in Section 28.D., then either party may submit the determination of Fair Market Value to binding arbitration by so notifying the other party, designating in such notice a first arbitrator. Within ten (10) days after the giving of such notice, the other party shall designate, in a written notice, the second arbitrator. If the party entitled to do so fails to timely designate the second arbitrator, then the first arbitrator shall proceed to determine the Fair Market Value. If a second arbitrator is designated the arbitrators shall meet within five (5) days after the designation of the second arbitrator, and if within ten (10) days thereafter they have not agreed upon Fair Market Value, they shall appoint a third arbitrator; if the two arbitrators are unable to agree upon a third within five (5) days after the expiration of the aforesaid ten (10) day time period, a third arbitrator shall be selected by Landlord and Tenant. A decision of the arbitrators so chosen shall be given within a period of ten (10) days after the appointment of the third arbitrator. A decision in which any two arbitrators shall have concurred shall be binding and conclusive on the parties hereto, or if no two arbitrators concur, then the average of the two closest mathematical determinations shall constitute the decision of all three arbitrators and shall be similarly binding and conclusive, as to the Fair Market Value. If any arbitrator shall fail, refuse, or become unable to act, a new arbitrator shall be appointed in his place following the same method as was originally followed with respect to the arbitrator to be replaced. Landlord and Tenant shall pay the fees and expenses of the arbitrator appointed by them, and the fees and expenses of the third arbitrator and all other expenses of arbitration shall be borne equally by the parties. All hearings and proceedings held and all investigations and actions taken by the arbitrators shall take place in Washington, D.C. Any arbitrator designated to serve in accordance with the provisions of this Schedule 28.D. shall be qualified to appraise real estate in market where the Building is located, shall not have any financial interest (other than payment of a reasonable fee for serving as an arbitrator) in the outcome of the dispute or matter in question, shall be a member of the American Institute of Real Estate Appraisers or any successor association or body of comparable standing if such Institute is not then in existence, and shall have been actively engaged in the appraisal of real estate in such market a period of not less than five (5) years immediately preceding such arbitrator's appointment.

For the purposes hereof, the "Fair Market Value" of the Building shall be the cash price which an informed purchaser, under no obligation to purchase, would pay to an informed seller, under no obligation to sell, for the Building and related land, in the condition as of the date of determination, free of any mortgages.

SCHEDULE 33

LIST OF ENVIRONMENTAL AND STRUCTURAL REPORTS

1. Phase 1 Environmental Site Assessment, ENSR - August 1997

2. Phase 1 Environmental Site Assessment, Hillman Environmental Company - March 21, 1997

3. Phase 1 Preliminary Hazardous Materials Site Assessment, Harding Lawson Associates - May 13, 1993

4. Underground Storage Tanks Closure Summary Two Underground Storage Tanks, Harding Lawson Associates - March 2, 1994

5. Letter dated 8/18/97 to Linda Kaiser from Roberta Zwier and Eugene Belli re: summarization of the conditions present on the site

6. Asbestos Exposure Assessment With Corrective Action Recommendations At The Prudential South Plainfield Facility South Plainfield, New Jersey, Kaselaan & D'Angelo - October 17, 1988

7. Letter dated 10/6/99 to Glenn Sternard from Kevin Niemeyer re: and enclosing the Preliminary Assessment Report

8. Preliminary Assessment Report, 1111 Durham Avenue, South Plainfield, New Jersey prepared for Motorola Cellular Inc. by Environmental Science & Engineering Inc. dated October 6, 1999.

EXHIBIT 23.2

CONSENT OF ARTHUR ANDERSEN LLP

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
November 30, 2000

EXHIBIT 24.1

POWER OF ATTORNEY

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Leo F. Wells, III and Douglas P. Williams, or either of them acting singly, as his true and lawful attorney-in-fact, for him and in his name, place and stead, to execute and sign any and all amendments, including any post-effective amendments, to the Registration Statement on Form S-11 of Wells Real Estate Investment Trust, Inc. or any additional Registration Statement filed pursuant to Rule 462 and to cause the same to be filed with the Securities and Exchange Commission hereby granting to said attorneys-in-fact and each of them full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact or either of them may do or cause to be done by virtue of these presents.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Power of Attorney has been signed below, effective as of August 18, 2000, by the following persons and in the capacities indicated below.

Signatures	Title
/s/ Leo F. Wells, III Leo F. Wells, III	President and Director (Principal Executive Officer)
/s/ Douglas P. Williams Douglas P. Williams	Executive Vice President and Director (Principal Financial and Accounting Officer)
/s/ John L. Bell John L. Bell	Director
/s/ Richard W. Carpenter Richard W. Carpenter	Director
/s/ Bud Carter Bud Carter	Director
/s/ William H. Keogler, Jr. William H. Keogler, Jr.	Director
/s/ Donald S. Moss Donald S. Moss	Director
/s/ Walter W. Sessoms Walter W. Sessoms	Director
/s/ Neil H. Strickland Neil H. Strickland	Director