As filed with the Securities and Exchange Commission on July 23, 2001

Registration No. 333-44900

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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POST-EFFECTIVE AMENDMENT NO. 3 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.
Holland & Knight LLP
One Atlantic Center, Suite 2000
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.

_____

[The following is text to a sticker to be attached to the front cover page of the prospectus in a manner that will not obscure the Risk Factors:]

SUPPLEMENTAL INFORMATION - The prospectus of Wells Real Estate Investment

Trust, Inc. consists of this sticker, the prospectus dated December 20, 2000, Supplement No. 1 dated February 5, 2001, Supplement No. 2 dated April 25, 2001 and Supplement No. 3 dated July 20, 2001 (the supplements are contained inside the back cover page of the prospectus). Supplement No. 1 includes descriptions of acquisitions of interests in office buildings in Houston, Texas, Minnetonka, Minnesota and Oklahoma City, Oklahoma. Supplement No. 2 includes updated financial statements, prior performance tables and certain other revisions to the prospectus. Supplement No. 3 includes descriptions of acquisitions of interests in office buildings in Nashville, Tennessee and Jacksonville, Florida and certain other revisions to the prospectus.

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 26 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 95% of its taxable income each year for years prior to 2001 and 90% of its taxable income for all future years beginning with the year 2001;

- 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 was formed in 1997 as a Maryland corporation 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, PricewaterhouseCoopers, IBM, and Dial Corporation.

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 26 real estate properties.

We own the following properties directly:

Tenant	Building Type	Location	Occupancy
Motorola, Inc.	Office Building	Plainfield, New Jersey	100%
Delphi Automotive Systems, Inc.	Office Building	Troy, Michigan	100%
Avnet, Inc.	Office Building	Tempe, Arizona	100%
Motorola, Inc.	Office Building	Tempe, Arizona	100%
ASM Lithography, Inc.	Office and Warehouse Building	Tempe, Arizona	100%
Dial Corporation	Office Building	Scottsdale, Arizona	100%
Metris Direct, Inc.	Office Building	Tulsa, Oklahoma	100%
Cinemark USA, Inc. and The Coca-Cola Company	Office Building	Plano, Texas	100%
Marconi Data Systems, Inc.	Office, Assembly and Manufacturing Building	Wood Dale, Illinois	100%
Alstom Power, Inc.	Office Building	Richmond, Virginia	100%
Matsushita Avionics Systems Corporation	Office Building	Lake Forest, California	100%
Pennsylvania Cellular Telephone Corp.	Office Building	Harrisburg, Pennsylvania	100%
PricewaterhouseCoopers	Office Building	Tampa, Florida	100%

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

Tenant	Building Type	Location	Occupancy
Quest Software, Inc.	Office Building	Irvine, California	100%
Siemens Automotive Corporation	Office Building	Troy, Michigan	100%
Gartner Group, Inc.	Office Building	Ft. Myers, Florida	100%
Johnson Matthey, Inc.	Research and Development, Office and Warehouse Building	Tredyffrin Township, Pennsylvania	100%
Sprint Communications Company L.P.	Office Building	Leawood, Kansas	100%
EYBL CarTex, Inc.	Manufacturing and Office Building	Fountain Inn, South Carolina	100%

Tenant	Building Type	Location	Occupancy
Fairchild Technologies U.S.A., Inc.	Manufacturing and Office Building	Fremont, California	100%
Cort Furniture Rental Corporation	Office and Warehouse Building	Fountain Valley, California	100%
Iomega Corporation	Office Building	Ogden City, Utah	100%
ODS Technologies, L.P. and GAIAM, Inc.	Office Building	Broomfield, Colorado	100%
Ohmeda, Inc.	Office Building	Louisville, Colorado	100%
Alstom Power, Inc.	Office Building	Knoxville, Tennessee	100%
Avaya, Inc.	Office Building	Oklahoma City, Oklahoma	100%

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 diversify 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, insurance and other operating costs. 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 selling

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%
4/th/ 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 10, 2000, we had received approximately $169,671,659 in gross offering proceeds from the sale of 16,967,166 shares of common stock in our second offering, which commenced on December 20, 1999 and was terminated on December 19, 2000. Of this additional $169,671,659 raised in the second offering, we invested or expect to invest approximately $142,524,194 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, Nebraska 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 Wells REIT pursuant to our share redemption 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 net 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 31 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 26

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.

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.

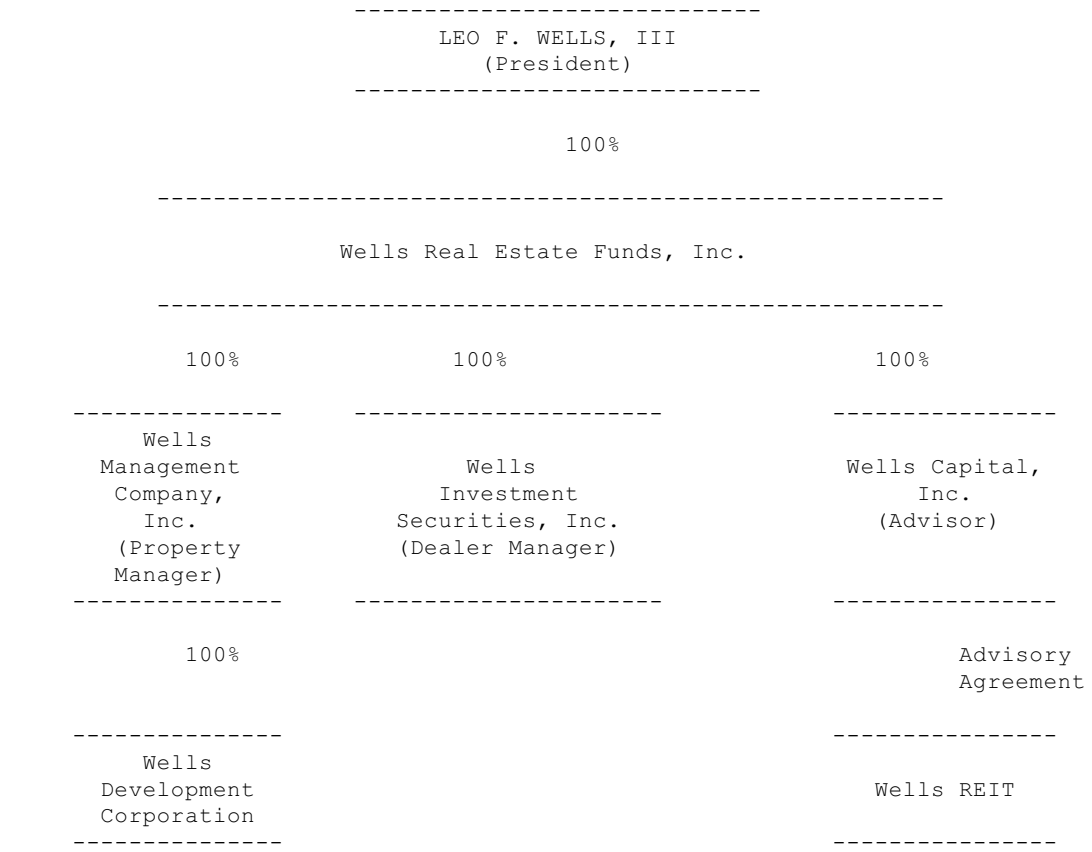
Conflicts of Interest

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 51 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.



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 114 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 this 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 Commissions	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 and Leasing Fees	4.5% 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 contract price for properties sold after investors receive a return of capital plus an 8.0% return on capital	N/A
Subordinated Participation in Net Sale Proceeds (Payable	10.0% of remaining amounts of net sale proceeds after return of capital	N/A

Only if the Wells REIT is not Listed on an exchange)	plus payment to investors of an 8.0% cumulative non-compounded return on the capital contributed by investors	
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 and its affiliates 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 46.

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 liquidation of 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 142.

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 the 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, Douglas P. Williams, M. Scott Meadows, Michael C. Berndt and Allen G. Delenick, each of whom would be difficult to replace. If any of our key personnel were to cease 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. (See "Description of Shares -- Business Combinations.")

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 RisksReal 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 rely on certain tenants.

Motorola, Inc and Marconi Data Systems, Inc. are two of the major tenants in properties which we currently own. In the aggregate, rental income from these two tenants represents approximately 27.9% of our total gross rental revenues. Rental income from Motorola, Inc. represents approximately

18.0% of our gross rental revenues and rental income from Marconi Data Systems, Inc. represents approximately 9.9% of our gross rental revenues. The revenues generated by the properties these two tenants occupy are substantially reliant upon the financial condition of these tenants and, accordingly, any event of bankruptcy, insolvency or a general downturn in the business of either of these tenants may result in the failure or delay of such tenant's rental payments which may have a substantial adverse effect on our financial performance. (See "Description of Properties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations.")

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 first priority 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. (See "Description of Properties -- Real Estate Loans.")

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 139.

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 participating broker-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 participating broker-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%

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.

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(Footnotes to "Estimated Use of Proceeds")

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 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 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 board of directors adopted our Audit Committee Charter at its quarterly board meeting held September 27, 2000. 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	Director	60
Richard W. Carpenter	Director	63
Bud Carter	Director	62

William H. Keogler, Jr.	Director	55
Donald S. Moss	Director	64
Walter W. Sessoms	Director	66
Neil H. Strickland	Director	64

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-based 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 27 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 to 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 each of our independent directors $500 per month plus $125 for each board meeting he attends. 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 the 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 September 30, 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 three years until 100% of the shares become exercisable. The Subsequent Options granted under the Director Option 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 the 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 the annual shareholders 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. (See "Committees of the Board of 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 his 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
Allen G. Delenick	44	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 in 1999, 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.

Allen G. Delenick is a Vice President of Wells Capital. He is primarily responsible for identifying and analyzing properties for acquisition by

conducting due diligence and preparing discounted cash flow analyses on potential acquisitions. Prior to joining Wells Capital in 1998, Mr. Delenick worked for Carter & Associates in Atlanta. In this capacity, he was responsible for project financings, development analysis, acquisitions and dispositions analysis, and occupancy cost analysis. Mr. Delenick previously worked for Portman Properties in Atlanta and Rosewood Properties in Dallas. His primary responsibilities included real estate financial analysis and acquisitions and development due diligence.

He graduated from Lehigh University with a B.S. in business and economics. Mr. Delenick also received an M.B.A. in finance and an M.S. in real estate from Southern Methodist University.

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

The background of Mr. Wells is described in the "Management -- Executive Officers and Directors" section of this prospectus. Below is a brief description of the other executive officers of Wells Management.

M. Scott Meadows is a Senior Vice President and Secretary of Wells Management. He is primarily responsible for the acquisition, operation, management and disposition of real estate investments. Prior to joining Wells Management in 1996, Mr. Meadows served as Senior Property Manager for The Griffin Company, a full-service commercial real estate firm in Atlanta, where he was responsible for managing a 500,000 square foot office and retail portfolio. Mr. Meadows previously managed real estate as a Property Manager for Sea Pines Plantation Company. He graduated from University of Georgia with a B.B.A. in management. Mr. Meadows is a Georgia real estate broker and holds the Real Property Administrator (RPA) designation of the Building Owners and Managers Institute International. He is currently completing the final phase to receive the Certified Property Manager (CPM) designation from the Institute of Real Estate Management.

Michael C. Berndt is a Vice President and Chief Investment Officer of Wells Management. He is primarily responsible for performing due diligence on properties for acquisition, reviewing all major leasing activities and development and being the primary contact for Wells Management's banks, attorneys, and outside accountants. Prior to joining Wells Management in 1996, Mr. Berndt held several positions with financial, investment and real estate organizations, including Ernst & Young (formerly Ernst & Ernst) and Roe, Martin & Neiman, Inc., a registered investment advisory firm. He also primarily served as in-house counsel and Senior Vice President of Acquisitions for Combined Equities, Inc. and President of Phoenix Financial Corporation, an NASD broker-dealer. He graduated from Samford University with a B.S. in Accounting. Mr. Berndt also received a J.D. from Cumberland Law School and an LL.M. in Taxation from New York University School of Law. Mr. Berndt is a licensed attorney in the State of Alabama and a Certified Public Accountant.

Michael L. Watson is a Vice President of Wells Management. He is primarily responsible for overseeing construction and tenant improvement projects including design, engineering, and progress-monitoring functions. Prior to joining Wells Management in 1995, Mr. Watson was Senior Project Manager with Abrams Construction in Atlanta from 1982 to 1995. His primary responsibilities included supervising a variety of projects consisting of high-rise office buildings, military bases, state projects, and neighborhood shopping centers. He graduated from University of Miami with a B.S. in Civil Engineering.

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" and "Management Compensation.")

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 and its affiliates, including the selection of investment properties to be recommended to our board of directors, the negotiation for these investments, and the property management and leasing of these investment properties will reside in Leo F. Wells, III, Douglas P. Williams, M. Scott Meadows, Michael C. Berndt and Allen G. Delenick. 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 volume of shares sold by such participating broker-dealers, marketing support and bona fide conference fees incurred.	$33,750,000
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	For the management and leasing of our properties, we will pay Wells Management, our Property Manager, property management and leasing fees equal to 4.5% of gross revenues; provided, however, that aggregate property management and leasing fees payable to Wells Management may 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)	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

	100% of their capital contributions plus (2) an 8.0% annual cumulative, noncompounded return on their net capital contributions.	
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 sale 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 of cash flow necessary to generate an 8.0% per year cumulative, noncompounded return to investors.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

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.

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(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 sale 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.

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)	100	*

6200 The Corners Parkway, Suite 250
Norcross, GA 30092

	Shares Beneficially Owned	
	Shares	Percentage
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	12,378	*
Walter W. Sessoms (2) 5995 River Chase Circle NW Atlanta, GA 30328	3,761	*
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%
Police & Fireman Retirement System City of Detroit Attn: Ronald J. Stempin 908 Coleman A. Young Municipal Center Detroit, MI 48226	2,083,333	7.96%
All directors and executive officers as a group /(1)(3)/	21,139	*

* 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.

Wells Capital and its affiliates are currently sponsoring a real estate program known as Wells Real Estate Fund XII, L.P. (Wells Fund XII). The registration statement of Wells Fund XII was declared effective by the Securities and Exchange Commission (SEC) 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. In addition, the initial registration statement of Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) was filed with the SEC on October 31, 2000 for the registration of up to 4,500,000 units of limited partnership interest at a price of $10 per unit. It is intended that the registration of Wells Fund XIII become effective immediately following the termination of the offering of Wells Fund XII, which will occur on or about March 21, 2001.

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 December 10, 2000, we had an aggregate debt leverage ratio of 10% 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 distribution of 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 in accordance with various NASAA Guideline provisions. 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 10, 2000, we had purchased interests in 26 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	13.9%	$ 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

Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent	Lease Expiration
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/ $1,302,100	12/2009 11/2006
The Gartner Group, Inc.	Ft. Myers, FL	56.8%	$ 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	06/2007
Alstom Power, Inc.(1)	Richmond, VA	100%	$11,400,000	102,000	$1,183,731	07/2007
Sprint Communications Company, L.P.	Leawood, KA	56.8%	$ 9,500,000	68,900	$ 999,048	05/2007
EYBL Cartex, Inc.	Greenville, SC	56.8%	$ 5,085,000	169,510	$ 508,530	02/2008
Matsushita Avionics Systems Corporation(1)	Lake Forest, CA	100%	$18,400,000	150,000	$1,830,000	01/2007
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
Fairchild Technologies U.S.A., Inc.	Fremont, CA	77.5%	$ 8,900,000	58,424	$ 867,324	11/2004
Cort Furniture Rental Corporation	Fountain Valley, CA	43.7%	$ 6,400,000	52,000	$ 758,964	10/2003
Iomega Corporation	Ogden City, UT	3.7%	$ 5,025,000	108,000	$ 659,868	07/2006
ODS Technologies, L.P. and GAIAM, Inc.	Broomfield, CO	3.7%	$ 8,275,000	51,974	$ 913,908	10/2001
Ohmeda, Inc.	Louisville, CO	3.7%	$10,325,000	106,750	$1,004,520	01/2005
Alstom Power, Inc.	Knoxville, TN	3.7%	$ 7,900,000	87,000	$1,106,520	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, 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 December 10, 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	$1,230,826	13.9%
Wells Fund VIII	$4,171,778	47.2%
Wells Fund IX	$3,440,955	38.9%

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 December 10, 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 December 10, 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 December 10, 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 Alstom Power 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 December 10, 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 December 10, 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 consideration for a reduction of the

purchase price and immediate occupancy of 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) for 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. 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. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources.")

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 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 was $326,700. 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 subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

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 60 countries. Additionally, Avnet distributes a variety of computer products to consumers and resellers. Avnet sells products of more than 100 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 90th month of the lease term if Siemens (a) provides written notice of such cancellation on or before the last day of the 78th 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 Motorola Tempe Building is subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

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

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
Years 1-5	$ 1,927,788	$ 160,649
Years 6-10	$ 2,130,124	$ 177,510
Years 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
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 30th 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 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 subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

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.

The Metris Building is located on a 14.6 acre tract of land located at 4848 South 129th 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.

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 this prospectus, is secured by a first mortgage against the Metris Building.

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

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 remainder of the Coca-Cola lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
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 Videojet 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 subject to a first priority mortgage in favor of Bank of America, N.A. securing the BOA Loan, which is more particularly described in the "Real Estate Loans" section of this prospectus.

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 Richmond Building

The Alstom Power Richmond 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 Richmond Building in July 2000 at an aggregate cost of approximately $11,400,000, including the cost of the land.

The Alstom Power Richmond 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.

Wells OP originally obtained a construction loan from SouthTrust Bank, N.A. in the maximum principal amount of $9,280,000 to fund the development and construction of the Alstom Power Richmond Building. This loan, which is more specifically detailed in the "Real Estate Loans" section of this prospectus, was recently converted to a line of credit and is secured by a first priority mortgage against the Alstom Power Richmond Building, an assignment of the landlord's interest in the Alstom Power Richmond lease and a $4,000,000 letter of credit issued by Unibank.

The Alstom Power Richmond 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 Richmond 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 Richmond 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 Richmond 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 nine 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 annual base rent payable under the Sprint lease is $999,048 through May 18, 2002, and $1,102,404 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 Years	Annual Rent	Monthly Rent
Years 3-4	$508,530	$42,378
Years 5-6	$550,908	$45,909
Years 7-8	$593,285	$49,440
Years 9-10	$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.

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 24th and 48th 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 13th 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 Cellular 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.

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.

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 this prospectus, is secured in part by a first priority mortgage against the AT&T Building.

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 12 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.

The PwC Building is located on approximately 9.0 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.

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 this prospectus, is secured by a first priority mortgage against the PwC Building.

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 current 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 annual base rent payable under the Cort lease is $758,964 through April 30, 2001 at which time the annual base rent will be increased 10% to $834,888 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 8.0 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 annual base rent payable under the Iomega lease is $659,868. 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 annual base rent payable under the GAIAM lease is approximately $313,800 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 annual base rent payable for this space is $48,012.

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 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 annual base rent payable under these leases for 2000 is approximately $243,696.

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 15.0 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 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 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 Alstom Power Knoxville Building

The Alstom Power Knoxville Building (formerly known as 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 Alstom Power Knoxville Building. Wells Fund IX contributed the Alstom Power 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 Alstom Power Knoxville Building was completed in December 1997.

The Alstom Power 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 Alstom Power Knoxville Building is currently 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.

As security for Alstom Power's obligations under its lease, Alstom Power 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 Alstom Power Knoxville lease. The letter of credit maintained by Alstom Power 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 Alstom Power Knoxville 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 Alstom Power Knoxville 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 two years of the initial lease term, and $1,220,484 payable in equal monthly installments of $101,707 during the last two years and 11 months of the initial lease term.

The IX-X-XI-REIT Joint Venture has agreed to provide Alstom Power 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 Alstom Power for at least three consecutive years ending with such fifth anniversary reduced by (2) $177,000.

Alstom Power has a one-time option to terminate the Alstom Power Knoxville 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 Alstom Power elects to exercise this termination option, Alstom Power 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 Alstom Power Knoxville 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 Alstom Power in the event it exercises its option to terminate the Alstom Power Knoxville 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 Alstom Power Knoxville Building, the Avaya Building, the Matsushita Building and the Alstom Power Richmond Building.

Real Estate Loans

The SouthTrust Loans

Wells OP has established various secured lines of credit with SouthTrust Bank, N.A. (SouthTrust) whereby SouthTrust has agreed to loan in the aggregate an amount of up to $72,140,000 to Wells OP in connection with its purchase of real properties. The interest rate on each of these separate lines of credit is an annual variable rate equal to the London InterBank Offered Rate (LIBOR) for a 30 day period plus 175 basis points. Wells OP will be charged an advance fee of 0.125% of the amount of each advance. As of December 15, 2000, the interest rate was 8.44% per annum.

The $32,393,000 SouthTrust Line of Credit

The $32,393,000 SouthTrust line of credit requires monthly payments of interest only and matures on June 10, 2002. This SouthTrust line of credit is secured by first priority mortgages against the Cinemark Building, the Dial Building and the ASML Building. As of December 15, 2000, the outstanding principal balance of the $32,393,000 SouthTrust line of credit was $17,028,850.

The $12,844,000 SouthTrust Line of Credit

The $12,844,000 SouthTrust line of credit requires monthly payments of interest only and matures on June 10, 2002. This SouthTrust line of credit is secured by a first priority mortgage against the PwC Building. As of December 15, 2000, there was no outstanding principal balance on the $12,844,000 SouthTrust line of credit.

The $19,003,000 SouthTrust Line of Credit

The $19,003,000 SouthTrust line of credit requires monthly payments of interest only and matures on June 10, 2002. This SouthTrust line of credit is

secured by first priority mortgages against the Avnet Building and the Motorola Tempe Building. As of December 15, 2000, there was no outstanding principal balance on the $17,800,000 SouthTrust line of credit.

The $7,900,000 SouthTrust Line of Credit

Wells LLC - VA originally obtained a loan from SouthTrust Bank, N.A. in connection with the acquisition, development and construction of the Alstom Power Richmond Building (formerly known as the ABB Richmond Building). After completion of the construction, SouthTrust converted the construction loan into a separate line of credit in the maximum principal amount up to $7,900,000. This SouthTrust line of credit requires payments of interest only and matures on June 10, 2002. The $7,900,000 SouthTrust line of credit is secured by a first priority mortgage against the Alstom Power Richmond Building, the Alstom Power Richmond lease and a $4,000,000 letter of credit issued by Unibank. As of December 15, 2000, there was no outstanding principal balance on the $7,900,000 SouthTrust line of credit.

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 (formerly the Vanguard Cellular 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 January 4, 2002. The interest rate on the BOA Loan is a variable rate per annum equal to the LIBOR for a thirty-day period plus 200 basis points. As of December 15, 2000, the interest rate on the BOA Loan was 8.69% per annum. The BOA Loan is secured by first priority mortgages against both the AT&T Building and the Marconi Building. As of December 15, 2000, the outstanding principal balance of the BOA Loan was $14,300,149.

The Metris Loan

Wells OP assumed a loan (Metris Loan) with Richter-Schroeder Company, Inc. in connection with its purchase of the Metris Building. The Metris Loan requires monthly payments of interest only and matures on February 11, 2003. 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. As of December 15, 2000, the interest rate on the Metris Loan was 8.44% per annum. The Metris Loan is secured by a first mortgage against the Metris Building. As of December 15, 2000, the outstanding principal balance of the Metris Loan was $8,000,000.

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 $0.1875 and $0.1750 per share, respectively, which were declared on a daily record date basis in the amount of $0.002038 and $0.001902, 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 the VIII-IX Joint Venture. The Rental Income Guaranty Agreement provided for a guarantee by Wells OP to 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, in order to occupy the Matsushita Building developed and constructed by Wells OP. 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 -- The 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 through February 2001 to cover initial rental concessions granted to Quest in order to induce Quest to rent the Quest Building. 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 substantially reduced our financial exposure 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. Payments made to the VIII-IX Joint Venture under the Rental Income Guaranty Agreement are made from capital proceeds raised and are being capitalized over the term of the lease with Matsushita Avionics for the Matsushita Building.

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 for the nine months ended September 30, 2000.

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 $33,648,156, plus closing costs of $105,225. The Motorola Plainfield Building is 100% leased to Motorola, Inc. (See "Description of Properties -- The Motorola Plainfield Building.")

Property Operations

As of September 30, 2000, we have provided the following operational information relating to our real estate properties:

The Alstom Power Knoxville Building (formerly the ABB Knoxville 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 Furniture 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 (formerly the Vanguard Cellular Building)

	Three Months Ended		Nine Months Ended	Nine 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 operating 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 (formerly the Videojet 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	Nine 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 Tempe 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 Tempe 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 Richmond 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 Richmond Building). The aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Alstom Power Richmond 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 Richmond 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 Richmond Building was completed in July 2000, comparable income and expense figures for the prior period are not available.

The Quest Building (formerly the Bake Parkway 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 and other costs and expenses related to the Quest Building 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), and
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 10, 2000, we had received gross proceeds of approximately $169,671,659 from the sale of approximately 16,967,166 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, as of December 31, 1999, the date of the Prior Performance Tables, none of the Wells programs had 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. Substantially 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 the 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 two-story office buildings in Stockbridge, Georgia.

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of $17,006,020 representing subscriptions from 1,667 limited partners. $15,209,666 of the gross proceeds were attributable to sales of Class A Units, and $1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1999, $15,664,160 of units of Wells Fund V were treated as Class A Units, and $1,341,860 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 two-story office buildings in Stockbridge, Georgia;

. 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, 1999, $21,959,690 of units of Wells Fund VI were treated as Class A Units, and $3,040,310 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, 1999, $20,362,672 of units in Wells Fund VII were treated as Class A Units, and $3,817,502 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, 1999, $4,748,439 of units in Wells Fund VIII were treated as Class A Units, and $27,284,250 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 leased to Quest Software, Inc.; 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, 1999, $30,723,220 of units in Wells Fund IX were treated as Class A Units, and $4,276,780 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 leased to Quest Software, Inc.;

- 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 Alstom Power, 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; and
- a one-story office building in Oklahoma City, Oklahoma leased to Avaya, 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, 1999, $21,669,662 of units in Wells Fund X were treated as Class A Units and $5,454,250 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 Alstom Power, Inc.;
- 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 Avaya, 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.

After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1999, $13,369,062 of units in Wells Fund XI were treated as Class A Units and $3,163,740 of units were treated as Class B Units. Wells Fund XI owns interests in the following properties:

- a three-story office building in Knox County, Tennessee leased to Alstom Power, Inc.;
- a one-story office building in Oklahoma City, Oklahoma leased to Avaya, 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 Wells REIT.

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 it is more likely than not that we qualified to be taxed as a REIT under the Internal Revenue Code for our taxable year ended December 31, 1999, 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 (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 m et:

  - 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 TransactionsSale-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, as amended, 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, our advisor, 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% 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 10, 2000, approximately 30,185,358 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 Rrquirements

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 cast 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, less any discounts authorized in the "Plan of Distribution" section of this prospectus, 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. A copy of our Amended and Restated Dividend Reinvestment Plan as currently in effect is included as Exhibit B to this prospectus.

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.

On 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 Acquisitions, 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 $10.00 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-dealers as marketing fees and as reimbursement of due diligence expenses, based on such factors as the number of shares sold by such participating broker-dealers, the assistance of such participating broker-dealers 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	Sales Commissions		Purchase Price	Dealer Manager Fee Per	Net Proceeds
Shares Purchased	Percent	Per Share	Per Share	Share	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, or longer if required to satisfy outstanding deferred commission obligations, 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, at any time prior to the satisfaction of our remaining deferred commission obligations, listing of the shares occurs or is reasonably anticipated to occur, or we begin a liquidation of our properties, the remaining commissions due under the deferred commission option may be accelerated by the Wells REIT. In either such event, we shall provide notice of any such acceleration to shareholders who have elected the deferred commission option. In the event of listing, 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. 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. In the event of a liquidation of our properties, the amount of remaining commissions due shall be deducted and paid by the Wells REIT out of dividends or net sale proceeds otherwise payable to shareholders who are subject to any such acceleration of their deferred commission obligations. In no event may Wells REIT withhold in excess of $0.60 per share in the aggregate for the payment of deferred commissions.

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 Dial Building, the ASML Building, the Motorola Tempe Building and the Motorola Plainfield 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.

/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

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	Retained	Total Shareholders'
	Shares	Amount	Capital	Earnings	Equity
BALANCE, December 31, 1997	100	$ 1	$ 999	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	31,540,360
Net income	0	0	0	334,034	334,034
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

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 (loss) allocated to Wells Real Estate Fund XI	$ 184,335	$ 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		
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		
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

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

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.

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 Paid-In	Retained	Total Shareholders'
	Shares	Amount	Capital	Earnings	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.

/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.

/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.

/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	December 31, 1999
	(unaudited)	
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		Pro Forma Total
		Prior Acquisitions	Motorola Plainfield	
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)	4,614,561
			23,706(c)	
Interest	442,029	2,758,350(d)	1,787,100(f)	5,437,479
		450,000(e)		
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.

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: 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	2/31/97	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:	$ 169,661	$ 105,410	$ 22,200	$ 129,208	$ 1,434,957
Property Management Fee/(1)/	--	--	--	--	--
Partnership Management Fee	$ 133,784	$ 105,132	$ 61,058	$ 101,605	$ 1,613,725
Reimbursements	$ 260,082	$ 176,108	$ 33,492	$ 129,208	$ 1,580,482
Leasing Commissions	--	--	--	--	--
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)	93	85	86	62	57
- Operations Class A Units	(248)	(224)	(168)	(98)	(20)
- Operations Class B Units	--	--	--	--	--
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)	89	88	53	28
- Operations Class A Units	(272)	(218)	(77)	(11)
- Operations Class B Units	--	--	--	--
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)	97	85	28
- Operations Class A Units	(160)	(123)	(9)
- Operations Class B Units	--	--	--
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

	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	--	--			
Increase in Limited Partner Contributions	--	16,532,801			
	$ (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 $9.40 per Share purchased upon subscription. For the next six years following the year of subscription, or lower if required to satisfy outstanding deferred commission obligations, you will have a 1% sales commission ($.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 reinvested dividends, less any discounts authorized by the Prospectus. b. DIVIDEND ADDRESS: If cash dividends are to be sent to an address Oher 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.

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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 taxpayer identification number on your check.]
[All additional investments must be made in increments of at least $25.]

3. ===== TYPE OF OWNERSHIP =====

[_] IRA (06)
[_] Keogh (10)
[_] Qualified Pension Plan (11)
[_] Qualified Profit Sharing Plan (12)
[_] Other Trust _____
For the Benefit of _____
[_] Company (15)

[_] Individual (01)
[_] Joint Tenants With Right of Survivorship (02)
[_] Community Property (03)
[_] Tenants in Common (04)
[_] Custodian: A Custodian for _____ under the Uniform Gift to Minors Act or the Uniform Transfers to Minors Act of the State of _____ (08)
[_] Other _____

4. ===== REGISTRATION NAME AND ADDRESS =====

Please print name(s) in which Shares are to be registered. Include trust name if applicable.
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other _____

_____

Taxpayer Identification Number
[_][_]-[_][_][_][_][_][_][_]

_____

Social Security Number

[_][_][_]-[_][_]-[_][_][_][_]

Street Address
or P.O. Box

City ---------- State ---------- Zip Code ----------

Home Telephone No. ( ) Business Telephone No. ( )

Birthdate Occupation

5. ===== INVESTOR NAME AND ADDRESS =====
(COMPLETE ONLY IF DIFFERENT FROM REGISTRATION NAME AND ADDRESS)
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other

Name Social Security Number

[_][_][_]-[_][_]-[_][_][_][_]

Street Address
or P.O. Box

City State Zip Code

Home Telephone No. ( ) Business Telephone No. ( )

Birthdate Occupation

(REVERSE SIDE MUST BE COMPLETED)

6. ===== SUBSCRIBER SIGNATURES =====

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

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

6. Reports. 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. Commissions and Other Charges. 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. Termination by Participant. A Participant may terminate participation in the DRP at any time, without penalty by delivering to the Company a written notice. Prior to listing of the Shares on a 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. Amendment or Termination of DRP by the Company. 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. Liability of the Company. The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability; (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act of 1933, as amended, or the securities act of a 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

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 1 DATED FEBRUARY 5, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The acquisition by Wells Operating Partnership, L.P. (Wells OP) of a

six-story office building in Houston, Texas leased to Stone & Webster, Inc. and SYSCO Corporation (Stone & Webster Building);

(3) The acquisition by Wells OP of an eight-story office building in Minnetonka, Minnesota leased to Metris Direct, Inc. (Metris Minnetonka Building);

(4) The acquisition by the Fund XII-REIT Joint Venture Partnership of a one-story office building and a connecting two-story office building in Oklahoma City, Oklahoma leased to AT&T Corp. and Jordan Associates, Inc. (AT&T Call Center Buildings);

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

(6) Statements of revenue over operating expenses for the Stone & Webster Building and the AT&T Call Center Buildings; and

(7) Unaudited Pro Forma Financial Statements for the Wells REIT.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of January 31, 2001, we had received an additional $25,133,848 in gross offering proceeds from the sale of 2,513,385 shares in the third offering. Accordingly, as of January 31, 2001, we had received in the aggregate approximately $332,544,960 in gross offering proceeds from the sale of 33,254,496 shares of our common stock.

Stone & Webster Building

Purchase of the Stone & Webster Building. On December 21, 2000, Wells OP, the operating partnership for the Wells REIT, purchased a six-story office building with approximately 312,564 rentable square feet located at 1430 Enclave Parkway, Houston, Harris County, Texas. Wells OP purchased this building from Cardinal Paragon, Inc. (Cardinal) pursuant to that certain Agreement of Purchase and Sale of Property between Cardinal and Wells OP. Cardinal purchased the Stone & Webster Building in a sale-leaseback transaction from Enclave Parkway Realty, Inc., an affiliate of Stone & Webster, Inc. (Stone & Webster), on December 21, 2000. Cardinal is not in any way affiliated with the Wells REIT or our Advisor, Wells Capital, Inc.

The purchase price for the Stone & Webster Building was $44,970,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Stone & Webster Building, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $45,000. In order to finance part of the acquisition of the Stone & Webster Building, Wells OP obtained an acquisition loan of $35,900,000 from Guaranty Federal Bank, F.S.B. (Guaranty Federal Loan) and $3,000,000 in seller financing from Cardinal (Seller Financing).

An independent appraisal of the Stone & Webster Building was prepared by Abbot & Associates, Inc., real estate appraisers, as of November 20, 2000, pursuant to which the market value of the 9.96 acre parcel of land containing the leased fee interest subject to the leases described below was estimated to be $46,500,000 and the additional 4.34 acre parcel of land (described below) was estimated to be $1,890,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Stone & Webster Building will continue operating at a stabilized level with the tenants

described below occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the Stone & Webster Building were satisfactory.

Description of the Loans. The Guaranty Federal Loan in the amount of $35,900,000 requires monthly payments of interest only and matures on December 20, 2001. In the event that the principal balance of the loan is not repaid in full by March 31, 2001, Wells OP is required to make a principal payment of $6,000,000 on such date. The interest rate on the Guaranty Federal Loan is a variable rate equal to the London InterBank Offered Rate (LIBOR) for a 30-day period plus 250 basis points if the principal balance of the loan is in excess of $25,900,000; 200 basis points if the principal balance of the loan is between $24,195,001 and $25,900,000; and 180 basis points if the principal balance of the loan is less or equal to $24,195,000. As of January 31, 2001, the principal balance of the Guaranty Federal Loan was $24,100,000. Wells OP has secured separate interest rates for two portions of the Guaranty Federal Loan, each having an interest rate of LIBOR plus 180 basis points on the date the rate for such portion was secured. As of January 31, 2001, the interest rate on the Guaranty Federal Loan was 7.61% per annum on the first $21,900,000 of the principal loan balance and 7.66% per annum on the remaining $2,200,000 of the principal balance. The Guaranty Federal Loan is secured by a first priority mortgage against the Stone & Webster Building.

The Seller Financing consists of a $3,000,000 loan to Wells OP from Cardinal. The Seller Financing requires the payment of the full principal balance plus accrued interest on the earlier of: (i) December 20, 2001, or (ii) the date that the Guaranty Federal Loan is repaid in full. The interest rate on the Seller Financing is 6% per annum. The Seller Financing is secured by a second priority mortgage against the Stone & Webster Building.

Description of the Stone & Webster Building and Site. The Stone & Webster Building, which was completed in 1994, is a six-story office building containing approximately 312,564 rentable square feet located on a 9.96 acre tract of land. In addition, this site includes 4.34 acres of unencumbered land available for expansion. The first four floors of the Stone & Webster Building are occupied by Stone & Webster, and the fifth and sixth floors are occupied by SYSCO Corporation (SYSCO).

Location of the Stone & Webster Building. The Stone & Webster Building is located in a growing area with nearby access to the Houston freeway system, employment centers and shopping centers. The site is within two miles of Interstate 10 near the intersection of Briar Forest Drive and Dairy Ashford Road. There is a planned development to the southeast of the site known as Westchase which comprises 1,347 acres of land developed for a variety of uses such as high-rise office buildings, office/warehouse buildings, apartment complexes, condominium projects, retail shopping centers and hotels.

The Stone & Webster Lease. Stone & Webster occupies 206,048 rentable square feet (floors 1 through 4) of the Stone & Webster Building under an Office Building Lease between Wells OP and Stone & Webster entered into at closing. The current term of the Stone & Webster lease is ten years, which commenced on December 21, 2000, and expires on December 20, 2010. Stone & Webster has the right to extend the Stone & Webster 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) the then-current fair market rental value. In the event that the parties cannot agree upon the fair market rental value, such value shall be determined in accordance with the appraisal procedure contained in the Stone & Webster lease.

Stone & Webster is a full-service engineering and construction company offering managerial and technical resources for solving complex energy,

environmental, infrastructure and industrial challenges. Stone & Webster, which was founded in 1889 as an electrical testing laboratory and consulting firm, has evolved into a global organization employing more than 5,000 people worldwide.

The Stone & Webster lease is guaranteed by The Shaw Group, Inc., the parent company of Stone & Webster. Shaw Group is the largest supplier of fabricated piping systems and services in the world. Shaw Group distinguishes itself by offering comprehensive solutions consisting of integrated engineering and design, pipe fabrication, construction and maintenance services and the manufacture of specialty pipe fittings and supports to the power generation, crude oil refining, chemical and petrochemical processing and oil and gas exploration and production industries. Shaw Group has approximately 13,000 employees with offices in the United States, Australia, Canada, the United Kingdom, Venezuela and Bahrain. Shaw Group reported net income of approximately $18.1 million on revenues of approximately $494 million for the fiscal year 1999, and reported a net worth, as of December 31, 1999, of over $174 million.

The annual base rent payable under the Stone & Webster lease is $4,533,056 ($22 per square foot) payable in monthly installments of $377,754.67 for the first five years of the lease term and $5,213,014 ($25.30 per square foot) payable in monthly installments of $434,417.83 for the remainder of the lease term.

Pursuant to the Stone & Webster lease, Stone & Webster is required to pay its proportionate share of taxes relating to the Stone & Webster Building and all operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including garbage and waste disposal, janitorial service and window cleaning, security, insurance, water and sewer charges, wages, salaries and employee benefits of all employees engaged in the operation, maintenance and management of the building, indoor and outdoor landscaping, utilities and repairs, replacements and general maintenance. Wells OP, as the landlord, will be responsible for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

The SYSCO Lease. SYSCO currently occupies 106,516 rentable square feet (floors 5 and 6) of the Stone & Webster Building under a Lease Agreement. The landlord's interest in the SYSCO lease was assigned to Wells OP at the closing. The initial term of the SYSCO lease is ten years, which commenced on October 1, 1998, and expires on September 30, 2008.

SYSCO is the largest marketer and distributor of foodservice products in North America. SYSCO operates from 101 distribution facilities and provides its products and services to about 356,000 restaurants and other users across the United States and portions of Canada. SYSCO distributes a wide variety of fresh and frozen meats, seafood, poultry, fruits and vegetables, plus bakery products, canned and dry foods, paper and disposable products, sanitation items, dairy foods, beverages, kitchen and tabletop equipment, as well as medical and surgical supplies. SYSCO reported net income of approximately $362 million on revenues of approximately $17 billion for the fiscal year ending July 2000, and reported a net worth, as of June 30, 2000, of over $1.4 billion.

The annual base rent payable under the SYSCO lease is $2,130,320 ($20 per square foot) payable in monthly installments of $177,526.67 for the first five years of the lease term and $2,236,836 ($21 per square foot) payable in monthly installments of $186,403 for the remainder of the lease term.

Pursuant to the SYSCO lease, SYSCO is required to pay its proportionate share of taxes and operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including supplies and materials, utilities, insurance and repairs, replacements, general maintenance and wages and salaries (including management fees not to exceed 3% of gross revenues attributable to the building) of all employees engaged in maintaining and operating the Stone & Webster Building. Wells OP, as the landlord, will be responsible for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central

heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

Metris Minnetonka Building

Purchase of the Metris Minnetonka Building. On December 21, 2000, Wells OP purchased a nine-story office building with approximately 300,633 rentable square feet located at 10900 Wayzata Boulevard, Minnetonka, Minnesota. Wells OP purchased the Metris Minnetonka Building from Opus Northwest, L.L.C. (Opus), pursuant to that certain Purchase Agreement dated October 31, 2000 (Metris Agreement) between Opus and the Advisor. Opus is not in any way affiliated with the Wells REIT or the Advisor.

The rights under the Metris Agreement were assigned by the Advisor, the original purchaser under the Metris Agreement, to Wells OP at closing. The purchase price for the Metris Minnetonka Building was $52,800,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Metris Minnetonka Building, including attorneys' fees, recording fees, loan fees, and other closing costs, of approximately $100,000. In order to finance the acquisition of the Metris Minnetonka Building, Wells OP obtained $52,800,000 in loan proceeds by drawing down on an existing line of credit with SouthTrust Bank, N.A.

An independent appraisal of the Metris Minnetonka Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of October 26, 2000, pursuant to which the market value of the land and the leased fee interest subject to the lease described below was estimated to be $52,800,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Metris Minnetonka Building will continue operating at a stabilized level with Metris Direct, Inc. (Metris) occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing

that the condition of the land and the Metris Minnetonka Building were satisfactory.

Description of the Metris Minnetonka Building and Site. As set forth above, the Metris Minnetonka Building is a nine-story office building containing approximately 300,633 rentable square feet. The Metris Minnetonka Building was completed in August 2000. The Metris Minnetonka Building is leased to Metris as its corporate headquarters. The Metris Minnetonka Building is Phase II of a two phase office complex known as Crescent Ridge Corporate Center. Phase I of Crescent Ridge Corporate Center is an eight-story multi-tenant building which is connected to the Metris Minnetonka Building by a single-story restaurant link building. Neither Phase I of Crescent Ridge Corporate Center nor the connecting restaurant are owned by Wells OP.

The Metris Minnetonka Building is constructed of steel frames with reinforced concrete masonry floors and roofs. The exterior is earth tone cast stone and reflective glass with marble medallion accents. The building features state of the art technology capabilities, including fiber optic cabling, individual heating and cooling controls for every 1,200 square feet of tenant space, a combination of fluorescent and parabolic lighting, a wet sprinkler system, and four computer-controlled traction passenger elevators with 2,500 pound maximum capacity. Each floor contains approximately 34,000 square feet. The office areas and hallways are carpeted, the flooring in the restrooms is ceramic tile and the flooring in the lobby is natural stone. Drop acoustical ceilings are installed in the office areas at the nine foot level. Other amenities at the Metris Minnetonka Building include a conference center, a full service cafeteria, two-story vaulted lobbies, a fitness area and locker facilities and a card access system. The Metris Minnetonka Building is located on an irregularly shaped 13.58 acre site which overlooks a large adjoining wetland area.

Location of the Metris Minnetonka Building. The Metris Minnetonka Building is located in Minnetonka, Minnesota, which is a western suburb of Minneapolis. The site is located within the Interstate 394 corridor at the northeast corner of Interstate 394 and County Road 73 (Hopkins Crossroads). The Interstate 394 corridor contains approximately 6,500,000 square feet in office space and is an attractive location for, among other reasons, its proximity to Minneapolis/St. Paul, its proximity to executive housing around Lake Minnetonka and the Minneapolis lakes area and its proximity and accessibility to labor markets. Among other corporate headquarter locations located within the Interstate 394 corridor are Cargill, Carlson Companies, General Mills, Life USA and Travelers Express. There are significant limitations on new developments within the Interstate 394 corridor which is anticipated to result in a supply constrained situation and projected low vacancy rates.

Description of Metris Lease. Metris occupies all 300,633 rentable square feet of the Metris Minnetonka Building pursuant to that certain Multitenant Office Lease Agreement dated March 29, 1999. The Metris lease commenced on September 1, 2000 and has an expiration date of December 31, 2011. Metris has the right to renew the Metris lease for an additional five-year term with not less than 18 months notice prior to the expiration of the initial term at fair market rent, but in no event less than the basic rent payable in the immediate preceding period. In the event that the parties cannot agree upon the fair market rent for the renewal term, the fair market rent will be determined in accordance with the appraisal provisions of the Metris lease.

Metris is a principal subsidiary of Metris Companies, Inc. (Metris Companies), a publicly traded company listed on the New York Stock Exchange (symbol MXT) which has guaranteed 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. Metris Companies customers and prospects include individuals for whom credit bureau information is available and existing customers of a former affiliate, Fingerhut Corporation. Metris Companies markets its fee

based services, including debt waiver programs (credit insurance for death or disability), membership clubs, extended service plans and third party insurance, to its credit card customers. For calendar year 1999, Metris Companies had net income of approximately $115 million on revenues of approximately $1.369 billion, and reported a net worth, as of December 31, 1999, of approximately $623 million. Metris Companies employs approximately 3,400 people. Metris Companies carries a B+ rating by S & P for its senior debt, with a stable outlook.

Rental income for the initial 136-month term is summarized as follows:

Dates	Annual Net Rent	PSF
Sept. '00 - Dec. '06	$4,960,445	$16.50
Jan. '07 - Dec. '09	$5,576,742	$18.55
Jan. '10 - Dec. '10	$6,178,008	$20.55
Jan. '11 - Dec. '11	$6,478.641	$21.55

While Metris was granted certain rental concessions under the Metris lease, Opus, the seller, has agreed to cover the free rent, so as to yield the above net effective rates to Wells OP. In addition, Metris is required to pay annual parking and storage fees of $132,384 through December 2006 and $164,052 payable on a monthly basis for the remainder of the lease term.

Pursuant to the Metris lease, Metris is required to pay 100% of operating costs incurred by the landlord in maintaining and operating the Metris

Minnetonka Building, including all property taxes, insurance premiums, maintenance and repair costs, steam, electricity, water, sewer, gas and other utility charges, fuel, lighting, window washing, janitorial services and reasonable management fees (not to exceed 1.75% of gross revenues from the Metris Minnetonka Building). Wells OP, as the landlord, will be responsible for repair and maintenance of the foundations, exterior walls and roof of the Metris Minnetonka Building and the electrical, mechanical, plumbing, heating and air conditioning systems.

The Metris lease also contains a construction warranty pursuant to which the landlord has warranted to Metris that the tenant improvements and related materials, equipment and installation shall be free from defects in workmanship and shall conform to the plans and specifications. The landlord is obligated to repair, correct or replace, as necessary, any defective item occasioned by a breach of such warranty if notified by Metris within one year from the commencement date of the Metris lease. Pursuant to the Metris Agreement, however, Opus has assumed the obligation for any such repairs so long as Wells OP notifies Opus of any claims by Metris under the construction warranty no later than January 20, 2002.

AT&T Call Center Buildings

Purchase of the AT&T Call Center Buildings. On December 28, 2000, the Wells Fund XII - REIT Joint Venture Partnership (Fund XII-REIT Joint Venture), a joint venture between Wells OP and Wells Real Estate Fund XII, L.P. (Wells Fund XII), acquired a one-story office building and a two-story office building containing an aggregate of approximately 128,500 rentable square feet located at 3201 Quail Springs Parkway, Oklahoma City, Oklahoma. The Fund XII-REIT Joint Venture purchased the AT&T Call Center Buildings from OKC Real Estate Investments, Inc. (OKC) pursuant to that certain Agreement for the Purchase and Sale of Property between OKC, as seller, and the Advisor, as purchaser. OKC is not in any way affiliated with the Registrant or the Advisor.

The Advisor, the original purchaser under the agreement, assigned its rights under the agreement to the Fund XII-REIT Joint Venture at closing. The Fund XII-REIT Joint Venture paid a purchase price of $15,300,000 for the AT&T Call Center Buildings and incurred additional acquisition expenses in

connection with the purchase of the AT&T Call Center Buildings, including attorneys' fees, recording fees and other closing costs, of approximately $27,554.

Wells OP made a capital contribution of $6,736,554 and Wells Fund XII made a capital contribution of $8,591,000 to the Fund XII-REIT Joint Venture to fund their respective shares of the acquisition costs for the AT&T Call Center Buildings.

Description of the AT&T Call Center Buildings and the Site. As set forth above, the AT&T Call Center Buildings consist of a one-story office building and a two-story office building containing approximately 50,000 and 78,500 rentable square feet, respectively, on a 11.34 acre tract of land. Construction on the buildings was completed in April 1998 and December 2000, respectively. The two adjacent buildings are connected by a mutual hallway. Both buildings are constructed using a steel frame with steel beams on a concrete slab with concrete footings. The exterior walls are made of tilt-up concrete panels with punched openings around the perimeter. The windows consist of tempered glass in aluminum frames. The interior walls consist of gypsum board covered with semi-gloss enamel paint. In addition, the two-story office building contains a fully equipped cafeteria and an elevator. There are approximately 775 paved surface parking spaces at the site.

The AT&T Call Center Buildings are located in the Quail Springs Office Park North in Oklahoma City, Oklahoma. Quail Springs Office Park North is located in the northwest sector of Oklahoma City, approximately eight to 11 miles northwest of the central business district. Oklahoma City is known for its competitive real estate prices, available space for business, supportive governmental

services, good labor quality and diversified economic base. The city's largest employers include the State of Oklahoma, Avaya, Inc., Southwestern Bell Telephone and General Motors Corporation.

An independent appraisal of the AT&T Call Center Buildings was prepared by Isaacs & Associates, real estate appraisers and consultants, as of July 14, 2000, pursuant to which the market value of the land and the leased fee interest subject to the AT&T lease and the Jordan lease (described below) was estimated to be $15,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the AT&T Call Center Buildings will continue operating at a stabilized level with tenants occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. The Fund XII-REIT Joint Venture also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the AT&T Call Center Buildings were satisfactory.

The AT&T Lease. The entire 78,500 rentable square feet of the two-story office building and 25,000 rentable square feet of the one-story office building are currently under a net lease agreement with AT&T Corp. (AT&T). The landlord's interest in the AT&T lease was assigned to the Fund XII-REIT Joint Venture at the closing. The AT&T lease commenced on April 1, 2000, and the initial term expires on November 30, 2010. AT&T has the right to extend the AT&T lease for two additional five-year periods of time at the then-current fair market rental rate upon delivering written notice within 240 days prior to lease expiration.

AT&T is among the world's leading voice and data communications companies, serving consumers, businesses and governments worldwide. AT&T has one of the largest digital wireless networks in North America and is one of the leading suppliers of data and internet services for businesses. In addition, AT&T offers outsourcing, consulting and networking-integration to large businesses and is one of the largest direct internet access service providers for consumers in the United States. During fiscal year 1999, AT&T had net income of approximately $3.43 billion on revenues of over $62.39 billion.

The base rent payable for the initial lease term of the AT&T lease is as follows:

Lease Months	Annual Rent	Rentable Square Feet/Year
Months 1 to 8*	$ 300,000	$12.00
Months 9 to 35	$1,242,000	$12.00
Months 36 to 65	$1,293,750	$12.50
Months 66 to 95	$1,345,500	$13.00
Months 96 to 125	$1,397,250	$13.50

*For occupancy of 25,000 square feet of the one-story office building only.

Under the AT&T lease, AT&T is required to pay, as additional monthly rent, its gas, water and electricity costs and all operating expenses, including but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to its portion of the AT&T Call Center Buildings. In addition, AT&T is responsible for all routine maintenance and repairs to its portion of the AT&T Call Center Buildings. The Fund XII-REIT Joint Venture, as landlord, will be responsible for the repair and replacement of the roof, foundation, load bearing items, exterior surface walls, plumbing, pipes, conduits and electrical, mechanical and plumbing systems of the AT&T Call Center Buildings. AT&T must obtain written consent from the Fund XII-REIT Joint Venture before making any alterations to

the premises in excess of $10,000.

AT&T has a right of first offer to lease the remainder of the space in the one-story office building currently occupied by Jordan Associates, Inc. (Jordan), as described below, if Jordan vacates the premises.

The Jordan Lease. Jordan currently occupies the remaining 25,000 rentable square feet contained in the one-story office building under a net lease agreement. The landlord's interest in the Jordan lease was also assigned to the Fund XII-REIT Joint Venture at the closing. The Jordan lease commenced on April 1, 1998, and the initial term expires on March 31, 2008. Jordan has the right to extend the Jordan lease for one additional five-year period of time at the then-current fair market rental rate upon delivering written notice within 240 days prior to expiration of the initial lease term.

Jordan provides businesses with advertising and related services including public relations, research, direct marketing and sales promotion. Through this corporate office and other offices in Tulsa, St. Louis, Indianapolis and Wausau, Wisconsin, Jordan provides services to major clients such as Bank One, Oklahoma, N.A., BlueCross & BlueShield of Oklahoma, Kraft Food Services, Inc., Logix Communications and the American Dental Association. Jordan employs approximately 100 employees and has been in business for over 35 years.

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

Lease Months	Annual Rent	Rentable Square Feet/Year
Months 1 to 60	$294,500	$11.78
Months 61 to 120	$332,000	$13.28

Under the Jordan lease, Jordan is required to pay as additional monthly rent its gas, water and electricity costs and all operating expenses, including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and

other governmental levies and such other operating expenses with respect to its portion of the one-story building. In addition, Jordan is responsible for all routine maintenance and repairs to its portion of the one-story building. The Fund XII-REIT Joint Venture, as landlord, will be responsible for the repair and replacement of the roof, foundation, load bearing items, exterior surface walls, plumbing, pipes, conduits and electrical, mechanical and plumbing systems of the AT&T Call Center Buildings.

Property Fees

Wells Management Company, Inc. (Wells Management), an affiliate of the Advisor to Wells REIT, has been retained to manage and lease both the Stone & Webster Building and the Metris Minnetonka Building. The Wells REIT shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Stone & Webster Building and the Metris Minnetonka Building, subject to certain limitations.

Wells Management has also been retained to manage and lease the AT&T Call Center Buildings. The Fund XII-REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the AT&T Call Center Buildings, subject to certain limitations.

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

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

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. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. 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. We terminated our follow-on public offering on December 19, 2000. Of the $175,229,193 raised in the follow-on offering, we invested a total of $147,192,522 in properties.

Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of January 31, 2001, we had received an additional $25,133,848 in gross offering proceeds from the sale of 2,513,385 shares in the third offering. As of January 31, 2001, we had raised in the aggregate a total of $332,544,960 in offering proceeds through the sale of 33,254,496 shares of common stock. As of January 31, 2001, we had paid a total of $11,586,654 in acquisition and advisory fees and acquisition expenses, had paid a total of $41,380,909 in selling commissions and organizational and offering expenses, had made capital contributions of $272,237,045 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $1,497,691 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $5,842,661 available for investment in additional properties.

Financial Statements

The statements of revenues over certain operating expenses of the Stone & Webster Building and the AT&T Call Center Buildings for the year ended December 31, 1999, included in this supplement 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 supplement in reliance upon the authority of said firm as experts in giving said reports.

The statements of revenues over certain operating expenses of the Stone & Webster Building and the AT&T Call Center Buildings for the nine months ended September 30, 2000, included in this supplement and elsewhere in the registration statement have not been audited.

The Pro Forma Statements of Income and Pro Forma Balance Sheet of the Wells REIT as of December 31, 1999 and September 30, 2000, which are included in this supplement, have not been audited.

INDEX TO FINANCIAL STATEMENTS

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 STONE & WEBSTER 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 Stone & Webster 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 Stone & Webster 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 Stone & Webster 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
January 19, 2001

STONE & WEBSTER BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	2000	1999
	Unaudited)	
RENTAL REVENUES	$1,637,685	$2,183,580
OPERATING EXPENSES, net of reimbursements	1,250,097	1,666,796
REVENUES OVER CERTAIN OPERATING EXPENSES	$ 387,588	$ 516,784

The accompanying notes are an integral part of these statements.

STONE & WEBSTER 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 December 21, 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 Stone & Webster Building from Cardinal Paragon, Inc. ("Cardinal"). Cardinal is not an affiliate of Wells OP. The total purchase price of the Stone & Webster Building was $44,970,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the Stone & Webster Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $45,000. The funds used to purchase the Stone & Webster Building consisted of cash and proceeds from notes payable to Guarantee Federal Bank, F.S.B. and Cardinal.

Stone & Webster, Inc. ("Stone & Webster") occupies 206,048 of the entire 312,564 rentable square feet of the Stone & Webster Building under an office building lease between Wells OP and Stone & Webster (the "Stone & Webster Lease") entered into at closing. The current term of the Stone & Webster Lease is ten years, which commenced on December 28, 2000 and expires on December 31, 2010. Stone & Webster has the right to extend the Stone & Webster Lease for two additional five-year periods for a base rent equal to the greater of (i) the last year's rent, or (ii) the then-current "fair market rental value." In the event that the parties cannot agree upon the fair market rental value, such value shall be determined in accordance with the appraisal procedure contained in the Stone & Webster Lease. The Stone & Webster Lease is guaranteed by The Shaw Group, Inc., the parent company of Stone & Webster. Pursuant to the Stone & Webster Lease, Stone & Webster is required to pay its proportionate share of property taxes relating to the Stone & Webster Building and all operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including garbage and waste disposal, janitorial service and window cleaning, security, insurance, water and sewer charges, wages, salaries, and employee benefits of all employees engaged in the operation, maintenance and management of the building, indoor and outdoor landscaping, utilities and repairs, replacements and general maintenance.

SYSCO occupies the remaining 106,516 rentable square feet of the Stone & Webster Building under a Lease Agreement (the "SYSCO Lease"). The landlord's interest in the SYSCO Lease was assigned to Wells OP at the closing. The initial term of the SYSCO Lease is ten years, which commenced on October 1, 1998, and expires on September 20, 2008. Pursuant to the SYSCO Lease, SYSCO is required to pay its proportionate share of property taxes and operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including supplies and materials, utilities, insurance and repairs, replacements, general maintenance and wages and salaries (including management fees not to exceed 3% of gross revenues attributable to the building) of all employees engaged in such operation.

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 Stone & Webster Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XII, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the AT&T CALL CENTER BUILDINGS 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 AT&T Call Center Buildings after acquisition by the Wells Fund XII--REIT Joint Venture. 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 AT&T Call Center Buildings' 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 AT&T Call Center Buildings for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 19, 2001

AT&T CALL CENTER BUILDINGS

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31,1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	2000	1999
	(Unaudited)	
RENTAL REVENUES	$867,914	$313,250
OPERATING EXPENSES, net of reimbursements	6,273	20,155
REVENUES OVER CERTAIN OPERATING EXPENSES	$861,641	$293,095

The accompanying notes are an integral part of these statements.

AT&T CALL CENTER BUILDINGs

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 December 28, 2000, the Wells Fund XII-REIT Joint Venture (the "Joint Venture") acquired the AT&T Call Center Buildings from OKC Real Estate Investments, Inc. ("OKC"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XII, L.P. ("Wells Fund XII") and Wells Operating Partnership, L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc. OKC is not an affiliate of Wells Fund XII or Wells OP. The total purchase price of the AT&T Call Center Buildings was $15,300,000. Additional acquisition expenses incurred in connection with the purchase of the AT&T Call Center Buildings, included attorney's fees, recording fees, loan fees, and other closing costs, of approximately $28,000. Wells Fund XII contributed $8,591,000, and Wells OP contributed $6,737,000 to the Joint Venture for their respective shares of the purchase of the AT&T Call Center Buildings.

AT&T Corp. ("AT&T") occupies the entire 78,500 rentable square feet of the two-story office building and 25,000 rentable square feet of the one-story office building under a net lease agreement (the "AT&T Lease"). The landlord's interest in the AT&T Lease was assigned to the Joint Venture at the closing. The initial term of the AT&T Lease commenced on April 1, 2000 and expires on November 30, 2010. AT&T has the right to extend the AT&T Lease for two additional five-year periods at the then-current fair market rental rate upon delivering written notice within 240 days prior to expiration of the lease. Under the AT&T lease, AT&T is required to pay, as additional monthly rent, its gas, water, and electricity costs and all operating expenses, including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies, and such other operating expenses with respect to its portion of the AT&T Call Center Buildings. In addition, AT&T is responsible for all routine maintenance and repairs to its portion of the AT&T Call Center Buildings.

Jordan Associates, Inc. ("Jordan") currently occupies the remaining 25,000 rentable square feet contained in the one-story building under a net lease agreement (the "Jordan Lease"). The landlord's interest in the Jordan lease was also assigned to the Fund XII-REIT Joint Venture at the closing. The initial term of the Jordan Lease commenced on April 1, 1998 and expires on March 31, 2008. Jordan has the right to extend the Jordan lease for one additional five-year period at the then-current fair market rental rate upon delivering written notice within 240 days prior to expiration of the initial lease term. Under the Jordan Lease, Jordan is required to pay as additional monthly rent, its gas, water, and electricity costs, and all operating expenses, including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies, and such other operating expenses with respect to its portion of the AT&T Call Center Buildings. In addition, Jordan is responsible for all routine

maintenance and repairs to its portion of the AT&T Call Center Buildings.

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 AT&T Call Center Buildings after acquisition by the Joint Venture.

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 ("Prior Acquisition"), the Stone & Webster Building, and the Metris Minnetonka Building by the Wells Operating Partnership, L.P. ("Wells OP"), and the AT&T Call Center Buildings by the Wells XII-REIT Joint Venture (a joint venture between the Wells OP and Wells Real Estate Fund XII, L.P.), as if the acquisitions occurred on September 30, 2000. The following unaudited pro forma statements of income (loss) for the year ended December 31, 1999 for and the nine months ended September 30, 2000 have been prepared to give effect to the acquisition of the Dial Building, the ASML Building, the Motorola Tempe Building, the Motorola Plainfield Building (together, the "Prior Acquisitions"), the Stone & Webster Building, the Metris Minnetonka Building and the AT&T Call Center Buildings 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.

As of September 30, 2000, the date of the accompanying pro forma balance sheet, Wells OP held cash of $12,257,161. The additional cash used to purchase the Stone & Webster Building, the Metris Minnetonka Building, and the AT&T Call Center Buildings including deferred project costs paid to Wells Capital, Inc. (an affiliate of Wells OP), was raised through the issuance of additional shares subsequent to September 30, 2000, but prior to the acquisition dates of December 21, 2000, December 21, 2000, and December 28, 2000, respectively. This balance is reflected in due to affiliates in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 2000

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisition	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	Pro Forma Total
REAL ESTATE ASSETS, at cost:						
Land	$ 21,695,304	$9,652,500(a) 402,509(b)	$7,100,000(a) 296,070(b)	$ 7,700,000(a) 321,090(b)	0	$ 47,167,473
Buildings less accumulated depreciation of $6,810,792	188,671,038	24,525,641(a) 1,022,719(b)	37,914,954(a) 1,581,054(b)	45,151,969(a) 1,882,837(b)	0	300,750,212
Construction in progress	295,517	0	0	0	0	295,517
Total real estate assets	210,661,859	35,603,369	46,892,078	55,055,896	0	348,213,202
INVESTMENT IN JOINT VENTURES	36,708,242	0	0	0	7,017,244(e)	43,725,486
CASH AND CASH EQUIVALENTS	12,257,161	(10,753,381)(a) (954,223)(b) (82,973)(c)	(466,584)(a)	0	0	0
DEFERRED OFFERING COSTS	1,108,206	0	0	0	0	1,108,206
DEFERRED PROJECT COSTS	471,005	(471,005)(b)	0	0	0	0
DUE FROM AFFILIATES	859,515	0	0	0	0	859,515
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	82,973(c)	0	0	0	6,427,878
Total assets	$268,410,893	$23,424,760	$46,425,494	$55,055,896	$7,017,244	$400,334,287

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	Pro Forma Total
LIABILITIES:						
Accounts payable and accrued expenses	$ 975,821	$ 424,760(a)(d)	$ 0	$ 0	$ 0	$ 1,400,581
Notes payable	38,909,030	23,000,000(a)	38,900,000(a)	52,850,000(a)	0	153,659,030
Dividends payable	4,475,982	0	0	0	0	4,475,982
Due to affiliate	1,372,508	0	5,648,370(a) 1,877,124(b)	1,969(a) 2,203,927(b)	6,736,554(a) 280,690(b)	18,121,142
Total liabilities	45,733,341	23,424,760	46,425,494	55,055,896	7,017,244	177,656,735
COMMITMENTS AND CONTINGENCIES						
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	0	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	0	0	0	261,748
Additional paid-in capital	222,215,804	0	0	0	0	222,215,804
Retained earnings	0	0	0	0	0	0
Total shareholders' equity	222,477,552	0	0	0	0	222,477,552
Total liabilities and shareholders' equity	$268,410,893	$23,424,760	$46,425,494	$55,055,896	$7,017,244	$400,334,287

(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.

(e) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XII-REIT Joint Venture

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	Pro Forma Total
REVENUES:						
Rental income	$4,735,184	$7,366,142(a)	$ 2,183,580(a)	$ 0	$ 0	$14,284,906
Equity in income (loss) of joint ventures	1,243,969	0	0	0	(121,813)(l)	1,122,156
Interest income	502,993	0	0	0	0	502,993
Other income	13,249	0	0	0	0	13,249
	6,495,395	7,366,142	2,183,580	0	(121,813)	15,923,304
EXPENSES:						
Depreciation and amortization	1,726,103	2,864,752(b) 23,706(c)	1,579,840(b)	1,881,392(b)	0	8,075,793
Interest	442,029	2,758,350(d) 450,000(e) 1,787,100(f)	3,279,080(j)	3,762,920(k)	0	12,479,479
Operating costs, net of reimbursements	(74,666)	(60,400)(g) 10,916 (h)	1,666,796(h)	34,092(h)	0	1,576,738
Management and leasing fees	257,744	315,537 (i)	98,261(i)	0	0	671,542
General and administrative	123,776	0	0	0	0	123,776
Legal and accounting	115,471	0	0	0	0	115,471
Computer costs	11,368	0	0	0	0	11,368
Amortization of organizational costs	8,921	0	0	0	0	8,921
	2,610,746	8,149,961	6,623,977	5,678,404	0	23,063,088
NET INCOME (LOSS)	$3,884,649	$ (783,819)	$(4,440,397)	$(5,678,404)	$ (121,813)	$(7,139,784)
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.50					
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(m)						$ (0.24)(m)
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(n)						$ (0.23)(n)

(a) Rental income is recognized on a straight-line basis.

(b) Depreciation expense on the building is recognized 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% for the year ended December 31, 1999.

(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 4.5% of rental income.

(j) Interest expense on the $3,000,000 note payable to Cardinal Paragon, Inc. and $35,900,000 note payable to Guaranteed Federal Bank, F.S.B., which bear interest at 6% and 8.63%, respectively, for the year ended December 31, 1999.

(k) Interest expense on the $52,850,000 line of credit with SouthTrust Bank, N.A., which bears interest at 7.12% for the year ended December 31, 1999.

(l) Reflects Wells Real Estate Investment Trust, Inc.'s equity in loss of the Wells XII-REIT Joint Venture.

(m) As of the acquisition date of December 21, 2000, for the Stone & Webster Building and the Metris Minnetonka Building, Wells Real Estate Investment Trust, Inc. had 30,665,147 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.

(n) As of the acquisition date of December 28, 2000 for the AT&T Call Center Buildings, Wells Real Estate Investment Trust, Inc. had 31,244,246 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 (LOSS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	Pro Forma Total
REVENUES:						
Rental income	$13,712,371	$ 2,210,432(a)	$ 1,637,685(a)	$ 586,435(a)	$ 0	$18,146,923
Equity in income of joint ventures	1,684,247	0	0	0	193,604(n)	1,877,851
Interest income	338,020	0	0	0	0	338,020
	15,734,638	2,210,432	1,637,685	586,435	193,604	20,362,794
EXPENSES:						
Depreciation and amortization	5,084,689	1,227,155(b) 17,780(c)	1,184,880(b)	1,411,044(b)	0	8,925,548
Interest	2,798,299	777,450(d) 112,500(e) 1,546,620(f)	2,555,910(j)	3,186,855(k)	0	10,977,634
Operating costs, net of reimbursements	631,407	(15,099)(g) 73,739(h)	1,250,097(h)	22,728(h)	0	1,962,872
Management and leasing fees	919,630	99,470(i)	73,696(i)	26,390(i)	0	1,119,186
General and administrative	273,484	0	0	0	0	273,484
Legal and accounting	130,603	0	0	0	0	130,603
Computer costs	8,846	0	0	0	0	8,846
Amortization of organizational costs	150,143	0	0	0	0	150,143
	9,997,101	3,839,615	5,064,583	4,647,017	0	23,548,316
NET INCOME (LOSS)	$ 5,737,537	$(1,629,183)	$(3,426,898)	$ (4,060,582)	$193,604	$ (3,185,522)

HISTORICAL EARNINGS

PER SHARE (BASIC) AND DILUTED)	$ 0.30
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(1)	$ (0.11)(1)
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(m)	$ (0.10)(m)

(a) Rental income is recognized on a straight-line basis.

(b) Depreciation expense on the building is recognized 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% for the nine months ended September 30, 2000.

(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 4.5% of rental income.

(j) Interest expense on the $3,000,000 note payable to Cardinal Paragon, Inc. and the $35,900,000 note payable to Guaranteed Federal Bank, F.S.B, which bear interest at 6% and 8.99%, respectively, for the nine months ended September 30, 2000.

(k) Interest expense on the $52,850,000 line of credit with South Trust Bank, N.A., which bears interest at 8.04% for the nine months ended September 30, 2000.

(l) As of the acquisition date of December 21, 2000 for the Stone & Webster Building and the Metris Minnetonka Building, Wells Real Estate Investment Trust, Inc. had 30,665,147 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.

(m) As of the acquisition date of December 28, 2000 for the AT&T Call Center Buildings, Wells Real Estate Investment Trust, Inc. had 31,244,246 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.

(n) Reflect Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells XII--REIT Joint Venture.

This document supplements, and should be read in conjunction with, the

prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, as supplemented and amended by Supplement No. 1 dated February 5, 2001. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) Revisions to the "Investment Objectives and Criteria," "Risk Factors" and "Federal Income Tax Risks" sections of the prospectus to include a description of the Wells REIT's participation in the Section 1031 Exchange Program sponsored by affiliates of Wells Capital, Inc., our Advisor, and risks associated therewith;

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

(4) Revisions to the "Description of Shares - Share Redemption Program" section of the prospectus;

(5) Updated audited financial statements of the Wells REIT; and

(6) Updated prior performance tables.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of April 15, 2001, we had received an additional $83,074,813 in gross offering proceeds from the sale of 8,307,482 shares in the third offering. Accordingly, as of April 15, 2001, we had received in the aggregate approximately $390,485,925 in gross offering proceeds from the sale of 39,048,593 shares of our common stock.

Investment Objectives and Criteria - Section 1031 Exchange Program

The following paragraphs are hereby inserted into the "Investment Objectives and Criteria" section of the prospectus at the top of page 64:

Section 1031 Exchange Program

Wells Development Corporation (Wells Development), an affiliate of Wells Capital, our Advisor, is forming a series of single member limited liability companies (each of which is referred to in this prospectus as Wells Exchange) for the purpose of facilitating the acquisition of real estate properties to be owned in co-tenancy arrangements with persons (1031 Participants) who are looking to invest the proceeds from a sale of real estate held for investment in another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Code. It is anticipated that Wells Development will sponsor a series of private placement offerings of co-tenancy interests in various properties to 1031 Participants.

Wells Development anticipates that properties acquired in connection with the Section 1031 Exchange Program will be financed by obtaining a new first mortgage secured by the property acquired. In order to finance the remainder of the purchase price for properties to be acquired by Wells Exchange, it is anticipated that Wells Exchange will obtain a short-term loan from an institutional lender for each property. Following its acquisition of a property, Wells Exchange will attempt to sell co-tenancy interests to 1031 Participants, the proceeds of which will be used to pay off the short-term loan. At the closing of each property to be acquired by Wells Exchange, Wells OP will enter into a Take Out Purchase and Escrow Agreement or similar contract, providing that, in the event that Wells Exchange is unable to sell all of the co-tenancy interests in that particular property to 1031 Participants, Wells OP will purchase, at Wells Exchange's cost, any co-tenancy interests remaining unsold. (See "Risk Factors - Section 1031 Exchange Program.") In consideration for such obligation, Wells Exchange will pay Wells OP a fee (Take Out Fee) in an amount currently anticipated to range between 1.0% and 1.5% of the amount of the short-term loan being obtained by Wells Exchange. (See "Risk Factors - Federal Income Tax Risks.")

Our board of directors, including a majority of our independent directors, will approve each Take Out Purchase and Escrow Agreement we enter into with Wells Exchange. Accordingly, Wells Exchange intends to purchase only real estate properties which otherwise meet the investment objectives of the Wells REIT. Wells OP may execute a Take Out Purchase and Escrow Agreement providing for the potential purchase of the unsold co-tenancy interests from Wells Exchange only after a majority of the directors of the Wells REIT, including a majority of our independent directors, not otherwise interested in the transaction approve of the transaction as being fair, competitive and commercially reasonable to Wells OP and at a price to Wells OP no greater than the cost of the co-tenancy interests to Wells Exchange. If the price to Wells OP is in excess of such cost, the directors of the Wells REIT must find substantial justification for such excess and that such excess is reasonable. In addition, a fair market value appraisal for each property must be obtained from an independent expert selected by our independent directors, and in no event may Wells OP purchase co-tenancy interests at a price that exceeds the current appraised value for the property interests.

As set forth above, pursuant to the terms of Take Out Purchase and Escrow Agreements, Wells OP will be obligated to purchase co-tenancy interests in certain properties offered to 1031 Participants to the extent co-tenancy interests remain unsold at the end of the offering. All purchasers of co-tenancy interests, including Wells OP in the event that it is required to purchase co-tenancy interests pursuant to a Take Out Purchase and Escrow Agreement, will be required to execute a Tenants in Common Agreement with the other purchasers of co-tenancy interests in that

particular property and a Property Management Agreement providing for the property management and leasing of the property by Wells Management and the payment of property management and leasing fees to Wells Management equal to 4.5% of gross revenues. Accordingly, in the event that Wells OP is required to purchase co-tenancy interests pursuant to one or more of the Take Out Purchase and Escrow Agreements, we will be subject to various risks associated with co-tenancy arrangements which are not otherwise present in real estate investments such as the risk that the interests of the 1031 Participants will become adverse to our interests. (See "Risk Factors - Section 1031 Exchange Program.")

Risk Factors - Section 1031 Exchange Program

The following paragraphs are hereby inserted into the "Risk Factors" section of the prospectus as the first full paragraph at the top of page 20:

Section 1031 Exchange Program Risks

We may have increased exposure to liabilities from litigation as a result of our participation in the Section 1031 Exchange Program.

There will be significant tax and securities disclosure risks associated with the private placement offerings of co-tenancy interests by Wells Exchange to 1031 Participants. For example, in the event that the Internal Revenue Service conducts an audit of the purchasers of co-tenancy interests and is able to successfully challenge the qualification of the transaction as a like-kind exchange under Section 1031 of the Internal Revenue Code, even though it is anticipated that this tax risk will be fully disclosed to investors, purchasers of co-tenancy interests may file a lawsuit against Wells Exchange and its sponsors. In such event, even though Wells OP is not acting as a sponsor of the offering and is not recommending that 1031 Participants buy co-tenancy interests from Wells Exchange, as a result of our participation in the Section 1031 Exchange Program, and since Wells OP will be receiving Take Out Fees in connection with the Section 1031 Exchange Program, we may be named in or otherwise required to defend against lawsuits brought by 1031 Participants. Any amounts we are required to expend for any such litigation claims may reduce the amount of funds available for distribution to shareholders of the Wells REIT. In addition, disclosure of any such litigation may adversely affect our ability to raise additional capital in the future through the sale of stock. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

We will be subject to risks associated with co-tenancy arrangements that are not otherwise present in a real estate investment.

At the closing of each property to be acquired by Wells Exchange pursuant to the Section 1031 Exchange Program, Wells OP will enter into a Take Out Purchase and Escrow Agreement providing that, in the event that Wells Exchange is unable to sell all of the co-tenancy interests in that particular property by the completion of its private placement offering, Wells OP will purchase, at Wells Exchange's cost, any co-tenancy interests remaining unsold. Accordingly, in the event that Wells Exchange is unable to sell all co-tenancy interests in one or more of its properties, Wells OP will be required to purchase the unsold co-tenancy interests in such property or properties and, thus, will be subject to the risks of ownership of properties in a co-tenancy arrangement with unrelated third parties. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

Ownership of co-tenancy interests involves risks not otherwise present with an investment in real estate such as the following:

- the risk that a co-tenant may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals;
- the risk that a co-tenant may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or
- the possibility that a co-tenant might become insolvent or bankrupt, which may be an event of default under mortgage loan financing documents or allow the bankruptcy court to reject the Tenants in Common Agreement or Management Agreement entered into by the co-tenants owning interests in the property.

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

In the event that our interests become adverse to those of the other co-tenants, we will not have the contractual right to purchase the co-tenancy interests from the other co-tenants. Even if we are given the opportunity to purchase such co-tenancy interests in the future, we cannot guarantee that we will have sufficient funds available at the time to purchase co-tenancy interests from the 1031 Participants.

We might want to sell our co-tenancy interests in a given property at a time when the other co-tenants in such property do not desire to sell their interests. Therefore, we may not be able to sell our interest in a property at the time we would like to sell. In addition, it is anticipated that it will be much more difficult to find a willing buyer for our co-tenancy interests in a property than it would be to find a buyer for a property we owned outright.

Our participation in the Section 1031 Exchange Program may limit our ability to borrow funds in the future.

Institutional lenders may view our obligations under Take Out Purchase and Escrow Agreements to acquire unsold co-tenancy interests in properties as a contingent liability against our cash or other assets, which may limit our ability to borrow funds in the future. Further, such obligations may be viewed by our lenders in such a matter as to limit our ability to borrow funds based on regulatory restrictions on lenders limiting the amount of loans they can make to any one borrower. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

Federal Income Tax Risks

The information contained on page 24 in the "Federal Income Tax Risks" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

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 with no offsetting deductions for distributions for shareholders. Further, in such event, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our REIT status. Accordingly, the loss of our REIT status would reduce our net earnings available for investment or distribution to shareholders because of the substantial tax liabilities which would be imposed

on us. We might also 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 requirements set forth in the Code and Treasury Regulations and various factual matters and circumstances which are not entirely within our control. We have and will continue to structure our activities in a manner designed to satisfy all of these requirements, however, if certain of our operations were to be recharacterized by the Internal Revenue Service, such recharacterization could jeopardize our ability to satisfy all of the requirements for qualification as a REIT. In addition, new legislation, regulations, administrative interpretations or court decisions could change the tax laws relating to our qualification as a REIT or the federal income tax consequences of our being a REIT.

In this regard, Wells Development, an affiliate of our advisor, is sponsoring a program involving the offering and sale of co-tenancy interests by Wells Exchange in real properties to investors seeking to

complete Section 1031 like-kind exchanges. In connection with this program, we have agreed to enter into a series of transactions whereby Wells OP will enter into a number of Take Out Purchase and Escrow Agreements with Wells Exchange which will, in effect, guarantee the sale of the co-tenancy interests being offered by Wells Exchange. In consideration for entering into these Take Out Purchase and Escrow Agreements, Wells OP will be paid fees which could be characterized as gross revenue not constituting income "qualifying" for purposes of satisfying the "income tests" required for REIT qualification. (See "Federal Income Tax Consequences - Operational Requirements - Gross Income Tests.") If this fee income were, in fact, treated as non-qualifying, and if the aggregate of all such income and any other non-qualifying income in any taxable year ever exceeded 5.0% of our gross revenues for such year, we could lose our REIT status for that taxable year and the four ensuing taxable years. As set forth above, we will use all reasonable efforts to structure our activities in a manner intended to satisfy the requirements for our continued qualification as a REIT. (See "Investment Objectives and Criteria -Section 1031 Exchange Program.")

Recharacterization of the Section 1031 Exchange Program may result in taxation of income from a prohibited transaction.

In the event that the Internal Revenue Service were to recharacterize the Section 1031 Exchange Program such that Wells OP, rather than Wells Exchange, is treated as the bona fide owner, for tax purposes, of properties acquired and resold by Wells Exchange in connection with the Section 1031 Exchange Program, such characterization could result in the Take Out Fees paid to Wells OP as being deemed income from a prohibited transaction, in which event all such fee income paid to us in connection with the Section 1031 Exchange Program would be subject to a 100% tax. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

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

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

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. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. 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. We terminated our follow-on public

offering on December 19, 2000. Of the $175,229,193 raised in the follow-on offering, we invested a total of $147,192,522 in properties.

Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of April 15, 2001, we had received an additional $83,074,813 in gross offering proceeds from the sale of 8,307,482 shares in the third offering. As of April 15, 2001, we had raised in the aggregate a total of $390,485,925 in offering proceeds through the sale of 39,048,593 shares of common stock. As of April 15, 2001, we had paid a total of $13,584,221 in acquisition and advisory fees and acquisition expenses, had paid a total of $48,515,076 in selling commissions and organizational and offering expenses, had made capital contributions of $323,477,000 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,365,315 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds

of $2,544,313 available for investment in additional properties.

Description of Shares - Share Redemption Program

The information contained on page 147 in the "Description of Shares - Share Redemption Program" section of the prospectus is revised as of the date of this supplement by the deletion of the first full paragraph on page 147 and the insertion of the following paragraph in lieu thereof:

> 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) change the purchase price for redemptions, or (2) otherwise amend the terms of our share redemption program. In addition, our board of directors has delegated to our officers the right to (1) waive the one-year holding period in the event of the death or bankruptcy of a shareholder or other exigent circumstances, or (2) reject any request for redemption at any time and for any reason.

Financial Statements

The consolidated balance sheets of the Wells REIT as of December 31, 2000 and 1999, and the financial statements of the Wells REIT for each of the years in the three year period ended December 31, 2000, included in this supplement 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 supplement in reliance upon the authority of said firm as experts in giving said report.

Prior Performance Tables

The prior performance tables dated as of December 31, 2000, which are included in this supplement, have not been audited.

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, 2000 and 1999 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule 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 and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 30, 2001

Wells Real Estate Investment Trust, Inc.

and subsidiary

consolidated Balance Sheets

December 31, 2000 and 1999

ASSETS

	2000	1999
REAL ESTATE ASSETs, at cost:		
Land	$ 46,237,812	$ 14,500,822
Building, less accumulated depreciation of $9,469,653 and $1,726,102 at December 31, 2000 and 1999, respectively	287,862,655	81,507,040
Construction in progress	3,357,720	12,561,459
Total real estate assets	337,458,187	108,569,321

INVESTMENT IN JOINT VENTURES	44,236,597	29,431,176
CASH AND CASH EQUIVALENTS	4,298,301	2,929,804
ACCOUNTS RECEIVABLE	3,356,428	898,704
DEFERRED LEASE ACQUISITION COSTS	1,890,332	0
DEFERRED OFFERING COSTS	1,291,376	964,941
DEFERRED PROJECT COSTS	550,256	28,093
DUE FROM AFFILIATES	734,286	648,354
PREPAID EXPENSES AND OTHER ASSETS, net	4,734,583	381,897
Total assets	$ 398,550,346	$ 143,852,290
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Notes payable	$ 127,663,187	$ 23,929,228
Accounts payable and accrued expenses	2,166,387	224,721
Deferred rental income	381,194	236,579
Dividends payable	1,025,010	2,166,701
Due to affiliate	1,772,956	1,079,466
Total liabilities	133,008,734	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; 125,000,000 shares authorized, 31,509,807 shares issued and 31,368,510 shares outstanding at December 31, 2000, and 13,471,085 shares issued and outstanding at December 31, 1999	315,097	134,710
Additional paid-in capital	266,439,484	115,880,885
Treasury stock, at cost, 141,297 shares at December 31, 2000 and 0 shares at December 31, 1999	(1,412,969)	0
Total shareholders' equity	265,341,612	116,015,595
Total liabilities and shareholders' equity	$ 398,550,346	$ 143,852,290

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, 2000, 1999, AND 1998

	2000	1999	1998
REVENUES:			
Rental income	$ 20,505,000	$ 4,735,184	$ 20,994
Equity in income of joint ventures	2,293,873	1,243,969	263,315
Interest income	520,924	502,993	110,869
Other income	53,409	13,249	0
	23,373,206	6,495,395	395,178
EXPENSES:			
Depreciation	7,743,551	1,726,103	0
Interest expense	3,966,902	442,029	11,033
Amortization of deferred financing costs	232,559	8,921	0
Operating costs, net of reimbursements	888,091	(74,666)	0
Management and leasing fees	1,309,974	257,744	0
General and administrative	426,680	123,776	29,943
Legal and accounting	240,209	115,471	19,552
Computer costs	12,273	11,368	616
	14,820,239	2,610,746	61,144
NET INCOME	$ 8,552,967	$ 3,884,649	$ 334,034
EARNINGS PER SHARE:			
Basic and diluted	$ 0.40	$ 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, 2000, 1999, AND 1998

	Common Stock		Additional Paid-In	Retained	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Earnings	Shares	Amount	Equity
BALANCE, December 31, 1997	100	$ 1	$ 999	$ 0	0	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	0	0	31,540,360
Net income	0	0	0	334,034	0	0	334,034
Dividends ($.31 per share)	0	0	(511,163)	0	0	0	(511,163)
Sales commissions	0	0	(2,996,334)	0	0	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	0	0	(946,210)
BALANCE, December 31, 1998	3,154,136	31,541	27,056,112	334,034	0	0	27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	0	0	103,169,490
Net income	0	0	0	3,884,649	0	0	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	0	0	(5,564,923)
Sales commissions	0	0	(9,801,197)	0	0	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	0	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	134,710	115,880,885	0	0	0	116,015,595
Issuance of common stock	18,038,722	180,387	180,206,833	0	0	0	180,387,220
Treasury stock purchased	0	0	0	0	(141,297)	(1,412,969)	(1,412,969)
Net income	0	0	0	8,552,967	0	0	8,552,967
Dividends ($.73 per share)	0	0	(7,276,452)	(8,552,967)	0	0	(15,829,419)
Sales commissions	0	0	(17,002,554)	0	0	0	(17,002,554)
Other offering expenses	0	0	(5,369,228)	0	0	0	(5,369,228)
BALANCE, December 31, 2000	31,509,807	$ 315,097	$ 266,439,484	$ 0	(141,297)	$ (1,412,969)	$ 265,341,612

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, 2000, 1999, AND 1998

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 8,552,967	$ 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	(2,293,873)	(1,243,969)	(263,315)
Depreciation	7,743,551	1,735,024	0
Amortization of deferred financing costs	232,559	0	0
Changes in assets and liabilities:			
Accounts receivable	(2,457,724)	(898,704)	0
Due from affiliates	(435,600)	0	0
Prepaid expenses and other assets, net	(6,475,577)	149,501	(540,319)
Accounts payable and accrued expenses	1,941,666	36,894	187,827
Deferred rental income	144,615	236,579	0
Due to affiliates	367,055	108,301	6,224
Total adjustments	(1,233,328)	123,626	(609,583)
Net cash provided by (used in) operating activities	7,319,639	4,008,275	(275,549)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in real estate	(231,518,138)	(85,514,506)	(21,299,071)
Investment in joint ventures	(15,063,625)	(17,641,211)	(11,276,007)
Deferred project costs paid	(6,264,098)	(3,610,967)	(1,103,913)
Distributions received from joint ventures	3,529,401	1,371,728	178,184
Net cash used in investing activities	(249,316,460)	(105,394,956)	(33,500,807)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	187,633,130	40,594,463	14,059,930
Repayments of notes payable	(83,899,171)	(30,725,165)	0
Dividends paid to shareholders	(16,971,110)	(3,806,398)	(102,987)
Issuance of common stock	180,387,220	103,169,490	31,540,360
Treasury stock purchased	(1,412,969)	0	0
Sales commissions paid	(17,002,554)	(9,801,197)	(2,996,334)
Other offering costs paid	(5,369,228)	(3,094,111)	(946,210)
Net cash provided by financing activities	243,365,318	96,337,082	41,554,759
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,368,497	(5,049,599)	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	2,929,804	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of year	$ 4,298,301	$ 2,929,804	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:			
Deferred project costs applied to real estate assets	$ 5,114,279	$ 3,183,239	$ 298,608
Deferred project costs contributed to joint ventures	$ 627,656	$ 735,056	$ 469,884
Deferred offering costs due to affiliate	$ 326,435	$ 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, 2000, 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 125,000,000 (exclusive of 10,000,000 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; (iv) the Cinemark Building, a five-story office building located in Plano, Texas; (v) the Matsushita Building, a two-story office building located in Lake Forest, California; (vi) the ASML Building, a two-story office building located in Tempe, Arizona; (vii) the Motorola Tempe Building, a two-story office building located in Tempe, Arizona; (viii) the Dial Building, a two-story office building located in Scottsdale, Arizona; (ix) the Delphi Building, a three-story office building located in Troy, Michigan; (x) the Avnet Building, a two-story office building located in Tempe, Arizona; (xi) the Metris Oklahoma Building, a three-story office building located in Tulsa, Oklahoma; (xii) the Alstom Power-Richmond Building, a four-story office building located in Richmond, Virginia; (xiii) the Motorola Plainfield Building, a three-story office building located in South Plainfield, New Jersey; (xiv) the Stone & Webster Building, a six-story office building located in Houston, Texas; and (xv) the Metris Minnetonka Building, a nine-story office building located in Minnetonka, Minnesota.

The Company owns an interest in one property through a joint venture between the Operating Partnership, Wells Real Estate Fund VIII, L.P. ("Wells Fund VIII"), and Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), which is referred to as the Fund VIII, IX, and REIT Joint Venture. The Company also owns interests in several properties through a joint venture between the Operating Partnership, 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"). The Company owns two properties through joint venture between the Operating Partnership and Fund X and XI Associates, a joint venture between Wells Fund X and Wells Fund XI. 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 the Fund XI, XII, and REIT Joint Venture. The Company also owns two properties through a joint venture between Wells Fund XII and the Operating Partnership, which is referred to as the Fund XII and REIT Joint Venture.

Through its investment in the Fund VIII, IX, and REIT Joint Venture, the Company owns an interest in a two-story office building in Orange County, California (the "Quest Building").

The following properties are owned by the Company through its investment in the Fund IX, X, XI, and REIT Joint Venture: (i) a three-story office building in Knoxville, Tennessee (the "Alstom Power Building," formerly 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 "Avaya Building," formerly the Lucent Technologies Building).

Through its investment in joint ventures with Fund X and XI Associates, the Company owns interests in the following properties: (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.

The following properties are owned by the Company through its investment in the Fund XI, XII, and REIT Joint Venture: (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").

Through its investment in the Fund XII and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Troy, Michigan (the "Siemens Building"), and (ii) a one-story office building and a two-story office building in Oklahoma City, Oklahoma (collectively referred to as the "AT&T Call Center Buildings").

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% (90% beginning in 2001) 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, 2000 and 1999.

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, 2000.

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.

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.

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.

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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year financial statement presentation.

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.

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, 2000 were $10,978,981 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, 2000 and 1999 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Offering expenses, to the extent they exceed 3% of gross offering proceeds, will be paid by the Advisor and not by the Company. 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, 2000, the Advisor paid offering expenses on behalf of the Company in the aggregate amount of $10,700,925, of which the Advisor was reimbursed $9,409,549, which did not exceed the 3% limitation. The unpaid portion of deferred offering costs is $1,291,376 and is included in due to affiliate in the accompanying balance sheet.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 2000 represents the Operating Partnership's share of the cash to be distributed from its joint venture investments for the fourth quarter of 2000 and 1999 as follows:

	2000	1999
Fund VIII, IX, and REIT Joint Venture	$ 21,605	$ 0
Fund IX, X, XI, and REIT Joint Venture	12,781	32,079
Wells/Orange County Associates	24,583	75,953
Wells/Fremont Associates	53,974	152,681
Fund XI, XII, and REIT Joint Venture	136,648	387,641
Fund XII and REIT Joint Venture	49,094	0
The Advisor	10,995	0
Cinemark Building	424,606	0
	$ 734,286	$ 648,354

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) 4.5% of the gross revenues generally paid over the life of the lease, or (b) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Company, calculated on an annual basis 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.

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management, both directly and at the joint venture level, were $1,111,748, $336,517, and $0 for the years ended December 31, 2000, 1999, and 1998, respectively.

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, 2000 and 1999 are summarized as follows:

2000		1999	
Amount	Percent	Amount	Percent

Fund VIII, IX, and REIT Joint Venture	$ 1,276,551	16%	$ 0	0%
Fund IX, X, XI, and REIT Joint Venture	1,339,636	4	1,388,884	4
Wells/Orange County Associates	2,827,607	44	2,893,112	44
Wells/Fremont Associates	6,791,287	78	6,988,210	78
Fund XI, XII, and REIT Joint Venture	17,688,615	57	18,160,970	57
Fund XII and REIT Joint Venture	14,312,901	47	0	0
	$ 44,236,597		$ 29,431,176	

The following is a rollforward of the Operating Partnership's investment in joint ventures for the years ended December 31, 2000 and 1999:

	2000	1999
Investment in joint ventures, beginning of year	$ 29,431,176	$ 11,568,677
Equity in income of joint ventures	2,293,873	1,243,969
Contributions to joint ventures	15,691,281	18,376,267
Distributions from joint ventures	(3,179,733)	(1,757,737)
Investment in joint ventures, end of year	$ 44,236,597	$ 29,431,176

Fund VIII, IX, and REIT Joint Venture

On June 15, 2000, Fund VIII and IX Associated entered into a joint venture with Wells Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership having Wells Real Estate Investment Trust, Inc. ("Wells REIT"), a Maryland corporation, as its general partner. The joint venture, Fund VIII, IX, and REIT Joint Venture, was formed to acquire, develop, operate, and sell real properties.

On July 1, 2000, Fund VIII and IX contributed the Quest Building to the joint venture. The Quest Building is a two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre trace of land in Irvine, California.

Following are the financial statements for Fund VIII, IX, and REIT Joint Venture:

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 2000

Assets

Real estate assets, at cost:	
Land	$ 2,220,993
Building and improvements, less accumulated depreciation of $187,891	5,408,892
Total real estate assets	7,629,885
Cash and cash equivalents	170,664
Accounts receivable	197,802
Prepaid expenses and other assets	283,864
Total assets	$ 8,282,215

Liabilities and Partners' Capital

Liabilities:	
Partnership distributions payable	$ 170,664
Partners' capital:	
Fund VIII and IX Associates	6,835,000
Wells Operating Partnership, L.P.	1,276,551
Total partners' capital	8,111,551
Total liabilities and partners' capital	$ 8,282,215

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Six Months Ended December 31, 2000

Revenues:	
Rental income	$ 563,049
Expenses:	
Depreciation	187,891
Management and leasing fees	54,395
Property administration expenses	5,692
Operating costs, net of reimbursements	5,178
	253,156
Net income	$ 309,893
Net income allocated to Fund VIII and IX Associates	$ 285,006
Net income allocated to Wells Operating Partnership, L.P.	$ 24,887

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Six Months Ended December 31, 2000

	Fund VIII and IX Associates	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, July 1, 2000	$ 0	$ 0	$ 0
Net income	285,006	24,887	309,893
Partnership contributions	6,857,889	1,282,111	8,140,000
Partnership distributions	(307,895)	(30,447)	(338,342)
Balance, December 31, 2000	$ 6,835,000	$ 1,276,551	$ 8,111,551

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Six Months Ended December 31, 2000

Cash flows from operating activities:	
Net income	$ 309,893
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	187,891
Changes in assets and liabilities:	
Accounts receivable	(197,802)
Prepaid expenses and other assets	(283,864)
Total adjustments	(293,775)
Net cash provided by operating activities	16,118
Cash flows from investing activities:	
Investment in real estate	(959,887)
Cash flows from financing activities:	

Contributions from joint venture partners	1,282,111
Distributions to joint venture partners	(167,678)
Net cash provided by financing activities	1,114,433
Net increase in cash and cash equivalents	170,664
Cash and cash equivalents, beginning of period	0
Cash and cash equivalents, end of year	$ 170,664
Supplemental disclosure of noncash activities:	
Real estate contribution received from joint venture partner	$ 6,857,889

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 Alstom Power Building, to the Fund IX and X Associates joint venture. A 84,404-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 Avaya 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:

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, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$ 6,698,020	$ 6,698,020
Building and improvements, less accumulated depreciation of $4,203,502 in 2000 and $2,792,068 in 1999	28,594,768	29,878,541
Total real estate assets	35,292,788	36,576,561
Cash and cash equivalents	1,500,044	1,146,874
Accounts receivable	422,243	554,965
Prepaid expenses and other assets	487,276	526,409
Total assets	$37,702,351	$38,804,809

Liabilities and Partners' Capital

Liabilities:		
Accounts payable and accrued liabilities	$ 568,517	$ 613,574
Refundable security deposits	99,279	91,340
Due to affiliates	9,595	6,379
Partnership distributions payable	931,151	804,734
Total liabilities	1,608,542	1,516,027
Partners' capital:		
Wells Real Estate Fund IX	14,117,803	14,590,626
Wells Real Estate Fund X	17,445,277	18,000,869
Wells Real Estate Fund XI	3,191,093	3,308,403
Wells Operating Partnership, L.P.	1,339,636	1,388,884

Total partners' capital	36,093,809	37,288,782
Total liabilities and partners' capital	$37,702,351	$38,804,809

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues:			
Rental income	$4,198,388	$3,932,962	$2,945,980
Other income	116,129	61,312	0
Interest income	73,676	58,768	20,438
	4,388,193	4,053,042	2,966,418
Expenses:			
Depreciation	1,411,434	1,538,912	1,216,293
Management and leasing fees	362,774	286,139	226,643
Operating costs, net of reimbursements	(154,001)	(43,501)	(140,506)
Property administration expense	78,420	63,311	34,821
Legal and accounting	20,423	35,937	15,351
	1,719,050	1,880,798	1,352,602
Net income	$2,669,143	$2,172,244	$1,613,816
Net income allocated to Wells Real Estate Fund IX	$1,045,094	$ 850,072	$ 692,116
Net income allocated to Wells Real Estate Fund X	$1,288,629	$1,056,316	$ 787,481
Net income allocated to Wells Real Estate Fund XI	$ 236,243	$ 184,355	$ 85,352
Net income allocated to Wells Operating Partnership, L.P.	$ 99,177	$ 81,501	$ 48,867

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000, 1999, and 1998

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Wells Wells Real Estate Fund XI	Operating Partnership, L.P.	Total Partners' Capital
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
Net income	1,045,094	1,288,629	236,243	99,177	2,669,143
Partnership contributions	46,122	84,317	0	0	130,439
Partnership distributions	(1,564,039)	(1,928,538)	(353,553)	(148,425)	(3,994,555)
Balance, December 31, 2000	$ 14,117,803	$ 17,445,277	$ 3,191,093	$ 1,339,636	$ 36,093,809

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000, and 1999, and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net income	$2,669,143	$2,172,244	$ 1,613,816
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,411,434	1,538,912	1,216,293
Changes in assets and liabilities:			
Accounts receivable	132,722	(421,708)	(92,745)
Prepaid expenses and other assets	39,133	(85,281)	(111,818)
Accounts payable, accrued liabilities and refundable security deposits	(37,118)	295,177	29,967
Due to affiliates	3,216	1,973	1,927
Total adjustments	1,549,387	1,329,073	1,043,624
Net cash provided by operating activities	4,218,530	3,501,317	2,657,440
Cash flows from investing activities:			
Investment in real estate	(127,661)	(930,401)	(24,788,070)
Cash flows from financing activities:			
Distributions to joint venture partners	(3,868,138)	(3,820,491)	(1,799,457)
Contributions received from partners	130,439	1,066,992	24,970,373
Net cash (used in) provided by financing activities	(3,737,699)	(2,753,499)	23,170,916
Net increase (decrease) in cash and cash equivalents	353,170	(182,583)	1,040,286
Cash and cash equivalents, beginning of year	1,146,874	1,329,457	289,171
Cash and cash equivalents, end of year	$1,500,044	$1,146,874	$ 1,329,457
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 43,024	$ 1,470,780
Contribution of real estate assets to joint venture	$ 0	$ 0	$ 5,010,639

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, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$2,187,501	$2,187,501
Building, less accumulated depreciation of $465,216 in 2000 and $278,652 in 1999	4,198,899	4,385,463
Total real estate assets	6,386,400	6,572,964
Cash and cash equivalents	119,038	176,666
Accounts receivable	99,154	49,679
Total assets	$6,604,592	$6,799,309

Liabilities and Partners' Capital

Liabilities:

Accounts payable	$ 1,000	$ 0
Partnership distributions payable	128,227	173,935
Total liabilities	129,227	173,935
Partners' capital:		
Wells Operating Partnership, L.P.	2,827,607	2,893,112
Fund X and XI Associates	3,647,758	3,732,262
Total partners' capital	6,475,365	6,625,374
Total liabilities and partners' capital	$6,604,592	$6,799,309

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues:			
Rental income	$795,545	$795,545	$331,477
Interest income	0	0	448
	795,545	795,545	331,925
Expenses:			
Depreciation	186,564	186,565	92,087
Management and leasing fees	30,915	30,360	12,734
Operating costs, net of reimbursements	5,005	22,229	2,288
Interest	0	0	29,472
Legal and accounting	4,100	5,439	3,930
	226,584	244,593	140,511
Net income	$568,961	$550,952	$191,414
Net income allocated to Wells Operating Partnership, L.P.	$248,449	$240,585	$ 91,978
Net income allocated to Fund X and XI Associates	$320,512	$310,367	$ 99,436

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000, 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
Net income	248,449	320,512	568,961
Partnership distributions	(313,954)	(405,016)	(718,970)
Balance, December 31, 2000	$ 2,827,607	$ 3,647,758	$ 6,475,365

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998

Cash flows from operating activities:			
Net income	$ 568,961	$ 550,952	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	186,564	186,565	92,087
Changes in assets and liabilities:			
Accounts receivable	(49,475)	(36,556)	(13,123)
Accounts payable	1,000	(1,550)	1,550
Total adjustments	138,089	148,459	80,514
Net cash provided by operating activities	707,050	699,411	271,928
Cash flows from investing activities:			
Investment in real estate	0	0	(6,563,700)
Cash flows from financing activities:			
Issuance of note payable	0	0	4,875,000
Payment of note payable	0	0	(4,875,000)
Distributions to partners	(764,678)	(703,640)	(93,763)
Contributions received from partners	0	0	6,566,430
Net cash (used in) provided by financing activities	(764,678)	(703,640)	6,472,667
Net (decrease) increase in cash and cash equivalents	(57,628)	(4,229)	180,895
Cash and cash equivalents, beginning of year	176,666	180,895	0
Cash and cash equivalents, end of year	$ 119,038	$ 176,666	$ 180,895
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 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, 2000 and 1999

Assets	2000	1999
Real estate assets, at cost:		
Land	$2,219,251	$2,219,251
Building, less accumulated depreciation of $713,773 in 2000 and $428,246 in 1999	6,424,385	6,709,912
Total real estate assets	8,643,636	8,929,163
Cash and cash equivalents	92,564	189,012
Accounts receivable	126,433	92,979
Total assets	$8,862,633	$9,211,154
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable	$ 3,016	$ 2,015
Due to affiliate	7,586	5,579
Partnership distributions payable	89,549	186,997
Total liabilities	100,151	194,591
Partners' capital:		
Wells Operating Partnership, L.P.	6,791,287	6,988,210
Fund X and XI Associates	1,971,195	2,028,353

Total partners' capital	8,762,482	9,016,563
Total liabilities and partners' capital	$8,862,633	$9,211,154

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues:			
Rental income	$902,946	$902,946	$401,058
Interest income	0	0	3,896
	902,946	902,946	404,954
Expenses:			
Depreciation	285,527	285,526	142,720
Management and leasing fees	36,787	37,355	16,726
Operating costs, net of reimbursements	13,199	16,006	3,364
Interest	0	0	73,919
Legal and accounting	4,300	4,885	6,306
	339,813	343,772	243,035
Net income	$563,133	$559,174	$161,919
Net income allocated to Wells Operating Partnership, L.P.	$436,452	$433,383	$122,470
Net income allocated to Fund X and XI Associates	$126,681	$125,791	$ 39,449

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000, 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
Net income	436,452	126,681	563,133
Partnership distributions	(633,375)	(183,839)	(817,214)
Balance, December 31, 2000	$ 6,791,287	$ 1,971,195	$ 8,762,482

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 563,133	$ 559,174	$ 161,919

Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	285,527	285,526	142,720
Changes in assets and liabilities:			
Accounts receivable	(33,454)	(58,237)	(34,742)
Accounts payable	1,001	(1,550)	3,565
Due to affiliate	2,007	3,527	2,052
Total adjustments	255,081	229,266	113,595
Net cash provided by operating activities	818,214	788,440	275,514
Cash flows from investing activities:			
Investment in real estate	0	0	(8,983,111)
Cash flows from financing activities:			
Issuance of note payable	0	0	5,960,000
Payment of note payable	0	0	(5,960,000)
Distributions to partners	(914,662)	(791,940)	(83,001)
Contributions received from partners	0	0	8,983,110
Net cash (used in) provided by financing activities	(914,662)	(791,940)	8,900,109
Net (decrease) increase in cash and cash equivalents	(96,448)	(3,500)	192,512
Cash and cash equivalents, beginning of year	189,012	192,512	0
Cash and cash equivalents, end of year	$ 92,564	$ 189,012	$ 192,512
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 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 Sheets
December 31, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$ 5,048,797	$ 5,048,797
Building and improvements, less accumulated depreciation of $1,599,262 in 2000 and $506,582 in 1999	25,719,189	26,811,869
Total real estate assets	30,767,986	31,860,666
Cash and cash equivalents	541,089	766,278
Accounts receivable	394,314	133,777
Prepaid assets and other expenses	26,486	26,486
Total assets	$31,729,875	$32,787,207

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 114,180	$ 112,457
Partnership distributions payable	453,395	680,294
Total liabilities	567,575	792,751
Partners' capital:		
Wells Real Estate Fund XI	8,148,261	8,365,852
Wells Real Estate Fund XII	5,325,424	5,467,634
Wells Operating Partnership, L.P.	17,688,615	18,160,970
Total partners' capital	31,162,300	31,994,456
Total liabilities and partners' capital	$31,729,875	$32,787,207

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The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000 and 1999

	2000	1999
Revenues:		
Rental income	$3,345,932	$1,443,446
Interest income	2,814	0
Other income	440	57
	3,349,186	1,443,503
Expenses:		
Depreciation	1,092,680	506,582
Management and leasing fees	157,236	59,230
Operating costs, net of reimbursements	(24,798)	6,433
Property administration	30,787	14,185
Legal and accounting	14,725	4,000
	1,270,630	590,430
Net income	$2,078,556	$ 853,073
Net income allocated to Wells Real Estate Fund XI	$ 543,497	$ 240,031
Net income allocated to Wells Real Estate Fund XII	$ 355,211	$ 124,542
Net income allocated to Wells Operating Partnership, L.P.	$1,179,848	$ 488,500

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000 and 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
Net income	543,497	355,211	1,179,848	2,078,556
Partnership distributions	(761,088)	(497,421)	(1,652,203)	(2,910,712)
Balance, December 31, 2000	$8,148,261	$5,325,424	$17,688,615	$31,162,300

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Net income	$ 2,078,556	$ 853,073
Adjustments to reconcile net income to net cash provided by operating		

activities:		
Depreciation	1,092,680	506,582
Changes in assets and liabilities:		
Accounts receivable	(260,537)	(133,777)
Prepaid expenses and other assets	0	(26,486)
Accounts payable	1,723	112,457
Total adjustments	833,866	458,776
Net cash provided by operating activities	2,912,422	1,311,849
Cash flows from financing activities:		
Distributions to joint venture partners	(3,137,611)	(545,571)
Net (decrease) increase in cash and cash equivalents	(225,189)	766,278
Cash and cash equivalents, beginning of year	766,278	0
Cash and cash equivalents, end of year	$ 541,089	$ 766,278
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 1,294,686
Contribution of real estate assets to joint venture	$ 0	$31,072,562

Fund XII and REIT Joint Venture

On May 10, 2000, the Operating Partnership entered into a joint venture with Wells Fund XII. The joint venture, Fund XII and REIT Joint Venture, was formed to acquire, develop, operate, and sell real property. On May 20, 2000, the joint venture purchased a 77,054 square-foot, three-story office building, known as the Siemens Building in Troy, Oakland County, Michigan. On December 28, 2000, the joint venture purchased a 50,000 square-foot one-story office building and a 78,500 square-foot two-story office building, collectively known as the AT&T Call Center Buildings in Oklahoma City, Oklahoma County, Oklahoma.

Following are the financial statements for Fund XII and REIT Joint Venture:

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 2000

Assets

Real estate assets, at cost:	
Land	$ 4,420,405
Building and improvements, less accumulated depreciation of $324,732	26,004,918
Total real estate assets	30,425,323
Cash and cash equivalents	207,475
Accounts receivable	130,490
Total assets	$30,763,288

Liabilities and Partners' Capital

Liabilities:	
Partnership distributions payable	$ 208,261
Partners' capital:	
Wells Real Estate Fund XII	16,242,127
Wells Operating Partnership, L.P.	14,312,900
Total partners' capital	30,555,027
Total liabilities and partners' capital	$30,763,288

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Period From Inception (May 10, 2000)
Through December 31, 2000

Revenues:	
Rental income	$974,796

Interest income	2,069
	976,865
Expenses:	
Depreciation	324,732
Management and leasing fees	32,756
Partnership administration	3,917
Operating costs, net of reimbursements	1,210
	362,615
Net income	$614,250
Net income allocated to Wells Real Estate Fund XII	$309,190
Net income allocated to Wells Operating Partnership, L.P.	$305,060

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From Inception (May 10, 2000)
Through December 31, 2000

	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, May 10, 2000	$ 0	$ 0	$ 0
Net income	309,190	305,060	614,250
Partnership contributions	16,340,885	14,409,170	30,750,055
Partnership distributions	(407,948)	(401,330)	(809,278)
Balance, December 31, 2000	$16,242,127	$14,312,900	$ 30,555,027

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Period From Inception (May 10, 2000)
Through December 31, 2000

Cash flows from operating activities:	
Net income	$ 614,250
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	324,732
Changes in assets and liabilities:	
Accounts receivable	(130,490)
Total adjustments	194,242
Net cash provided by operating activities	808,492
Cash flows from investing activities:	
Investment in real estate	(29,520,043)
Cash flows from financing activities:	
Distributions to joint venture partners	(601,017)
Contributions received from partners	29,520,043
Net cash provided by financing activities	28,919,026
Net increase in cash and cash equivalents	207,475
Cash and cash equivalents, beginning of year	0
Cash and cash equivalents, end of year	$ 207,475
Supplemental disclosure of non cash activities:	
Deferred project costs contributed to joint venture	$ 1,230,012

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the years ended December 31, 2000 and 1999 are calculated as follows:

	2000	1999
Financial statement net income	$ 8,552,967	$3,884,649
Increase (decrease) in net income resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	3,511,353	739,963
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(1,822,220)	(802,309)
Expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	37,675	49,906
Income tax basis net income	$10,279,775	$3,872,209

The Operating Partnership's income tax basis partners' capital at December 31, 2000 and 1999 is computed as follows:

	2000	1999
Financial statement partners' capital	$265,341,612	$116,015,595
Increase (decrease) in partners' capital resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	4,543,602	822,581
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	12,896,312	12,896,312
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(2,647,246)	(837,736)
Accumulated expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	89,215	51,540
Dividends payable	1,025,010	2,166,701
1999 True-up adjustment	(222,378)	0
Income tax basis partners' capital	$281,026,127	$131,114,993

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, 2000 is as follows:

Year ended December 31:	
2001	$ 42,753,778
2002	43,073,142
2003	43,776,297
2004	44,836,991
2005	42,926,909
Thereafter	176,795,438
	$394,162,555

One tenant contributed 13% of rental income for the year ended December 31, 2000. In addition, two tenants will contribute 13%, 16%, and 12% of future minimum rental income.

Future minimum rental income due from Fund VIII, IX, and REIT Joint Venture under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$1,234,309
2002	1,287,119
2003	1,287,119
2004	107,260

	$3,915,807

Two tenants contributed 52% and 48% of rental income for the year ended December 31, 2000. In addition, one tenant will contribute 100% of future minimum rental income.

The future minimum rental income due from Fund IX, X, XI, and REIT Joint Venture under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 4,413,780
2002	3,724,218
2003	3,617,437
2004	3,498,478
2005	2,482,821
Thereafter	5,436,524
	$ 23,173,258

Four tenants contributed 25%, 24%, 13%, and 13% of rental income for the year ended December 31, 2000. In addition, four tenants will contribute 38%, 21%, 20%, and 19% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 809,580
2002	834,888
2003	695,740
	$ 2,340,208

One tenant contributed 100% of rental income for the year ended December 31, 2000 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, 2000 is as follows:

Year ended December 31:	
2001	$ 869,492
2002	922,444
2003	950,118
2004	894,832
	$ 3,636,886

One tenant contributed 100% of rental income for the year ended December 31, 2000 and will contribute 100% of future minimum rental income.

The future minimum rental income due from Fund XI, XII, and REIT under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 3,135,340
2002	2,598,606
2003	2,946,701
2004	3,445,193

2005	3,495,155
Thereafter	6,169,579
	$ 21,790,574

Four tenants contributed approximately 30%, 24%, 23%, and 15% of rental income for the year ended December 31, 2000. In addition, four tenants will contribute approximately 28%, 27%, 26%, and 19% of future minimum rental income.

The future minimum rental income due Fund XII and REIT under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 2,888,084
2002	2,920,446
2003	2,952,809
2004	2,985,172
2005	3,017,534
Thereafter	13,650,288
	$ 28,414,333

One tenant contributed approximately 86% of rental income for the year ended December 31, 2000. In addition, two tenants will contribute approximately 49% and 45% of future minimum rental income.

8. NOTES PAYABLE

As of December 31, 2000, the Operating Partnership's notes payable included the following:

Note payable to Bank of America; interest at LIBOR plus 200 basis points, principal and interest payable monthly; due March 31, 2001; collateralized by the Operating Partnership's interests in the AT&T Building, the AT&T Call Center Buildings, the Matsushita Building, the Motorola South Plainfield Building, and the Marconi Building	$ 14,300,150
Note payable to Bank of America; interest at LIBOR plus 200 basis points; principal and interest payable monthly; due January 4, 2002	112,937
Note payable to Guaranty Federal Bank; interest at LIBOR plus 180 basis points; principal and interest payable monthly; due December 20, 2001; collateralized by the Operating Partnership's interest in the Stone & Webster Building	32,400,000
Note payable to Cardinal Capital, Inc.; interest at 6%; principal and interest payable monthly; due March 31, 2001; collateralized by the Operating Partnership's interest in the Stone & Webster Building	$ 3,000,000

Note payable to Richter-Schroeder Company, Inc.; interest at LIBOR plus 175 basis points; principal and interest payable monthly; due January 31, 3003; collateralized by the Operating Partnership's interest in the Metris Oklahoma Building	8,000,000
Note payable to SouthTrust Bank; interest at LIBOR plus 175 basis points; principal and interest payable monthly; due June 10, 2002; collateralized by the Operating Partnership's interests in the Cinemark Building, the Dial Building, the ASML Building, the Alstom Power Richmond Building, the Avaya Building, the Motorola Tempe Building, and the PricewaterhouseCoopers Building	69,850,100
Total	$127,663,187

The contractual maturities of the Operating Partnerhip's notes payable are as follows as of December 31, 2000:

2001	$101,472,657
2002	25,856,779
2003	333,751
Total	$127,663,187

9. COMMITMENTS AND CONTINGENCIES

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Company, the Operating Partnership, or the Advisor. In the normal course of business, the Company, the Operating Partnership, or the Advisor may become subject to such litigation or claims.

10. SHAREHOLDERS' EQUITY

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 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 2000 and 1999 is as follows:

	Number	Exercise Price
Outstanding at December 31, 1998	0	$ 0
Granted	17,500	12
Outstanding at December 31, 1999	17,500	12
Granted	7,000	12
Outstanding at December 31, 2000	24,000	$ 12
Outstanding options exercisable as of December 31, 2000	7,000	$ 12

For SFAS No. 123 purposes, the fair value of each stock option for 2000 and 1999 has been estimated as of the date of the grant using the minimum value method. The weighted average risk-free interest rates assumed for 2000 and 1999 were 6.45% and 5.97%, respectively. Dividend yields of 7.3% were assumed for both years. The expected life of an option was assumed to be 4 years and 5 years for 2000 and 1999, respectively. Based on these assumptions, the fair value of the

options granted during 2000 and 1999 is $0.

Treasury Stock

During 1999, the Company's Board of Directors authorized a dividend reinvestment program (the "DRP"), through which common shareholders may elect to reinvest an amount equal to the dividends declared on their common shares into additional shares of the Company's common stock in lieu of receiving cash dividends. During 2000, the Company's Board of Directors authorized a common stock repurchase plan subject to the amount reinvested in the Company's common shares through the DRP and 3% of the average common shares outstanding during the preceding year (the "limitations"). During 2000, the Company's Board of Directors authorized $2,436,495 in common stock repurchases. Accordingly, the Company repurchased 142,297 of its own common shares at an aggregate cost of $1,412,969. These transactions were funded with cash on hand and did not exceed either of the limitations.

11. QUARTERLY RESULTS (UNAUDITED)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2000 and 1999:

	2000 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$3,710,409	$5,537,618	$6,586,611	$7,638,568
Net income	1,691,288	1,521,021	2,525,228	2,815,430
Basic and diluted earnings per share	$ 0.11	$ 0.08	$ 0.11	$ 0.10
Dividends per share	0.18	0.18	0.18	0.19

	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

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (Tables) provide information relating to real estate investment programs sponsored by Wells Capital, Inc., our 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 other 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, may provide some 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) has been omitted since none of the Wells Public Programs have been liquidated.

Table V - Sales or Disposals of Property

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, 1997. 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, 2000.

	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.
Dollar Amount Raised	$ 27,128,912/(4)/	$ 16,532,802/(5)/	$ 307,411,112/(5)/
Percentage Amount Raised	100%/(4)/	100%/(5)/	100%/(5)/
Less Offering Expenses			
Underwriting Fees	10.0%	9.5%	9.5%
Organizational Expenses	5.0%	3.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	87.5%	87.5%
Acquisition and Development Costs			
Prepaid Items and Fees related to			

Purchase of Property	5.4%	0.0%	0.5%
Cash Down Payment	60.5%	84.0%	73.8%
Acquisition Fees/(2)/	4.0%	3.5%	3.5%
Development and Construction Costs	14.1%	0.0%	9.7%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	84.0%	87.5%	87.5%
Percent Leveraged	0.0%	0.0%	30.9%
Date Offering Began	12/31/96	12/31/97	01/30/98
Length of Offering	12 mo.	12 mo.	35mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	19 mo.	20 mo.	21mo.
Number of Investors as of 12/31/00	1,812	1,341	7,422

(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 X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.

(4) 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.

(5) The total dollar amount registered and available to be offered in the first offering was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 19, 1999, and the total dollar amount raised in its initial offering was $132,181,919. The total dollar amount registered and available to be offered in the second offering was $222,000,000. Wells Real Estate Investment Trust, Inc. closed its second offering on December 19, 2000, and the total dollar amount raised in its second offering was $175,229,193.

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, 1997. All figures are as of December 31, 2000.

	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc./(1)/	Other Public Programs/(2)/
Date Offering Commenced	12/31/96	12/31/97	01/30/98	--
Dollar Amount Raised	$ 27,128,912	$ 16,532,802	$ 307,411,112	$ 241,241,095
To Sponsor from Proceeds of Offering:				
Underwriting Fees/(3)/	$ 260,748	$ 151,911	$ 3,076,844	$ 1,233,722
Acquisition Fees				
Real Estate Commissions	--	--	--	--
Acquisition and Advisory Fees/(4)/	$ 1,085,157	$ 578,648	$ 10,759,389	$ 11,559,399
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(5)/	$ 6,317,750	$ 2,258,811	$ 20,419,727	$ 50,226,112
Amount Paid to Sponsor from Operations:				
Property Management Fee/(2)/	$ 186,223	$ 59,759	$ 664,993	$ 1,869,215

Partnership Management Fee	--	--	--	--
Reimbursements	$ 155,940	$ 109,640	$ 321,593	$ 1,871,038
Leasing Commissions	$ 256,922	$ 71,051	$ 664,993	$ 2,099,939
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) The total dollar amount registered and available to be offered in the first offering was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 19, 1999, and the total dollar amount raised in its initial offering was $132,181,919. The total dollar amount registered and available to be offered in the second offering was $222,000,000. Wells Real Estate Investment Trust, Inc. closed its second offering on December 19, 2000, and the total dollar amount raised in its second offering was $175,229,193.

(2) 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., Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, 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. As of December 31, 2000, the amount of such deferred fees due the general partners totaled $2,520,040.

(3) 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.

(4) 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.

(5) Includes $140,562 in net cash provided by operating activities, $5,578,104 in distributions to limited partners and $599,084 in payments to sponsor for Wells Real Estate Fund X, L.P.; $(82,877) in net cash used by operating activities, $2,11,238 in distributions to limited partners and $240,450 in payments to

sponsor for Wells Real Estate Fund XI, L.P.; $11,052,365 in net cash provided by operating activities, $20,880,495 in dividends and $1,651,579 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $1,903,465 in net cash provided by operating activities, $42,482,455 in distributions to limited partners and $5,840,192 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, 1995. The information relates only to public programs with investment objectives similar to those of Wells Fund XIII. 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.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$ 961,858	$ 982,630	$ 846,306	$ 816,237	$ 543,291
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	78,876	85,273	85,722	76,838	84,265
Depreciation and Amortization/(3)/	--	1,562	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 882,982	$ 895,795	$ 754,334	$ 733,149	$ 452,776
Taxable Income: Operations	$1,173,394	$ 1,255,666	$ 1,109,096	$ 1,008,368	$ 657,443
Cash Generated (Used By):					
Operations	(60,735)	(82,763)	(72,194)	(43,250)	20,883
Joint Ventures	1,921,437	1,777,010	1,770,742	1,420,126	760,628
	1,860,702	$ 1,694,247	$ 1,698,548	$ 1,376,876	$ 781,511
Less Cash Distributions to Investors:					
Operating Cash Flow	1,860,702	1,688,290	1,636,158	1,376,876	781,511
Return of Capital	--	--	--	2,709	10,805
Undistributed Cash Flow from Prior Year Operations	26,481	--	--	--	--
Cash Generated (Deficiency) after Cash Distributions	(26,481)	$ 5,957	62,390	$ (2,709)	$ (10,805)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	$ --	$ --	$ --	$ --
	(26,481)	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	--
Return of Original Limited Partner's Investment	--	--	--	--	--
Property Acquisitions and Deferred Project Costs	0	0	181,070	169,172	736,960
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (26,481)	$ 5,957	$ (118,680)	$ (171,881)	$ (747,765)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	63	93	85	86	62
- Operations Class B Units	(107)	(248)	(224)	(168)	(98)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	90	89	82	78	55
- Operations Class B Units	(178)	(144)	(134)	(111)	(58)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:		(144)			
Source (on GAAP Basis)		--			
- Investment Income Class A Units	63		81	70	43
- Return of Capital Class A Units	29		--	--	--
- Return of Capital Class B Units	--	83	--	--	--
Source (on Cash Basis)		--			
- Operations Class A Units	91	--	81	70	42
- Return of Capital Class A Units	1		--	--	1
- Operations Class B Units	--		--	--	--
Source (on a Priority Distribution Basis)/(5)/		83			
- Investment income Class A Units	74	--	65	54	29
- Return of Capital Class A Units	18	--	16	16	14
- 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 $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, $981,104 in equity in earnings of joint ventures and $1,526 from investment of reserve funds in 1999 and $944,165 in equity in earnings of joint ventures and $17,693 from investment of reserve funds in 2000. As of December 31, 2000, the leasing status was 98.7% 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 $140,533 for 1995, $605,247 for 1996, $877,869 for 1997, $955,245 for 1998, $982,052 for 1999, and $957,862 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $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; $1,879,410 to Class A Limited Partners, $(983,615) to Class B Limited Partners and $0 to the General Partners for 1999, and $1,286,161 to Class A Limited Partners, $(403,179) to Class B Limited Partners and $0 to the General Partners for 2000.

(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, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $2,053,320.

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

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$ 1,373,795	$ 1,360,497	$ 1,362,513	$ 1,204,018	$ 1,057,694
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,732	87,301	87,092	95,201	114,854
Depreciation and Amortization/(3)/	0	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	1,288,063	$ 1,266,946	$ 1,269,171	$ 1,102,567	$ 936,590
Taxable Income: Operations	1,707,431	$ 1,672,844	$ 1,683,192	$ 1,213,524	$ 1,001,974
Cash Generated (Used By):					
Operations	(68,968)	(87,298)	(63,946)	7,909	623,268
Joint Ventures	2,474,151	2,558,623	2,293,504	1,229,282	279,984
	$ 2,405,183	$ 2,471,325	$ 2,229,558	$ 1,237,191	$ 903,252
Less Cash Distributions to Investors:					
Operating Cash Flow	2,405,183	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	82,180	--	--	--	225,077
Cash Generated (Deficiency) after Cash Distributions	$ (82,180)	$ 92,110	$ 11,158	$ (183,315)	$ (227,520)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions/(5)/	--	--	--	--	1,898,147
	$ (82,180)	$ 92,110	$ 11,158	$ (183,315)	$ 1,670,627
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	464,760
Return of Limited Partner's Investment	--	--	--	8,600	--
Property Acquisitions and Deferred Project Costs	0	0	1,850,859	10,675,811	7,931,566
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (82,180)	$ 92,110	$ (1,839,701)	$(10,867,726)	$ (6,725,699)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	84	91	91	73	46
- Operations Class B Units	(219)	(247)	(212)	(150)	(47)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	88	89	65	46
- Operations Class B Units	(169)	154	(131)	(95)	(33)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	87	83	54	43
- Return of Capital Class A Units	7	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	87	87	83	47	43
- Return of Capital Class A Units	3	--	--	7	0
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	73	70	69	42	33
- Return of Capital Class A Units	17	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 $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, $1,360,494 in equity in earnings of joint ventures and $3 from investment of reserve funds in 1999 and $1,363,174 in equity in earnings of joint ventures and $10,621 from investment of reserve funds in 2000. As of December 31, 2000, 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 $265,259 for 1996, $841,666 for 1997, $1,157,355 for 1998, $1,209,171 for 1999 and $1,173,630 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $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; $2,481,559 to Class A Limited Partners, $(1,214,613) to Class B Limited Partners and $0 to the General Partners for 1999, and $2,294,288 to Class A Limited Partners, $(1,006,225) to Class B Limited Partners and $0 to the General Partners for 2000.

(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, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,940,951.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS

WELLS REAL ESTATE FUND IX, L.P.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$1,836.768	$1,593,734	$ 1,561,456	$ 1,199,300	$ 406,891
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	78,092	90,903	105,251	101,284	101,885
Depreciation and Amortization/(3)/	0	12,500	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$1,758,676	$1,490,331	$ 1,449,955	$ 1,091,766	$ 298,756
Taxable Income: Operations	$2,147,094	$1,924,542	$ 1,906,011	$ 1,083,824	$ 304,552
Cash Generated (Used By):					
Operations	$ (66,145)	$ (94,403)	$ 80,147	$ 501,390	$ 151,150
Joint Ventures	2,831,329	2,814,870	2,125,489	527,390	--
	$2,765,184	$2,720,467	$ 2,205,636	$ 1,028,780	$ 151,150
Less Cash Distributions to Investors:					
Operating Cash Flow	2,707,684	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	$ 57,500	$ (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
	$ 57,500	$ (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	44,357	190,853	9,455,554	13,427,158	6,544,019
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 13,143	$ (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	93	89	88	53	28
- Operations Class B Units	(267)	(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	91	86	85	46	26
- Operations Class B Units	(175)	(164)	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	87	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	87	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	76	77	61	29	10
- Return of Capital Class A Units	11	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, $1,593,734 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999, and $1,829,216 in equity in earnings of joint ventures and $7,552 from investment of reserve funds in 2000. As of December 31, 2000, 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, $1,210,939 for 1999, and $1,100,915 for 2000.

(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, $2,713,636 to Class A Limited Partners, $(1,223,305) to Class B Limited Partners and $0 to the General Partners for 1999, and $2,858,806 to the Class A Limited Partners, $(1,100,130) to Class B Limited Partners and $0 to the General Partners for 2000.

(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, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,332,403.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS

WELLS REAL ESTATE FUND X, L.P.

2000	1999	1998	1997	1996

Gross Revenues/(1)/	$1,557,518	$ 1,309,281	$ 1,204,597	$ 372,507	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	81,338	98,213	99,034	88,232	
Depreciation and Amortization/(3)/	0	18,750	55,234	6,250	
Net Income GAAP Basis/(4)/	$1,476,180	$ 1,192,318	$ 1,050,329	$ 278,025	
Taxable Income: Operations	$1,692,792	$ 1,449,771	$ 1,277,016	$ 382,543	
Cash Generated (Used By):					
Operations	(59,595)	(99,862	300,019	200,668	
Joint Ventures	2,192,397	2,175,915	886,846	--	
	$2,132,802	$ 2,076,053	$ 1,186,865	$ 200,668	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,103,260	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	$ 29,542	$ 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	
	$ 29,542	$ 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	81,022	0	17,613,067	5,188,485	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (51,480)	$ 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)	104	97	85	28	
- Operations Class A Units	(159)	(160)	(123)	(9)	
- Operations Class B Units	--	--	--	--	
Capital Gain (Loss)					
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	98	92	78	35	
- Operations Class B Units	(107)	(100)	(64)	0	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	94	95	66	--	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	94	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	74	71	48	--	
- Return of Capital Class A Units	20	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, $1,309,281 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999, and 1,547,664 in equity in earnings of joint ventures and $9,854 from investment of reserve funds in 2000. As of December 31, 2000, 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, $891,911 for 1999, and $816,544 for 2000.

(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; $2,084,229 to Class A Limited Partners, $(891,911) to Class B Limited Partners and $0 to the General Partners for 1999, and $2,292,724 to Class A Limited Partners, $(816,544) to Class B Limited Partners and $0 to the General Partners for 2000.

(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, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,354,118.

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

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$ 975,850	$ 766,586	$ 262,729	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	79,861	111,058	113,184		
Depreciation and Amortization/(3)/	--	25,000	6,250		
Net Income GAAP Basis/(4)/	$ 895,989	$ 630,528	$ 143,295		
Taxable Income: Operations	$ 944,775	$ 704,108	$ 177,692		
Cash Generated (Used By):					
Operations	(72,925)	40,906	(50,858)		
Joint Ventures	1,333,337	705,394	102,662		
	$ 1,260,412	$ 746,300	$ 51,804		
Less Cash Distributions to Investors:					
Operating Cash Flow	1,205,303	746,300	51,804		
Return of Capital	--	49,761	48,070		
Undistributed Cash Flow From Prior Year Operations	--	--	--		
Cash Generated (Deficiency) after Cash Distributions	$ 55,109	$ (49,761)	$ (48,070)		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions	--	--	16,532,801		
	$ 55,109	$ (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	$ 55,109	$ (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	103	77	50		
- Operations Class B Units	(155)	(112)	(77)		
Capital Gain (Loss)	--	--	--		
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	97	71	18		
- Operations Class B Units	(112)	(73)	(17)		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	90	60	8		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	90	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	69	46	6		
- Return of Capital Class A Units	21	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, $607,579 in equity in earnings of joint ventures and $159,007 from investment of reserve funds in 1999 and $967,900 in equity in earnings of joint ventures and $7,950 from investment of reserve funds in 2000. As of December 31, 2000, 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, $353,840 for 1999, and $485,558 for 2000.

(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; $1,009,368 to Class A Limited Partners, $(378,840) to Class B Limited Partners and $0 to the General Partners for 1999, and $1,381,547 to Class A Limited Partners, $(485,558) to Class B Limited Partners and $0 to General Partners for 2000.

(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, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $493,292.

TABLE V (UNAUDITED)
SALES OR DISPOSAL OF PROPERTIES

The following Table sets forth sales or other disposals of properties by Wells Public Programs within the most recent three years. The information relates to only public programs with investment objectives similar to those of Wells Real Estate Investment Trust, Inc. All figures are as of December 31, 2000.

Property	Date Acquired	Date Of Sale	Selling Price, Net Of Closing Costs And GAAP Adjustments						Cost Of Properties Including Closing And Soft Costs	Excess (Deficiency) Of Property Operating Cash Receipts Over Cash Expenditures
			Cash Received Net Of Closing Costs	Mortgage Balance At Time Of Sale	Purchase Money Mortgage Taken Back By Program	Adjustments Resulting From Application Of GAAP	Total/1/	Original Mortgage Financing	Total Acquisition Cost, Capital Improvement, Closing And Soft Costs/2/	Total
3875 Peachtree Place, Atlanta, Georgia	12/1/85	08/31/00	$704,496	-0-	-0-	-0-	$704,496	-0-	$647,648	$647,648

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/1/ Includes Wells Real Estate Fund I's share of taxable gain from this sale in the amount of $184,161, of which $184,161 is allocated to capital gain and $0 is allocated to ordinary gain.

/2/ Amount shown does not include pro rata share of original offering costs.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 3 DATED JULY 20, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, as supplemented and amended by Supplement No. 1 dated February 5, 2001 and Supplement No. 2 dated April 25, 2001. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used

in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The acquisition of an interest in an office building in Nashville, Tennessee (Comdata Building);

(3) The acquisition of an interest in an office building in Jacksonville, Florida (AmeriCredit Building);

(4) The Joint Venture Partnership Agreement entered into between Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) and Wells Operating Partnership, L.P. (Wells OP);

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

(6) Revisions to the "Plan of Distribution" section of the prospectus relating to the issuance of soliciting dealer warrants; and

(7) Financial statements relating to the Comdata Building and the AmeriCredit Building.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of June 30, 2001, we had received an additional $170,293,567 in gross offering proceeds from the sale of 17,029,357 shares in the third offering. Accordingly, as of June 30, 2001, we had received in the aggregate approximately $477,704,679 in gross offering proceeds from the sale of 47,770,468 shares of our common stock.

The Comdata Building

Purchase of the Comdata Building. On May 15, 2001, the Wells Fund XII - REIT Joint Venture Partnership (Fund XII - REIT Joint Venture), a joint venture between Wells Real Estate Fund XII, L.P. (Wells Fund XII) and Wells Operating Partnership, L.P. (Wells OP), the operating partnership for Wells REIT, acquired a three-story office building containing approximately 201,237 rentable square feet located at 5301 Maryland Way, Williamson County, Brentwood, Tennessee (Comdata Building). The Fund XII -

REIT Joint Venture purchased the Comdata Building from The Northwestern Mutual Life Insurance Company (Northwestern) pursuant to that certain Agreement for the Purchase and Sale of Property between Northwestern and Wells Capital, Inc. (Wells Capital), the Advisor to Wells REIT. Northwestern is not in any way affiliated with Wells REIT or its Advisor.

Wells Capital, the original purchaser under the agreement, assigned its rights under the agreement to the Fund XII - REIT Joint Venture at closing. The Fund XII - REIT Joint Venture paid a purchase price of $24,950,000 for the Comdata Building and incurred additional acquisition expenses in connection with the purchase of the Comdata Building, including attorneys' fees, recording fees and other closing costs, of approximately $52,019.

Wells Fund XII made a capital contribution of $8,926,156 and Wells OP made

a capital contribution of $16,075,863 to the Fund XII - REIT Joint Venture to fund their respective shares of the acquisition costs for the Comdata Building. As of June 30, 2001, Wells OP had made total capital contributions to the Fund XII- REIT Joint Venture of $29,928,078 and held an equity percentage interest in the joint venture of approximately 55%, and Wells Fund XII had made total capital contributions to the Fund XII - REIT Joint Venture of $24,613,401 and held an equity percentage interest in the joint venture of approximately 45%.

Description of the Comdata Building and the Site. As set forth above, the Comdata Building is a three-story office building containing approximately 201,237 rentable square feet situated on a 12.3 acre tract of land. Construction of the Comdata Building was originally completed in 1989, and the building was subsequently expanded in 1997. The Comdata Building is constructed using a steel frame with steel beams on a concrete slab with concrete footings. The exterior walls are made of a brick shell with an insulated ribbon window system on aluminum mullions. The interior walls consist of textured and painted gypsum board. In addition, the building contains five passenger elevators and a freight elevator. There are approximately 750 paved surface parking spaces at the site.

The Comdata Building is located in the Maryland Farms Office Park in Brentwood, Tennessee. Maryland Farms Office Park is located eight miles south of downtown Nashville, Tennessee. The Nashville area is known for its competitive real estate prices, available space for business, and diversified economic base. Nashville's business areas of strength include manufacturing, publishing, finance and insurance, healthcare management, music, transportation and tourism. The Brentwood submarket is one of Nashville's most desired locations.

An independent appraisal of the Comdata Building was prepared by CB Richard Ellis, Inc., real estate appraisers and consultants, as of April 9, 2001, pursuant to which the market value of the land and the leased fee interest subject to the Comdata lease (described below) was estimated to be $25,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Comdata Building will continue operating at a stabilized level with Comdata Network, Inc. ("Comdata") occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. The Fund XII - REIT Joint Venture also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the Comdata Building were satisfactory.

The Comdata Lease. The entire 201,237 rentable square feet of the three-story office building is currently under a triple-net lease agreement with Comdata, a wholly owned subsidiary of Ceridian Corporation, the guarantor of the lease. The landlord's interest in the Comdata lease was assigned to the Fund XII - REIT Joint Venture at the closing. The Comdata lease commenced on April 1, 1997, and the current term expires on May 31, 2016. Comdata has the right to extend the Comdata lease for one additional five-year period of time at a rate equal to the greater of the base rent of the final year of the initial term or 90% of the then-current fair market rental rate.

Comdata is a leading provider of transaction processing and information services to the transportation and other industries. Comdata provides trucking companies with fuel cards, electronic cash access, permit and licensing services, routing software, driver relationship services and vehicle escorts, among other services. Comdata provides these services to over 400,000 drivers, 7,000 truck stop service centers and 500 terminal fueling locations.

Ceridian Corporation, the lease guarantor, is one of North America's leading information services companies that serves the human resources and transportation markets. Ceridian and its subsidiaries generate, process and distribute data for customers and help customers develop systems plans and software to perform these functions internally. For the fiscal year ended December 31, 2000, Ceridian reported net income of approximately $100.2 million on revenues of over $1.175 billion.

The base rent payable for the current term of the Comdata lease is as follows:

Lease Years	Annual Rent	Annual Rent Per Square Foot
Year 1	$2,398,672	$11.92
Years 2-6	$2,458,638	$12.22
Years 7-11	$2,518,605	$12.52
Years 12-15	$2,578,572	$12.81

Under the Comdata lease, Comdata is required to pay all operating expenses, including but not limited to, gas, water and electricity costs, garbage and waste disposal, telephone, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to the Comdata Building. In addition, Comdata is responsible for all routine maintenance and repairs to the Comdata Building. The Fund XII - REIT Joint Venture, as landlord, will be responsible for the repair and maintenance of the roof and structural systems of the Comdata Building. Comdata must obtain written consent from the Fund XII - REIT Joint Venture before making any alterations to the premises excluding alterations that (i) are made to the interior tenant space of the Comdata Building, (ii) do not adversely affect the structural integrity or the exterior of the Comdata Building, (iii) do not affect common areas of the Comdata Building including but not limited to the elevators and lobby, and (iv) do not adversely affect the electrical, heating or plumbing systems of the Comdata Building.

Property Management Fees. Wells Management Company, Inc. (Wells Management), an affiliate of the Wells REIT, has been retained to manage and lease the Comdata Building. The Fund XII - REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Comdata Building, subject to certain limitations.

The Wells Fund XIII - REIT Joint Venture

On June 27, 2001, Wells OP and Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) 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 XIII - REIT Joint Venture (XIII-REIT Joint Venture). All income, loss, profit, net cash flow, resale gain and sale proceeds of the XIII-REIT Joint Venture are allocated and distributed between Wells OP and Wells Fund XIII based upon their respective capital contributions to the joint venture.

Wells OP is acting as the initial Administrative Venturer of the XIII-REIT Joint Venture and, as such, is responsible for establishing policies and operating procedures with respect to the business and affairs of the joint venture. However, approval of Wells Fund XIII will be required for any major decision or any action which materially affects such joint venture or its real properties.

The AmeriCredit Building

Purchase of the AmeriCredit Building. On July 16, 2001, the XIII-REIT Joint Venture acquired a two-story office building containing approximately 85,000 rentable square feet located in Fleming Island Plantation at 2310 Village Square Parkway, Orange Park, Clay County, Florida (AmeriCredit Building) from Adevco Contact Centers Jacksonville, L.L.C. (Adevco) pursuant to that certain Agreement for the Purchase and Sale of Property between Adevco and Wells Capital, the Advisor. Adveco is not affiliated with the Wells REIT or its Advisor.

The rights under the agreement were assigned by Wells Capital, the original purchaser under the agreement, to the XIII-REIT Joint Venture at closing. The

purchase price paid for the AmeriCredit Building was $12,500,000. The joint venture also incurred additional acquisition expenses in connection with the purchase of the AmeriCredit Building, including attorneys' fees, recording fees and other closing costs, of approximately $40,700.

Wells OP contributed $10,890,040 and Wells Fund XIII contributed $1,651,426 to the XIII-REIT Joint Venture for their respective shares of the acquisition costs for the AmeriCredit Building. As of July 16, 2001, Wells OP held an equity percentage interest in the XIII-REIT Joint Venture of approximately 87%, and Wells Fund XIII held an equity percentage interest in the XIII-REIT Joint Venture of approximately 13%.

Description of the Building and the Site. The AmeriCredit Building is a two-story office building containing approximately 85,000 rentable square feet. The AmeriCredit Building, which was completed in June 2001, is constructed using a steel frame with steel beams on a concrete slab with concrete footings. The exterior walls are made with steel beams with tilt-up concrete panels and a glass panel exterior. The office entrances and windows are made of plate glass set in aluminum frames. The interior walls consist of textured and painted gypsum board. In addition, the building contains two elevators, one of which can be used as a freight elevator. There are approximately 680 asphalt paved surface parking spaces at the site.

An independent appraisal of the AmeriCredit Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of June 28, 2001, pursuant to which the market value of the land and the leased fee interest subject to the AmeriCredit lease (described below) was estimated to be $12,500,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the AmeriCredit Building will continue operating at a stabilized level with AmeriCredit Financial Services Corporation (AmeriCredit) occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. The XIII-REIT Joint Venture also obtained an environmental report prior to closing evidencing that the environmental condition of the land and the AmeriCredit Building were satisfactory.

Location of the AmeriCredit Building. The AmeriCredit Building is located on a 12.33 acre tract of land approximately 20 miles south of downtown Jacksonville within Fleming Island Plantation on the west side of U.S. Highway 17 in northern Clay County, Florida. Fleming Island Plantation is a 2,300-acre mixed use development of Centex Homes. When fully developed, Fleming Island Plantation will contain 12 villages of homes, a YMCA Wellness Center, an 18-hole golf course, several schools and 140 acres of parks. BellSouth has a 300,000 square foot technical service center in the area.

The Lease. The entire 85,000 rentable square feet of the AmeriCredit Building is currently under a triple-net lease agreement with AmeriCredit dated November 20, 2000. The landlord's interest in the AmeriCredit lease was assigned to the XIII-REIT Joint Venture at the closing.

The initial term of the AmeriCredit lease is ten years which commenced June 2001 and expires in May 2011. AmeriCredit has the right to extend the AmeriCredit lease for two additional five year periods of

time. 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.

AmeriCredit is wholly-owned by and serves as the primary operating subsidiary for AmeriCredit Corp., a Texas corporation whose common stock is publicly traded on the New York Stock Exchange. AmeriCredit Corp. is the guarantor of the lease. AmeriCredit is the world's largest independent middle-market automobile finance company. AmeriCredit purchases loans made by franchised and select independent dealers to consumers buying late model used and, to a lesser extent, new automobiles. AmeriCredit targets consumers who are

typically unable to obtain financing from traditional sources either because of prior credit difficulties or limited credit histories. Funding for AmeriCredit's auto lending activities is obtained primarily through the sale of loans in securitization transactions. AmeriCredit services its automobile lending portfolio at regional centers using automated loan servicing and collection systems.

For the nine months ended March 31, 2001, AmeriCredit Corp. reported net income of $151 million on revenues of $575 million and a net worth, as of March 31, 2001, of approximately $929 million.

The base rent payable under the AmeriCredit lease will be as follows:

Lease Year	Rental Rate	Annual Rent	Monthly Rent
Year 1	$14.33	$1,201,050	$100,087.50
Year 2	$14.69	$1,231,501	$102,625.08
Year 3	$15.06	$1,262,714	$105,226.17
Year 4	$15.43	$1,294,707	$107,892.25
Year 5	$15.82	$1,327,499	$110,624.92
Year 6	$16.21	$1,361,112	$113,426.00
Year 7	$16.62	$1,395,565	$116,297.08
Year 8	$17.03	$1,430,879	$119,239.92
Year 9	$17.46	$1,467,076	$122,256.33
Year 10	$17.90	$1,504,178	$125,348.17

The monthly base rent payable for each extended term of the AmeriCredit lease will be equal to 95% of the then current market rate.

Under the AmeriCredit lease, AmeriCredit is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance and other operating costs with respect to the AmeriCredit Building during the term of the lease. In addition, AmeriCredit is responsible for all routine maintenance and repairs including the interior mechanical and electrical systems, the HVAC system and common area maintenance to the AmeriCredit Building. The XIII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the roof, foundation, structural, exterior windows, parking lot, driveways and light poles, as well as payment of a monthly 7% sales tax on rental income. AmeriCredit will reimburse the XIII-REIT Joint Venture for the sales tax through increased rental income. The rental figures above are net of the sales tax and maintenance reserve.

The AmeriCredit lease contains a termination option which may be exercised by AmeriCredit effective as of the end of the seventh lease year by providing 12 months prior notice to the XIII-REIT Joint Venture. If AmeriCredit exercises its termination option, it will be required to pay the joint venture a termination payment equal to the sum of (i) an amount equal to two months base rent calculated at the annual rate of $17.18 per square foot, plus (ii) an amount equal to the aggregate of the unamortized balances of the construction allowance, design allowance, sign allowance, and brokerage commissions. It is estimated that if AmeriCredit were to exercise its early termination option, the termination payment would be approximately $1.9 million which would equate to nearly 16 months of rent.

AmeriCredit also has an expansion option for an additional 15,000 square feet of office space and 120 parking spaces. AmeriCredit may exercise this expansion option at any time during the first seven

lease years. The rights and obligations of each party under the expansion option are subject to the parties reaching agreement relating to the expansion space and additional parking and the leasing of such space by AmeriCredit within 45 days of receipt by the XIII-REIT Joint Venture of written notice of the expansion option.

Property Management Fees. Wells Management has been retained to manage and lease the AmeriCredit Building. The XIII-REIT Joint Venture shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the AmeriCredit Building, subject to certain limitations.

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

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

> 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. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. On December 20, 1999, we commenced a second public offering of up to 22,200,000 shares of common stock at $10 per share. We terminated our second offering on December 19, 2000. Of the $175,229,193 raised in the second offering, we invested a total of $147,192,522 in properties.
>
> Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of June 30, 2001, we had received an additional $170,293,567 in gross offering proceeds from the sale of 17,029,357 shares in the third offering. As of June 30, 2001, we had raised in the aggregate a total of $477,704,679 in offering proceeds through the sale of 47,770,468 shares of common stock. As of June 30, 2001, we had paid a total of $16,621,295 in acquisition and advisory fees and acquisition expenses, had paid a total of $59,361,769 in selling commissions and organizational and offering expenses, had made capital contributions of $395,004,216 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,810,530 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $3,906,869 available for investment in additional properties.

Plan of Distribution

The information contained on page 153 in the "Plan of Distribution" section of the prospectus is revised as of the date of this supplement by the deletion of the third full paragraph of this section and the insertion of the following paragraph in lieu thereof:

> We will also award to the Dealer Manager one soliciting dealer warrant for every 25 shares sold to the public or issued to shareholders pursuant to our dividend reinvestment plan 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.

Financial Statements

The statements of revenues over certain operating expenses of the Comdata Building for the year ended December 31, 2000, included in this supplement 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 supplement in reliance upon the authority of said firm as experts in giving said reports.

The statements of revenues over certain operating expenses of the Comdata Building for the three months ended March 31, 2001, included in this supplement and elsewhere in the registration statement, have not been audited.

The Pro Forma Balance Sheet of the Wells REIT as of March 31, 2001, which is included in this supplement, has not been audited.

The Pro Forma Statement of Income of the Wells REIT for the three months ended March 31, 2001 and for the year ended December 31, 2000, which are included in this supplement, have not been audited.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XII, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the COMDATA BUILDING for the year ended December 31, 2000. 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 Comdata Building after acquisition by the Wells Fund XII - REIT Joint Venture. 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 Comdata 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 Comdata Building for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
May 18, 2001

COMDATA BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE THREE MONTHS ENDED MARCH 31, 2001

	2001	2000
	(Unaudited)	
RENTAL REVENUES	$614,660	$2,458,638
OPERATING EXPENSES, net of reimbursements	20,404	5,468
REVENUES OVER CERTAIN OPERATING EXPENSES	$594,256	$2,453,170

The accompanying notes are an integral part of these statements.

COMDATA BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE THREE MONTHS ENDED MARCH 31, 2001 (UNAUDITED)

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On May 15, 2001, the Wells Fund XII-REIT Joint Venture (the "Joint Venture") acquired the Comdata Building from The Northwestern Mutual Life Insurance Company ("Northwestern"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XII, L.P. ("Wells Fund XII") and Wells Operating Partnership, L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. Northwestern is not an affiliate of Wells Fund XII or Wells OP. The total purchase price of the Comdata Building was $24,950,000. Additional acquisition expenses were incurred in connection with the purchase of the Comdata Building, included attorney's fees, recording fees, loan fees, and other closing costs, of $52,019. Wells Fund XII contributed $8,926,156, and Wells OP contributed $16,075,863 to the Joint Venture for their respective shares of the purchase of the Comdata Building.

Comdata Network, Inc. ("Comdata") occupies the entire 201,237 rentable square feet of the three-story office building under a net lease agreement (the "Comdata Lease"). Comdata is a wholly owned subsidiary of Ceridian Corporation, a public entity traded on the New York Stock Exchange and guarantor of Comdata's obligations under the Comdata Lease. Northwestern's interest in the Comdata Lease was assigned to the Joint Venture at the closing. The initial term of the Comdata Lease commenced on April 1, 1997 and expires on May 31, 2016. Comdata has the right to extend the Comdata Lease for two additional five-year periods at a rate equal to the greater of the base rent for the final year of the initial term or 90% of the then-current fair market rental rate. Under the Comdata Lease, Comdata is required to pay, as additional monthly rent, all operating costs, including but not limited to, gas, water, electricity, garbage and waste disposal, telephone, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies, and other such operating expenses with respect to the Comdata Building. In addition, Comdata is responsible for all routine maintenance and repairs to the Comdata Building. The Joint Venture will be responsible for the repair and replacement of the exterior surface walls, foundation, roof, and plumbing, electrical and mechanical systems of the Comdata Building.

Rental Revenues

Rental income is recognized on a straight-line basis over the life of the Comdata Lease.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented on the accrual basis. These statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses, such as depreciation, interest, and management fees. Therefore, these statements are not comparable to the operations of the Comdata Building after acquisition by the Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA BALANCE SHEET

The following unaudited pro forma balance sheet as of March 31, 2001 has been prepared to give effect to the acquisition of the AmeriCredit Building by the Wells XIII-REIT Joint Venture, a joint venture partnership between Wells Real Estate Fund XIII, L.P. and Wells Operating Partnership, L.P. ("Wells OP"), and the acquisition of the Comdata Building ("Prior Acquisition") by the Wells XII-REIT Joint Venture, a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP, as if the acquisitions occurred on March 31, 2001. The following unaudited pro forma statements of income for the year ended December 31, 2000 and for the three months ended March 31, 2001 have been prepared to give effect to the acquisition of the Comdata Building as if the acquisition occurred on January 1, 2000.

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., a Maryland corporation. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells OP.

This unaudited pro forma balance sheet is prepared for informational purposes only and is not necessarily indicative of future results or of actual results that would have been achieved had the acquisition of the AmeriCredit Building been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

MARCH 31, 2001

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		Comdata	AmeriCredit	
REAL ESTATE ASSETS, at cost:				
Land	$ 46,640,032	$ 0	$ 0	$ 46,640,032
Buildings, less accumulated depreciation of $12,656,832	285,461,251	0	0	285,461,251
Construction in progress	6,303,454	0	0	6,303,454
Total real estate assets	338,404,737	0	0	338,404,737
CASH AND CASH EQUIVALENTS	8,156,316	(500,000) (a)	(150,000) (a)	7,506,316
INVESTMENT IN JOINT VENTURES	43,901,986	16,745,691 (b)	11,343,750 (d)	71,991,427
ACCOUNTS RECEIVABLE	3,620,844	0	0	3,620,844
DEFERRED LEASE ACQUISITION COSTS	1,599,976	0	0	1,599,976
DEFERRED PROJECT COSTS	1,409,081	(669,828) (c)	(453,750) (e)	285,503
DEFERRED OFFERING COSTS	581,690	0	0	581,690
DUE FROM AFFILIATES	1,050,313	0	0	1,050,313
PREPAID EXPENSES AND OTHER ASSETS	2,252,702	0	0	2,252,702
Total assets	$400,977,645	$15,575,863	$10,740,000	$427,293,508

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		Comdata	AmeriCredit	
LIABILITIES:				
Accounts payable and accrued expenses	$ 2,263,215	$ 0	$ 0	$ 2,263,215
Notes payable	76,540,000	15,575,863 (a)	10,740,000 (a)	102,855,863
Dividends payable	1,069,579	0	0	1,069,579
Due to affiliate	1,084,012	0	0	1,084,012
Deferred rental income	238,306	0	0	238,306
Total liabilities	81,195,112	15,575,863	10,740,000	107,510,975
COMMITMENTS AND CONTINGENCIES				
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	200,000
SHAREHOLDERS' EQUITY:				
Common shares, $.01 par value; 125,000,000 shares authorized, 38,127,278 shares issued and 37,908,326 shares outstanding	381,273	0	0	381,273
Additional paid-in capital	321,390,784	0	0	321,390,784
Treasury stock, at cost, 218,952 shares	(2,189,524)	0	0	(2,189,524)
Total shareholders' equity	319,582,533	0	0	319,582,533
Total liabilities and shareholders' equity	$400,977,645	$15,575,863	$10,740,000	$427,293,508

(a) Reflects Wells Real Estate Investment Trust, Inc.'s portion of the purchase price.

(b) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XII-REIT Joint Venture.

(c) Reflects deferred project costs contributed to the Wells Fund XII-REIT Joint Venture at approximately 4.17% of the purchase price.

(d) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XIII-REIT Joint Venture.

(e) Reflects deferred project costs contributed to the Wells Fund XIII-REIT Joint Venture at approximately 4.17% of the purchase price.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REVENUES:			
Rental income	$ 9,860,085	$ 0	$ 9,860,085
Equity in income of joint ventures	709,713	395,215(a)	1,104,928
Interest income	99,915	0	99,915
	10,669,713	395,215	$11,064,928
EXPENSES:			
Depreciation and amortization	3,187,179	0	3,187,179
Interest	2,375,183	275,919(b)	2,651,102
Operating costs, net of reimbursements	1,091,185	0	1,091,185
Management and leasing fees	565,714	0	565,714
General and administrative	106,540	0	106,540
Legal and accounting	67,767	0	67,767
Computer costs	800	0	800
	7,394,368	275,919	7,670,287
NET INCOME	$ 3,275,345	$ 119,296	$ 3,394,641
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.10		
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED) (c)			$ 0.08 (c)

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Reflects interest expense incurred on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at 7.1% for the three months ended March 31, 2001.

(c) As of May 15, 2001, the acquisition date, Wells Real Estate Investment Trust, Inc. had 41,588,143 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire three months ended March 31, 2001.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REVENUES:			
Rental income	$20,505,000	$ 0	$20,505,000
Equity in income of joint ventures	2,293,873	930,181(a)	3,224,054
Interest income	520,924	0	520,924
Other income	53,409	0	53,409
	23,373,206	930,181	24,303,387
EXPENSES:			
Depreciation and amortization	7,743,551	0	7,743,551
Interest	4,199,461	1,284,495(b)	5,483,956
Operating costs, net of reimbursements	888,091	0	888,091
Management and leasing fees	1,309,974	0	1,309,974
General and administrative	426,680	0	426,680
Legal and accounting	240,209	0	240,209
Computer costs	12,273	0	12,273
	14,820,239	1,284,495	16,104,734
NET INCOME (LOSS)	$ 8,552,967	$ (354,314)	$ 8,198,653
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.40		
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED) (c)			$ 0.20 (c)

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Reflects interest expense incurred on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at 8.2% for the year ended December 31, 2000.

(c) As of May 15, 2001, the acquisition date, Wells Real Estate Investment Trust, Inc. had 41,588,143 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, 2000.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Items 31 through 35 and Item 37 of Part II are incorporated by reference to the Registrant's Registration Statement, as amended to date, Commission File No. 33-44900

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 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 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 (audited) and the nine months ended September 30, 2000 (unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited), and the nine months ended September 30, 2000 (unaudited).

The following unaudited pro forma financial statements of the Registrant 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.

The following financial statements relating to the acquisition of the Stone & Webster Building are filed as part of this Registration Statement and included in Supplement No. 1 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited)

and the nine months ended September 30, 2000 (unaudited).

The following financial statements relating to the acquisition of the AT&T Call Center Buildings are filed as part of this Registration Statement and included in Supplement No. 1 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 1 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of September 30, 2000,

(3) Pro Forma Statements of Income (Loss) for the year ended December 31, 1999, and
(4) Pro Forma Statements of Income for the nine months ended September 30, 2000.

The following financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 2 to the Prospectus:

Audited Financial Statements

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheets as of December 31, 2000 and December 31, 1999,
(3) Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998,
(4) Consolidated Statements of Stockholders' Equity for the years ended December, 31, 2000, 1999 and 1998,
(5) Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998, and
(6) Notes to Consolidated Financial Statements.

The following financial statements relating to the acquisition of the Comdata Building are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the three months ended March 31, 2001 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the three months ended March 31, 2001 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of March 31, 2001,
(3) Pro Forma Statement of Income for the three months ended March 31, 2001, and
(4) Pro Forma Statement of Income for the year ended December 31, 2000.

(b) Exhibits (See Exhibit Index):

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
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 (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

8.1 Opinion of Holland & Knight LLP as to tax matters (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

8.2 Opinion of Holland & Knight LLP as to ERISA matters (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

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, 2001 (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. 333-44900, filed on February 9, 2001)

10.3 Amended and Restated Property Management and Leasing Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc. (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.4 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)

10.5 Lease Agreement for the Alstom Power Knoxville 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)

10.6 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)

10.7 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)

10.8 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)

10.9 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)

10.10 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)

10.11 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)

10.12 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)

10.13 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)

10.14 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)

10.15 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)

10.16 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).

10.17 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)

10.18 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)

10.19 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)

10.20 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)

10.21 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)

10.22 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)

10.23 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)

10.24 Lease Agreement for the Alstom Power Richmond 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 Second Amendment to Lease Agreement for the Alstom Power Richmond 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)

10.26 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)

10.27 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)

10.28 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)

10.29 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)

10.30 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)

10.31 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)

10.32 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)

10.33 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)

10.34 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)

10.35 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)

10.36 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)

10.37 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)

10.38 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)

10.39 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)

10.40 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)

10.41 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)

10.42 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)

10.43 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)

10.44 Joint Venture Partnership Agreement of Fund VIII-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)

10.45 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)

10.46 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)

10.47 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)

10.48 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)

10.49 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)

10.50 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)

10.51 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)

10.52 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)

10.53 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)

10.54 Lease Agreement for the Motorola Plainfield Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

10.55 Allonge to Revolving Note relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.56 First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.57 Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.58 Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.59 Revolving Note relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's

Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.60 Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.61 Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.62 Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.63 Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.64 Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.65 First Amendment to Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.66 Agreement for Purchase and Sale of Property for the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.67 First Amendment to Agreement for Purchase and Sale of Property for the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.68 Promissory Note for $35,900,000 for the Guaranty Federal Bank Loan (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. 333-44900, filed on February 9, 2001)

10.69 Deed of Trust, Mortgage and Security Agreement with Guaranty Federal Bank, F.S.B., relating to the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.70 Promissory Note for $3,000,000 for the Cardinal Paragon, Inc. Loan (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. 333-44900, filed on February 9, 2001)

10.71 Deed of Trust with Cardinal Paragon, Inc. relating to the Stone &

Webster Building (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. 333-44900, filed on February 9, 2001)

10.72 Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.73 Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.74 Purchase Agreement for Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.75 Lease Agreement for the Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.76 Fourth Amendment to Lease Agreement for the Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.77 Guaranty of Lease for the Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.78 Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.14 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.79 First Amendment to Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.15 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.80 Lease Agreement with AT&T Corp. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.16 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.81 Lease Agreement with Jordan Associates, Inc. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.17 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.82 Agreement for the Purchase and Sale of Property for the Comdata Building

10.83 Lease Agreement for the Comdata Building

10.84 First Amendment to Lease Agreement for the Comdata Building

10.85 Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership

10.86 Agreement for the Purchase and Sale of Property for the AmeriCredit Building

10.87 Lease Agreement for the AmeriCredit 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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Post-Effective Amendment No. 3 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 19/th/ day of July, 2001.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
A Maryland corporation
(Registrant)

By: /s/ Leo F. Wells, III
Leo F. Wells, III, President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 3 to Registration Statement has been signed below on July 19, 2001 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		Executive Vice President and Director
Douglas P. Williams		(Principal Financial and Accounting Officer)
/s/ John L. Bell	*	Director
John L. Bell (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Richard W. Carpenter	*	Director
Richard W. Carpenter (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Bud Carter	*	Director
Bud Carter (By Douglas P. Williams, as Attorney-in-fact)		
/s/ William H. Keogler, Jr.	*	Director
William H. Keogler, Jr. (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Donald S. Moss	*	Director
Donald S. Moss (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Walter W. Sessoms	*	Director
Walter W. Sessoms (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Neil H. Strickland	*	Director
Neil H. Strickland (By Douglas P. Williams, as Attorney-in-fact)		

* By Douglas P. Williams, as Attorney-in-fact, pursuant to Power of Attorney dated August 18, 2000 and included as Exhibit 24.1 herein.

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10.8 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)

10.9 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)

10.10 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)

10.11 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)

10.12 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)

10.13 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)

10.14 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)

10.15 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)

10.16 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).

10.17 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)

10.18 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)

10.19 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)

10.20 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)

10.21 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)

10.22 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)

10.23 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)

10.24 Lease Agreement for the Alstom Power Richmond 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 Second Amendment to Lease Agreement for the Alstom Power Richmond 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)

10.26 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)

10.27 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)

10.28 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)

10.29 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)

10.30 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)

10.31 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)

10.32 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)

10.33 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)

10.34 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)

10.35 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)

10.36 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)

10.37 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)

10.38 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)

10.39 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)

10.40 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)

10.41 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)

10.42 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)

10.43 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)

10.44 Joint Venture Partnership Agreement of Fund VIII-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)

10.45 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)

10.46 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)

10.47 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)

10.48 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)

10.49 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)

10.50 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)

10.51 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)

10.52 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)

10.53 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)

10.54 Lease Agreement for the Motorola Plainfield Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

10.55 Allonge to Revolving Note relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.56 First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by

reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.57 Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.58 Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.59 Revolving Note relating to the SouthTrust N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.60 Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.61 Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.62 Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.63 Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.64 Credit Line Deed of Trust and Security Agreement to SouthTrust Bank N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.65 First Amendment to Credit Line Deed of Trust and Security Agreement to SouthTrust Bank N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.66 Agreement for Purchase and Sale of Property for the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.67 First Amendment to Agreement for Purchase and Sale of Property for the Stone & Webster Building (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. 333-44900,

filed on February 9, 2001)

10.68 Promissory Note for $35,900,000 for the Guaranty Federal Bank Loan (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. 333-44900, filed on February 9, 2001)

10.69 Deed of Trust, Mortgage and Security Agreement with Guaranty Federal Bank, F.S.B., relating to the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.70 Promissory Note for $3,000,000 for the Cardinal Paragon Loan (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. 333-44900, filed on February 9, 2001)

10.71 Deed of Trust with Cardinal Paragon, Inc. relating to the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.72 Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.73 Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (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. 333-44900, filed on February 9, 2001)

10.74 Purchase Agreement for Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.75 Lease Agreement for the Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.76 Fourth Amendment to Lease Agreement for the Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.77 Guaranty of Lease for the Metris Minnetonka Building (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. 333-44900, filed on February 9, 2001)

10.78 Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.14 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.79 First Amendment to Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.15 and incorporated by reference to Post-Effective Amendment No.

	4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)
10.80	Lease Agreement with AT&T Corp. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.16 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)
10.81	Lease Agreement with Jordan Associates, Inc. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.17 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)
10.82	Agreement for the Purchase and Sale of Property for the Comdata Building, filed herewith
10.83	Lease Agreement for the Comdata Building, filed herewith
10.84	First Amendment to Lease Agreement for the Comdata Building, filed herewith
10.85	Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership, filed herewith
10.86	Agreement for the Purchase and Sale of Property for the AmeriCredit Building, filed herewith
10.87	Lease Agreement for the AmeriCredit 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 10.82

AGREEMENT FOR PURCHASE AND SALE OF PROPERTY FOR

COMDATA BUILDING

REAL ESTATE PURCHASE AND SALE AGREEMENT

BETWEEN

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY,
A WISCONSIN CORPORATION, SELLER

AND

WELLS CAPITAL, INC.,
A GEORGIA CORPORATION, BUYER

REAL ESTATE PURCHASE AGREEMENT

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Exhibits

03/15/01

REAL ESTATE PURCHASE AND SALE AGREEMENT

ARTICLE 1

AGREEMENT AND RECITAL

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into as of the Effective Date (as defined in Article 2 hereof entitled "Basic Terms") between THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation (hereinafter referred to as "Seller"), and WELLS CAPITAL, INC., a Georgia corporation (hereinafter referred to as "Buyer").

Buyer desires to purchase from Seller and Seller desires to sell to Buyer all of Seller's right, title and interest in and to the property commonly known as the Comdata ("Ceridian") building, located at 5301 Maryland Way, in the City of Brentwood, County of Williamson, State of Tennessee, subject to the terms and conditions contained herein.

ARTICLE 2
BASIC TERMS

As used herein, the following Basic Terms are hereby defined to mean:

Approval Date	May 4, 2001
Broker	Cushman & Wakefield of Georgia, Inc.
Broker's Commission	$499,000.00

Buyer's Address For Notice	Wells Capital, Inc. 6200 The Corners Parkway, Suite 250 Norcross, GA 30092 Attention: Mr. Michael C. Berndt
Closing Date	No earlier than May 15, 2001, and no later than May 24, 2001, the precise date to be selected by Buyer by notice given at least five business days in advance and absent such notice on May 24, 2001.
Earnest Money	$500,000.00

Effective Date	The later date of execution of this Agreement by Buyer or Seller as shown on the last page hereof.
Escrowholder	Chicago Title Insurance Company 20900 Swenson Drive, Suite 900 Waukesha, WI 53186 Attention: Michele Schmid Phone: 262-796-3864 Fax: 262-796-3888
Lease	Lease Agreement between THE NORTHWESTERN MUTUAL LIFE INSURANCE Company, as Lessor, and COMDATA NETWORK, INC, as Lessee, dated as of June 20, 1996, as amended by First Amendment to Lease, dated as of October 19, 2000
Tenant	COMDATA NETWORK, INC., a Maryland corporation
Guarantor	CERIDIAN CORPORATION, a Delaware corporation
Involved Seller Representative(s) (re: Representations and Warranties of Seller)	Paul A. Gregory Frank A. Bell, Jr.
Materiality Limit (re: Casualty and Condemnation)	$200,000.00
Property	The Seller's interest in the land described in Schedule 1 to Exhibit "A" attached hereto and incorporated herein, together with all rights, privileges, and easements appurtenant to the land (hereinafter referred to as the "Land"), together with the following: (a) all buildings, improvements, and structures located on the Land (hereinafter referred to as the "Improvements"); (b) all personal property owned by the Seller which is used in the

	operation of the Land and Improvements and located thereon to the extent any exist, including all fixtures and appliances, furniture and furnishings, equipment and supplies and signage and lighting systems (hereinafter referred to as the "Personal Property"); (c) all of Seller's interest in the Lease, including those agreements entered into after the Effective Date pursuant to the Section herein entitled "Leasing" and in and to all Service Contracts, as defined in this Article 2, affecting the Land and Improvements to which Seller is a party and which (i) Seller chooses to assign and (ii) Buyer chooses to have assigned to it and to assume pursuant to the provisions of the Subsection hereof entitled "Buyer's Approval Notice," and (d) all of Seller's interest in any licenses, guarantees, warranties and such other rights, interests, and properties as may be specified in this Agreement to be sold, transferred, assigned, or conveyed by Seller to Buyer. (The Seller's interest in the Land, Improvements, and Personal Property, together with the other rights and interests described above, are hereinafter collectively referred to herein as the "Property.")
Purchase Price	$24,950,000.00
Seller's Address for Notice	The Northwestern Mutual Life Insurance Company 720 East Wisconsin Avenue Milwaukee, WI 53202 Attn: Richard A. Schnell
with copies to:	Northwestern Investment Management Company 5 Concourse Parkway, Suite 2410 Atlanta, GA 30328 Attn: Paul A. Gregory The Northwestern Mutual Life Insurance Company

	720 East Wisconsin Avenue Milwaukee, WI 53202 Attn: Susan A. Sheehy
Service Contracts	Any and all contracts and service agreements affecting the Land and Improvements to which Seller is a party and which Seller chooses to assign to Buyer.
Title Insurer	Same as Escrow Agent.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Seller Subject to the limitations set forth in the Sections hereof entitled "No Other Representations and Warranties by Seller" and "Seller Indemnity," Seller hereby represents and warrants that, except as set forth in Exhibit "D" attached hereto and incorporated herein, to the best of Seller's actual knowledge as of the Effective Date:

(a) Seller has received no written notice, not subsequently cured, from any governmental entity citing Seller for any material violation of any law, ordinance, order, or regulation which is applicable to the present use and occupancy of the Property;

(b) there are no modifications or supplements to the Lease except as stated in Article 2 hereof;

(c) in connection with the Lease: (i) Seller has received no written claim from Tenant or Guarantor alleging that Seller has defaulted in performing any of its obligations under the Lease that has not been cured or otherwise resolved, (ii) no material defaults exist under the Lease on the part of Tenant, (iii) Tenant is not the subject of any bankruptcy, reorganization, insolvency or similar proceeding, (iv) Seller is not holding any security or other deposit under the Lease, and (v) Tenant is not entitle to any special work not yet performed or consideration not yet given in connection with its tenancy;

(d) Seller has not been served in any litigation, arbitration or other judicial, administrative, or other similar proceedings involving, related to, or arising out of the Property which is currently pending, and which would have a material impact on Buyer's ownership or operation of the Property;

(e) Seller, and the individuals signing this Agreement on behalf of Seller, have the full legal power, authority, and right to execute and deliver, and to perform their legal obligations under this Agreement, and Seller's performance hereunder and the transactions contemplated hereby, have been duly authorized by all requisite action on the part of Seller and, no remaining corporate action is required to make this Agreement binding on Seller;

(f) there are no Service Contracts which survive the Closing;

(g) Seller has received no official governmental notice of any actual condemnation of the Property or any part thereof;

(h) Seller has received no written notice from Tenant or any governmental agency with respect to any Hazardous Material contamination on the Property, or with respect to any investigation, administrative order, consent order or agreement, litigation, or settlement with respect to Hazardous Material or Hazardous Material contamination that is in existence with respect to the Property. As used herein, "Hazardous Material" means any hazardous, toxic or dangerous waste, substance, or material, as currently defined for purposes of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any other federal, state, or local law, ordinance, rule, or regulation, applicable to the Property, and establishing liability standards or required action as to reporting, discharge, spillage, storage, uncontrolled loss, seepage, filtration, disposal, removal, use, or existence of a hazardous, toxic, or dangerous waste, substance or material;

(i) there are no employees of the Seller working at the Property;

(j) Seller quitclaims to Buyer any rights it may have to use the name Comdata as it relates to the operation of the Property; and

(k) Seller has received no notice of any structural or other defects in the improvements located on the Property.

Buyer hereby acknowledges that Seller makes no representations or warranties concerning any patents, trademarks, copyrights, or other intellectual property rights, and that "Seller's actual knowledge," upon which all of the representations and warranties set forth in this Section are based, means only the current actual knowledge of the Involved Seller Representative(s), without conducting any investigations whatsoever, or inquiry or review of files in Seller's possession or control in connection with this transaction or the making of the representations contained in this Section. To the best of Seller's actual knowledge, there are no employees of Seller or Northwestern Investment Management Company, who are likely to have information regarding the representations and

warranties set forth in this Section which would be superior to that of the Involved Seller Representative(s). The sole and exclusive obligations of Seller with respect to the representations set forth in this Section shall be as set forth in the Section hereof entitled "Seller Indemnity."

3.2 No Other Representations And Warranties By Seller Except as set forth in this Agreement and the representations expressly set forth in any documents executed by Seller and to be delivered to Buyer at the Closing, Seller makes no other, and specifically negates and disclaims any other, representations, warranties, promises, covenants, agreements, or guarantees of any kind or character whatsoever, whether express or implied, oral, or written, past, present, or future, concerning, with respect to or regarding the Property, including, without limitation: (i) the ownership, management, and operation of the Property; (ii) title to the Property; (iii) the physical condition, nature, or quality of the Property and any personal property, including, without limitation, the quality of the soils on and under the Property and the quality of the labor and materials included in any buildings or other improvements, fixtures, equipment, or personal property comprising a portion of the Property; (iv) the fitness of the Property for any particular purpose; (v) the presence or suspected presence of Hazardous Material on, in, under, or about the Property (including, without limitation, the soils and groundwater on and under the Property); (vi) the compliance of the Property with applicable governmental laws or regulations, including, without limitation, the Americans with Disabilities Act of 1990, environmental laws and laws or regulations dealing with zoning or land use; or (vii) the past or future operating results and value of the Property (items i-vii hereinafter collectively referred to as "Condition and Quality").

3.3 Representations, Warranties and Covenants of Buyer Buyer hereby represents and warrants to Seller that:

(a) Buyer, and the individuals signing this Agreement on behalf of Buyer, have the full legal power, authority, and right to execute and deliver, and to perform their legal obligations under this Agreement, and Buyer's performance hereunder and the transactions contemplated hereby have been duly authorized by all requisite action on the part of Buyer and no remaining action is required to make this Agreement binding on Buyer;

(b) Buyer shall deliver to Seller, pursuant to the provisions of the Subsection hereof entitled "Buyer's Environmental Investigation," any and all environmental reports on or concerning the Property that will be prepared by Buyer or on Buyer's behalf;

(c) Prior to closing, Buyer shall hold in strict confidence any and all documents and information relating to the Property which are disclosed to or obtained by Buyer during the term of this Agreement, and shall not disclose any such

information to any third party except to the extent necessary to enable Buyer to evaluate the condition of the Property or obtain financing to consummate the Closing and except to representatives of the broker dealer community with whom Buyer or its affiliates have a relationship. Buyer shall inform its representatives, permitted assigns, sources of debt or equity financing and third party consultants of the confidential nature of such information and shall require that they agree to treat such information confidentially. Failure to hold such information in strict confidence shall constitute a material default hereunder on the part of Buyer; and

(d) Buyer or its affiliates have the financial capacity to perform its obligations under this Agreement.

The provisions of this Section shall survive Closing or other termination of this Agreement.

3.4 Buyer's Reliance on Own Investigation; "AS-IS" Sale

(a) Buyer agrees and acknowledges that, as of the Closing Date, Buyer shall have made such feasibility studies, investigations, title searches, environmental studies, engineering studies, inquires of governmental officials, and all other inquiries and investigations as Buyer shall deem necessary to satisfy itself as to the Condition and Quality of the Property. By proceeding with Closing, Buyer acknowledges that it has been given ample opportunity to inspect the Property.

(b) Except as otherwise expressly provided in this Agreement, Buyer further acknowledges and agrees that, at Closing, (I) Buyer will buy and is buying the Property in its then condition, "AS IS, WHERE IS" and with all faults, and solely in reliance on Buyer's own investigation, examination, inspection, analysis and evaluation, and (II) Buyer is not relying on any statement or information made or given, directly or indirectly, orally or in writing, express or implied, by Seller its agents or broker as to any aspect of the Property, including without limitation, the Condition and Quality (as defined in the Section hereof entitled "No Other Representation And Warranties of Seller") but, rather, is and will be relying on independent evaluations by its own personnel or consultants to make a determination as to the physical and economic nature, condition and prospects of the Property.

(c) The agreements and acknowledgments contained in this Section constitute a conclusive admission that Buyer, as a sophisticated, knowledgeable investor in real property, shall acquire the Property solely upon its own judgment as to any matter germane to the Property or to Buyer's contemplated use of the Property, and not upon any statement, representation, or warranty by Seller, or any agent representative of Seller (including Broker), which is not expressly set forth in this Agreement.

The provisions of this Section shall survive Closing.

ARTICLE 4
THE TRANSACTION

4.1 Escrow In order to effect the conveyance contemplated by this Agreement, the parties hereto agree to open an escrow account with Escrowholder. A copy of this Agreement shall be furnished to, and acknowledged by, Escrowholder upon full execution hereof by Seller.

4.2 Purchase Price Subject to the provisions hereof, Buyer agrees to pay

the Purchase Price for the Property to Seller as follows:

4.2.1 Earnest Money Within two (2) business after the Effective Date, Buyer shall deposit with Escrowholder the Earnest Money and Buyer shall cause Escrowholder to notify Seller, no later than two (2) business days after Escrowholder's receipt thereof, that Escrowholder has received the Earnest Money in cash or other immediately payable funds, and is holding same in accordance with the terms hereof. Failure of Buyer to timely deposit the Initial Earnest Money with Escrowholder shall constitute a material default by Buyer hereunder.

4.2.2 Retention and Disbursement of Earnest Money In accordance with the terms of this Agreement, the Earnest Money shall be either (i) applied against the Purchase Price, (ii) refunded to Buyer, or (iii) disbursed to Seller. The Earnest Money shall be held in an interest-bearing account at a federally-insured bank in the name of Escrowholder. The Escrowholder shall not disburse any of the Earnest Money except (a) in accordance with this Agreement, (b) in accordance with written instructions executed by both Buyer and Seller, or (c) in accordance with the following procedure:

If Buyer or Seller, by notice to the Escrowholder, makes demand upon the Escrowholder for the Earnest Money (the "Demanding Party"), the Escrowholder shall, at the expense of the Demanding Party, give notice of such demand (the "Notice of Demand") to the other party (the "Other Party"). If the Escrowholder does not receive notice from the Other Party contesting such disbursement of the Earnest Money within five (5) business days from the date on which the Notice of Demand was given, the Escrowholder shall disburse the Earnest Money to the Demanding Party. In the event that the Escrowholder does receive notice from the Other Party contesting such disbursement of the Earnest Money within five (5) business days from the date on which the Notice of Demand was given, the Escrowholder shall thereafter disburse the Earnest Money only in accordance with written instructions executed by both Buyer and Seller, or in accordance with a final, non-appealable court order.

4.2.3 Cash At Closing Buyer shall pay to Seller the Purchase Price in cash or other immediately payable funds, less the Earnest Money held by Escrowholder and, plus costs to be paid by Buyer pursuant to the terms of this Agreement, and plus or minus prorations and adjustments shown on the closing statement executed by Buyer and Seller. If Seller desires to transfer the Property in a transaction qualifying as a like-kind exchange under the Internal Revenue Code Section 1031 and the regulations thereunder, the Earnest Money shall be refunded to Buyer at Closing and, the Purchase Price shall not be adjusted for the Earnest Money.

4.3 Conveyance of Deed Subject to the provisions hereof, Seller shall, on or before the Closing Date, convey the Property to Buyer by a Special Warranty Deed (the "Deed") in substantially the form as Exhibit "A" attached hereto and incorporated herein, subject to those matters permitted therein.

ARTICLE 5
TITLE AND SURVEY

5.1 Title Insurance Commitment Seller shall, as soon as reasonably possible after the Effective Date, obtain and deliver to Buyer a title insurance commitment (the "Commitment") and copies of the recorded instruments referred to therein from Title Insurer with respect to the Property, with the cost thereof to be paid in accordance with the Section hereof entitled "COSTS." Buyer shall have ten (10) days after its receipt of the Commitment and instruments to examine same and to notify Seller in writing of its objections to title (all

items so objected to being hereinafter referred to as the "Objectionable Items"). All matters affecting title to the Property as of the date of the Commitment, except those specifically and timely objected to by Buyer in accordance with this Section shall be deemed approved by Buyer and shall be deemed to be "Permitted Exceptions." If Buyer timely notifies Seller of any Objectionable Items, Seller may, but shall not be obligated to, cure or remove same; however, Seller agrees to consult with the Title Insurer in order to determine which Objectionable Items, if any, the Title Insurer is willing to remove, all with no action required on the part of Seller. Notwithstanding the foregoing, on or before Closing, Seller shall discharge any and all mortgages, deeds of trust, mechanics' liens, judgment liens and other monetary encumbrances on the Property, other than taxes, assessments and any other governmental impositions which are not then due and payable.

If Seller and/or Title Insurer does cure or remove all such Objectionable Items, Buyer shall have no further right to terminate this Agreement pursuant to this Section. Such Objectionable Items shall be deemed cured or removed if Title Insurer issues a revised Commitment to issue, at Closing, an ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price in favor of Buyer as the grantee of Seller's interest in the Property with such Objectionable Items having been removed as exceptions or insured over by Title Insurer. Seller shall notify Buyer, within ten (10) business days

after Seller's receipt of Buyer's notice of Objectionable Items, as to which Objectionable Items Seller and/or Title Insurer are willing or able to cure or remove ("Seller's Election"); and if no such notice is given within such time period, Seller shall be deemed to have elected not to cure any of the Objectionable Items. If Seller is unwilling or unable to cure some or all of the Objectionable Items, Buyer shall, as its sole and exclusive remedy in such event, make an election in writing ("Buyer's Election"), within five (5) days after receipt by Buyer of Seller's Election (or the expiration of the time period for Seller to make Seller's Election if Seller fails to send notice of Seller's Election) either:

(a) to accept title to the Property subject to the Objectionable Items which Seller is unwilling or unable to cure (all such items being thereafter included in "Permitted Exceptions"), in which event the obligations of the parties hereunder shall not be affected by reason of such matters, the sale contemplated hereunder shall be consummated without reduction of the Purchase Price, and Buyer shall have no further right to terminate this Agreement pursuant to this Section; or

(b) to terminate this Agreement in accordance with Article 14 hereof entitled "Non-default Termination."

If Seller has not received Buyer's Election within such five (5) day period, Buyer shall be deemed conclusively to have elected to accept title to the Property in accordance with Subsection (a) above.

At Closing, Seller shall provide Title Insurer with an Affidavit as to Debts, Liens, Parties in Possession and GAP Coverage in the from of Exhibit "M" attached hereto and incorporated herein. Under no circumstances shall Seller be obligated to give the Title Insurer any certificate, affidavit, or other undertaking of any sort which would have the effect of increasing the potential liability of Seller over that which it would have by giving Buyer the Special Warranty Deed required hereunder.

5.2 Subsequent Matters Affecting Title If, for any reason whatsoever, including without limitation "Objectionable Items" first appearing of record subsequent to the effective date of the Title Commitment, the title insurance policy which would otherwise be delivered to Buyer at Closing reflects, as exceptions, any items other than Permitted Exceptions, which would materially, adversely affect the Property, such items shall, if and only if Buyer shall give written notice thereof to Seller no later than the Closing Date, be deemed

"Objectionable Items," and, if Buyer shall so give notice to Seller, then:

(a) the Closing shall be postponed to the first business day which is thirty (30) days after the date previously set for Closing, or such earlier date as may be mutually agreed to between Buyer and Seller; and

(b) the rights and obligations of Buyer and Seller with regard to such Objectionable Items shall be as set forth in the Section hereof entitled "Title Insurance Commitment."

5.3 Survey As soon as possible after the Effective Date, Seller shall provide Buyer with Seller's most recent available survey of the Property. Buyer has the option, provided that Buyer does so promptly after the Effective Date and at Buyer's sole cost and expense, to obtain its own survey of the Property, and upon completion of such survey shall provide a certified original survey to Seller and Title Insurer. If as a result of reviewing the survey, Buyer or Title Insurer determines there are additional exceptions to title other than Permitted Exceptions which, in Buyer's sole judgment, would materially adversely affect Buyer's intended use of the Property, such items shall, if and only if Buyer shall give written notice thereof to Seller no later than ten (10) days after Buyer's receipt of the survey, be deemed "Objectionable Items," and, if Buyer shall so give notice to Seller, then the rights and obligations of Buyer and Seller with regard to such Objectionable Items shall be as set forth in the Section hereof entitled "Title Insurance Commitment."

5.4 Effect Of Approval Notice Notwithstanding anything contained herein to the contrary, any Approval Notice sent by Buyer to Seller pursuant to the provisions of the Subsection hereof entitled "Buyer's Approval Notice" shall be deemed to be Buyer's approval of the survey and of the condition of title to the Property pursuant to the provisions of the Sections herein entitled "Title Insurance Commitment" and "Survey."

ARTICLE 6
CONDITION OF THE PROPERTY

6.1 Inspections

6.1.1 Inspection of Property BUYER HAS BEEN EXPRESSLY ADVISED BY SELLER TO CONDUCT AN INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTY (subject to the provisions hereof), UTILIZING EXPERTS AS BUYER DEEMS NECESSARY. Subject to the provisions of the Section and Subsection hereof entitled "Buyer Indemnity" and "Buyer's Environmental Investigation," respectively, from the Effective Date until the Approval Date (the "Inspection Period"), Buyer shall have the right to conduct, at its own expense, an inspection of the Property to determine, among other things, the Condition and Quality of the Property as defined in the Section hereof entitled "No Other Representations And Warranties By Seller."

Subject to the provisions of the Section hereof entitled "ENTRY ONTO PROPERTY," Buyer, its contractors and/or agents, may enter upon the Property for purposes of

examining its terrain, access thereto and physical condition, conduct engineering and/or feasibility studies, conduct site analyses and make any test or inspection Buyer may deem necessary related to the Property. During the

Inspection Period Seller will provide Buyer and its representatives with reasonable access to the Property subject to the provisions of the Section hereof entitled "Entry onto Property."

6.1.2 Inspection of Due Diligence Documents Upon written request,

Buyer may have access to, and may copy at Buyer's sole expense, the following items relating to the Property which are in the possession or control of the management agent: (i) copies of the income and expense operating statements for the Property for the most recent two (2) calendar years and the partial current year; (ii) the Lease; (iii) the real property tax assessment and tax bills with respect to the Property for the past year; (iv) utility bills which have been the obligation of Seller for the preceding twelve (12) months; (v) all available warranties and guarantees, if any; (vi) available licenses and permits, if any; (vii) all assignable Service Contracts, including any and all amendments thereto; (viii) available soils reports, if any; (ix) maintenance reports; (x) invoices; and (xi) any tenant files.

6.2 Entry onto Property Notwithstanding anything contained herein to the

contrary, Buyer, its contractors and/or agents, may only enter onto the Property during the Inspection Period, provided Buyer has obtained the prior authorization of Seller, and then only in the company of Seller or its agents. Seller shall respond to Buyer's requests for authorization to enter onto the Property within a reasonable period of time, and shall cooperate with Buyer in good faith to make arrangements for Seller or its agents to so accompany Buyer, its contractors and/or agents. Buyer's inspection rights shall be subject to the rights of the tenant(s), including without limitation, rights of quiet enjoyment, and Buyer agrees that it will not unreasonably interfere with any tenant(s), contractors on the Property, or Seller's operation of the Property.

Upon Buyer's execution of this Agreement, Buyer or its agents or contractors, shall obtain and keep in full force and effect, insurance as set forth below, naming Seller and its wholly owned subsidiaries and agents, as additional insureds on the Commercial General Liability and Business Automobile insurance policies, and shall provide Seller with certificates of insurance satisfactory to Seller evidencing such insurance

Type	Limits
Worker's Compensation/Employer's Liability	Statutory/$500,000
Commercial General Liability	$1,000,000/occurrence $1,000,000/aggregate
Business Automobile Liability	$1,000,000 Combined Single Limit

In addition, in the event Buyer chooses to conduct any invasive environmental investigation of the Property, Buyer must first receive Seller's prior written consent, and prior to any invasive testing occurring, Buyer must furnish to Seller, at Buyer's expense, a certificate of insurance satisfactory to Seller, naming Seller and its wholly owned subsidiaries and agents as additional insureds, evidencing that Buyer, and/or its agents or contractors, have the following insurance in full force and effect meeting the requirements set forth below :

Type	Limits
Professional Liability (including Pollution Coverage)	$1,000,000/occurrence $1,000,000/aggregate
Contractor's Pollution Liability	$5,000,000/occurrence $5,000,000/aggregate

The aforesaid coverages shall be maintained throughout the term of this Agreement. Furthermore, any coverage written on a "Claims-Made" basis shall be kept in force, either by renewal or the purchase of an extended reporting period, for a minimum period of one (1) year following the termination of this Agreement. Nothing herein contained shall in any way limit Buyer's liability under this Agreement or otherwise.

Buyer shall observe, and cause its agents and/or contractors to observe, all appropriate safety precautions in conducting Buyer's inspection of the Property and perform all work and cause its agents and/or contractors to perform all work, in such a manner so as not to cause any damage to the Property, injury to any person or to the environment, or interference with any ongoing operations at the Property. Buyer shall indemnify, defend, and hold Seller and its wholly owned subsidiaries, agents, employees, officers, directors, trustees, or other representatives of Seller (collectively, the "Indemnified Parties") harmless from and against any losses, damages, expenses, liabilities, claims, demands, and causes of action (together with any legal fees and other expense incurred by any of the Indemnified Parties in connection therewith), resulting directly or indirectly from, or in connection with, any inspection of or other entry upon the Property (including any investigation of the Property necessary for completion of Buyer's Environmental Report and any entry onto the Property with the authorization of Seller) by Buyer, or its agents, employees, contractors, or other representatives, including, without limitation, any losses, damages, expenses, liabilities, claims, demands, and causes of action resulting, or alleged to be resulting, from injury or death of persons, or damage to the Property or any other property, or mechanic's or materialmen's liens placed against the Property in connection with Buyer's inspection thereof. Buyer agrees to promptly repair any damage to the Property directly or indirectly caused by any acts of Buyer, or its agents, and/or contractors, and to restore the Property to the condition that

existed prior to Buyer's entry. This Section shall survive Closing or other termination of this Agreement.

6.3 Environmental Matters

6.3.1 Buyer's Environmental Investigation Subject to the provisions of the Section hereof entitled "Entry Onto Property," during the Inspection Period, Buyer, at its option, may conduct, at Buyer's sole cost and expense, such independent investigation and inspection of the Property as Buyer shall deem reasonably necessary to ascertain the environmental condition of the Property. Buyer shall, within five (5) business days of Buyer's receipt, deliver to Seller any reports or other results of Buyer's environmental investigation of the Property (collectively "Buyer's Environmental Report(s)"). Failure of Buyer to timely deposit Buyer's Environmental Reports with Seller shall constitute a material default by Buyer hereunder. Buyer agrees that it will not undertake, without Seller's prior written consent, any invasive environmental study, or any test, sampling, or other action detrimental to the physical condition or appearance of any portion of the Property, and Buyer agrees not to disturb any asbestos which may be on the Property.

6.3.2 Seller's Environmental Reports Buyer may examine the environmental reports in Seller's possession in connection with the Property that were commissioned by Seller or a third party; provided, however, that in connection with any environmental report commissioned by a third party only, Seller shall release such environmental report to Buyer, only in the event Seller is under no obligation to keep such information confidential (hereinafter collectively referred to as the "Existing Environmental Report(s)"). The Existing Environmental Report(s) are listed on Exhibit "C" attached hereto and incorporated herein, copies of which will be furnished to Buyer contemporaneously with the full execution of this Agreement. In addition, Seller may, but shall not be required to commission further environmental

testing of the Property by a firm selected by Seller, the cost of which shall be paid by Seller ("Future Environmental Report"). The Existing Environmental Report(s) and any Future Environmental Report(s) are hereinafter collectively referred to as "Seller's Environmental Reports." Seller shall provide Buyer with a copy of any final Future Environmental Report as soon as possible after Seller's receipt of same. Anything to the contrary herein notwithstanding, Seller shall have no responsibility or liability with respect to the results or any inaccuracies in any Seller's Environmental Report(s), and makes no representations or warranties whatsoever regarding (i) the completeness of Seller's Environmental Report(s), (ii) the truth or accuracy of Seller's Environmental Report(s), or (iii) except as otherwise expressly provided in this Agreement, the existence or nonexistence of any hazardous or toxic wastes or materials in, on, or about the Property. Further, Seller is not assigning Seller's Environmental Report(s) to Buyer, nor granting Buyer any rights with respect to any environmental firm(s) producing Seller's Environmental Report(s).

6.4 Approval And Termination

6.4.1 Buyer's Approval Notice On or before the Approval Date, Buyer shall deliver to Seller and Escrowholder a written notice ("Approval Notice") in the form of Exhibit "L" attached hereto and incorporated herein, to the effect that Buyer has approved all aspects of the Property and chooses to proceed under the terms of the Agreement. Buyer shall also specify in the Approval Notice those Service Contracts which Buyer elects to have assigned to it, and the failure of Buyer to so specify shall all be deemed to be an election by Buyer to have all Service Contracts assigned to it and assume all Service Contracts (except Seller's contract with the management company for the Property). If Buyer does not timely send the Approval Notice, Buyer will be conclusively deemed to have terminated the Agreement, in which event this Agreement shall terminate in accordance with Article 14 hereof entitled "Non-Default Termination."

6.4.2 Buyer's Right To Terminate In addition to Buyer's rights under the Subsection hereof entitled "Buyer's Approval Notice," in the event Seller shall deliver to Buyer any Future Environmental Report(s) at any time after the date which is ten (10) days prior to the Approval Date, and if Buyer is not satisfied with the results of the Future Environmental Report(s) based solely on matters not previously disclosed or known to Buyer, Buyer shall have the right to terminate this Agreement in accordance with Article 14 hereof entitled "Non-Default Termination," by giving Seller written notice of such termination on or before the date which is ten (10) days after Buyer's receipt of any Future Environmental Report ("Buyer's Review Date"). If Buyer receives any Future Environmental Reports less than ten (10) days before the Closing Date, then the Closing shall occur one (1) business day after Buyer's Review Date, or such earlier date to which Buyer and Seller may mutually agree upon. If Seller shall not timely receive a notice of termination from Buyer, Buyer shall be conclusively deemed to have approved the results of any Future Environmental Report, and Buyer shall have no further right to terminate this Agreement with respect to matters set forth in this Subsection.

6.4.3 Seller's Right To Termination If Buyer's Environmental Report or any Future Environmental Report discloses any existing environmental condition affecting the Property which was not disclosed in Seller's Environmental Report, then if Seller in its sole discretion, is not satisfied with Buyer's Environmental Report or any Future Environmental Report, Seller shall have the right to terminate this Agreement, in accordance with Article 14 hereof entitled "Non-Default Termination," by giving Buyer notice of termination on or before the date which is ten (10) days after the later of Seller's receipt of Buyer's Environmental Report or of any Future Environmental Report (the "Seller's Review Date"). If Seller receives Buyer's Environmental Report, or any Future Environmental Report less than ten (10) days before the Closing Date,

then the Closing shall occur one (1) business day after Seller's Review Date, or such earlier date

to which Buyer and Seller may mutually agree upon. If Buyer shall not timely receive notice of termination from Seller, Seller shall be conclusively deemed to have accepted the results of Buyer's Environmental Report and/or any Future Environmental Report, and Seller shall have no further right to terminate this Agreement with respect to matters set forth in this Subsection.

6.5 Service Contracts With respect to the Service Contracts which Buyer has elected not to have assigned to it, as indicated in the Approval Notice, Seller shall terminate such Service Contracts effective as of the Closing Date. If and to the extent that any such Service Contract is not terminable until a date after the Closing, notwithstanding Seller's delivery of the appropriate termination notice, then Buyer shall be responsible therefor for any such Service Contract from the Closing Date until the effective date of termination. Seller shall deliver the applicable notices of termination as soon as practicable following the Approval Date, but shall have no obligation to deliver such notices prior to Seller 's receipt of the Approval Notice.

6.6 Estoppel Certificates On or before the date which is at least five (5) days prior to the Approval Date, Seller shall use commercially reasonable efforts to furnish to Buyer an estoppel certificate completed by Tenant and Guarantor, on the form attached hereto and incorporated herein as Exhibit "J". If Seller is not reasonably able to obtain an estoppel certificate from Tenant or Guarantor on or before the Approval Date, the same shall not be a default by Seller and, subject to Buyer's right to terminate this Agreement pursuant to Section 6.4 of this Agreement, Buyer shall nonetheless be obligated to close the purchase of the Property.

6.7 Management of The Property Until the Closing occurs, Seller shall have the right to manage the Property in a manner deemed reasonable in Seller's sole discretion, and Seller shall use good faith efforts to maintain the Property, ordinary wear and tear excepted, following the Effective Date until the Closing Date, in substantially the same manner that Seller has maintained the Property prior to the Effective Date.

6.8 Leasing Seller shall have the right to amend the Lease in its sole discretion; provided, however, that Seller shall, prior to execution, send a copy of any proposed amendment ("Proposal") to Buyer for its approval, which approval Buyer shall not unreasonably withhold or delay. If Seller shall not receive written notice of objection from Buyer on or before 5 p.m. five (5) business days following Buyer's receipt of a Proposal, Buyer shall be conclusively deemed to have approved the Proposal (the Lease and all amendments subsequently approved or deemed approved by Buyer are referred to herein as "Approved Lease").

6.9 Association Estoppel On or before the Approval Date, Seller agrees to use commercially reasonable efforts to obtain and deliver to Buyer an estoppel certificate completed by an authorized representative of any entity administering or governing the

recorded covenants against the Property in substantially the form of Exhibit O attached hereto.

ARTICLE 7
CLOSING

7.1 Buyer's Conditions Precedent To Closing The obligations of Buyer with regard to Closing under this Agreement are, at its option, subject to the fulfillment of each and all of the following conditions prior to or at the Closing:

(a) Seller shall have performed and complied with all the agreements and conditions required in this Agreement to be performed and complied with by Seller prior to Closing; and Escrowholder may deem all such items to have been performed and complied with when Seller has deposited all items in Escrow as required hereunder;

(b) Title Insurer will issue its ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price showing title vested in Buyer subject only to the Permitted Exceptions and the usual exceptions found in said policy; and

(c) the representations of Seller contained herein shall be true and correct in all material respects as of the Closing Date.

7.2 Seller's Conditions Precedent To Closing The obligations of Seller with regard to Closing under this Agreement are, at Seller's option, subject to the fulfillment of each and all of the following conditions prior to or at the Closing:

(a) Buyer performing and complying with all the agreements and conditions required by this Agreement to be performed and complied with by Buyer prior to Closing; and Escrowholder may deem all such items to have been performed and complied with when Buyer has deposited with Escrowholder all items required hereunder;

(b) the results of Buyer's Environmental Report and Future Environmental Report, if any, shall be satisfactory to Seller in its sole discretion; and

(c) the representations of Buyer contained herein shall be true and correct in all material respects of the Closing Date.

7.3 Deposits in Escrow On or before the day preceding the Closing Date:

7.3.1 Seller's Deposits Seller shall deliver to Escrowholder the following to be held in escrow:

(a) The Deed in proper form for recording;

(b) "Firpta" Affidavit in the form attached hereto and incorporated herein as Exhibit "E";

(c) Certificate of Corporate Authorization in the form attached hereto and incorporated herein as Exhibit "F";

(d) Bill of Sale in the form attached hereto and incorporated herein as Exhibit "G" conveying to Buyer all of Seller's interest in the Personal Property owned by Seller;

(e) Affidavit as to Debts, Liens, Parties in Possession and GAP Coverage

in the form attached hereto and incorporated herein as Exhibit "M";

(f) Seller's Certificate of Reaffirmation of Representations in the form attached hereto and incorporated herein as Exhibit "H";

(g) Seller's closing instructions to the Escrowholder, and

(h) Assignment of Intangibles in the form of Exhibit N attached hereto.

7.3.2 Buyer's Deposits Buyer shall deliver to Escrowholder the following to be held in escrow:

(a) the Purchase Price, less the Earnest Money (if the Earnest Money is not refunded to Buyer at Closing pursuant to the Subsection hereof entitled "Cash At Closing") plus costs to be paid by Buyer pursuant to the terms of this Agreement, and plus or minus prorations and adjustments shown on the closing statement executed by Buyer and Seller;

(b) Buyer's closing instructions to the Escrowholder; and

(c) Buyer's Certificate of Reaffirmation of Representations in the form attached hereto and incorporated herein as Exhibit "I".

7.3.3 Joint Deposits Buyer and Seller shall jointly deposit with Escrowholder the following documents, each executed by persons or entities duly authorized to execute same on behalf of Buyer and Seller:

(a) Closing Statement prepared by Escrowholder for approval by Buyer and Seller two (2) business days prior to the Closing Date and such closing statements shall be deposited with Escrowholder after the same has been executed by Buyer and Seller. The parties acknowledge that in the event of an assignment by Seller of its rights to this Agreement to a Qualified Intermediary as defined in the Subsection hereof entitled "Assignment of Rights to Agreement to Qualified Intermediary" then, consistent with said assignment, said closing statement shall be executed by Qualified Intermediary in lieu of The Northwestern Mutual Life Insurance Company;

(b) Assignment and Assumption of Lease in the form attached hereto and incorporated herein as Exhibit "B" assigning to Buyer all of Seller's right, title, and interest in the Tenant Leases; and

(c) Assignment and Assumption of Service Contracts And Other Obligations in the form attached hereto and incorporated herein as Exhibit "K" assigning to Buyer all of Seller's right, title, and interest in the Service Contracts and other obligations.

7.3.4 Other Documents Buyer and Seller shall deposit with Escrowholder all other documents which are required to be deposited in escrow by the terms of this Agreement.

7.4 Costs Buyer shall pay the cost of (i) a standard ALTA Owner's Title Insurance Policy, and the cost of all endorsements to such owner's policy, (ii) the survey, and (iii) all other costs and expenses incurred by it in connection

with the sale and Closing. Seller shall pay the (i) Broker's Commission referred to in Article 2 hereof entitled "Basic Terms," (ii) the realty transfer or stamp taxes, (iii) recording fees, and (iv) all other costs and expenses incurred by it in connection with the sale and Closing. Buyer and Seller shall equally share the cost of the Escrowholder's charge for the escrow, if any. Buyer and Seller shall each pay its own legal fees incurred in connection with the drafting and negotiating of this Agreement and the Closing of the transaction contemplated herein.

7.5 Prorations

7.5.1. Generally The following items shall be prorated between Buyer and Seller as of the Closing Date:

(a) Taxes and Assessments General real estate taxes and assessments and other similar charges which are a lien on the Property, but not yet due and payable as of the Closing Date, shall be prorated based upon the most recent tax bill and will be final. Any assessments levied against the Property which are payable on an installment basis and which installments are due, payable and outstanding on the Closing Date shall be paid by Seller on the Closing Date.

(b) Rentals, Other Income and Security Deposits Rentals and other amounts and items of income relating to the Property, including prepaid rents and percentage rentals shall be prorated as of the Closing Date, and will be final. Buyer shall receive a credit at the Closing for the aggregate amount of tenant security deposits held by or on behalf of Seller.

(c) Expenses All expenses of operating the Property which have been prepaid by Seller (except insurance pursuant to the Section hereof entitled "INSURANCE") shall be prorated. Expenses incurred in operating the Property that Seller customarily pays and any other costs incurred in the ordinary course of business or the management and operation of the Property shall be prorated on an accrual basis.

(d) Utilities Seller shall receive credit for assignable utility deposits, if any, which are assigned to Buyer at Buyer's request or with Buyer's consent. To the extent possible, Seller shall cause all utility meters which are not payable by tenants, to be read as of the Closing Date, and Seller shall pay all charges for those utilities payable by Seller with respect to the Property which have accrued to and including the Closing Date and Buyer shall pay all such expenses accruing after the Closing Date.

Notwithstanding the foregoing, the following items shall be paid by Buyer or Seller to the other party at Closing, in cash or other immediately payable funds (and shall not be credited against the Purchase Price): (i) the prorated amount due either party, if any, of the rentals and other amounts of income relating to the Property referred to in Subsection 7.5.1(b); (ii) the aggregate amount of tenant security deposits referred to in Subsection 7.5.1(b); (iii) the prorated amount due either party, if any, of the expenses and costs referred to in the second sentence of Subsection 7.5.1(c); (iv) and the prorated amount due either party, if any, of the charges for utilities referred to in the second sentence of Subsection 7.5.1(d).

Buyer and Seller agree to estimate any amounts which cannot be determined accurately as of the Closing Date. All of the foregoing prorations shall be final as of the Closing Date. Prorations and adjustments shall be made by credits to or against the Purchase Price. For purposes of calculating prorations, Seller shall be deemed to be entitled to the income and responsible

for the expenses for the entire day upon which the Closing occurs. All prorations shall be made in accordance with customary practice in

the county in which the Property is located, except as expressly provided herein; in the event of dispute between Buyer and Seller, the advice of the Title Insurer shall be determinative as to what is customary.

7.5.2 Like-Kind Exchange (Proration) In the event of an assignment by Seller of its rights to this Agreement to a Qualified Intermediary under the Subsection hereof entitled "Assignment of Rights to Agreement to Qualified Intermediary" then, notwithstanding the provisions of the Subsection hereof entitled "Generally," the following items shall be paid by Seller to Buyer at Closing, in cash or other immediately payable funds (and shall not be credited against the Purchase Price): (i) the prorated amount due Buyer, if any, of the rentals and other amounts of income relating to the Property referred to in Subsection 7.5.1(b); (ii) the aggregate amount of tenant security deposits referred to in Subsection 7.5.1(b); (iii) the prorated amount due Buyer, if any, of the expenses and costs referred to in the second sentence of Subsection 7.5.1(c); (iv) and the prorated amount due Buyer, if any, of the charges for utilities referred to in the second sentence of Subsection 7.5.1(d).

7.6 Insurance The fire, hazard, and other insurance policies relating to the Property shall be canceled by Seller as of the Closing Date and shall not, under any circumstances, be assigned to Buyer. All unearned premiums for fire and any additional hazard insurance premium or other insurance policy premiums with respect to the Property shall be retained by Seller.

7.7 Close of Escrow As soon as Buyer and Seller have deposited all items required with Escrowholder, and upon satisfaction of the Sections hereof entitled "Buyer's Conditions Precedent to Closing" and "Seller's Conditions Precedent to Closing," Escrowholder shall cause the sale and purchase of the Property to be consummated (the "Closing") in accordance with the terms hereof by immediately and in the order specified:

(a) Wire Transfer Wire transferring the Purchase Price, less the Broker's Commission, and the amount of costs paid by Seller at Closing, and plus or minus the amount of any prorations pursuant to the terms hereof, all as set forth on the closing statement signed by Seller, directly to Seller pursuant to Seller's written closing instructions, provided, however, in the event Escrowholder receives written notice that the Seller's rights to the Agreement have been assigned to a Qualified Intermediary under an Exchange Agreement to which Seller is a party, then wire transfer the Purchase Price, less the Broker's Commission, and the amount of costs paid by Seller at Closing, and plus or minus the amount of any prorations pursuant to the terms hereof, all as set forth on the closing statement signed by Seller, directly to the Qualified Intermediary pursuant to Seller's written closing instructions provided, further however, that if, in the opinion of Escrowholder, such wire transfer cannot be initiated by Escrowholder on or before 12:00 p.m. Central Time on the Closing Date, said Closing shall be consummated on the next

business day (without re-proration), but the net sales proceeds shall be reinvested in an overnight, interest-bearing account, with the highest possible yield and such net sales proceeds plus the overnight interest earned thereon shall be disbursed the next business day along with the recording of the Deed, but Buyer and Seller shall not be released from their obligations hereunder.

(b) Recordation Recording the Deed;

(c) Delivery of Other Escrowed Documents

(i) Joint Delivery Delivering to each of Buyer and Seller at least one executed counterpart of each of the (a) Assignment and Assumption of Lease, (b) Assignment and Assumption of Service Contracts and Other Obligations and (c) closing statement.

(ii) Buyer's Delivery Delivering to Buyer the (a) Bill of Sale, (b) FIRPTA Affidavit, (c) Certificate of Corporate Authorization, (d) Seller's Certificate of Reaffirmation of Representations, (e) Affidavit as to Debts, Liens, Parties in Possession and GAP Coverage, and (f) Assignment of Intangibles.

(iii) Seller's Delivery Delivering to Seller Buyer's Certificate of Reaffirmation of Representations.

(d) Broker's Commission Delivering to Broker the Broker's Commission for services rendered to Seller, as reflected on the closing statement executed by Seller and Buyer. In the event there is a co-broker, Broker shall be responsible for delivering to any co-broker the commission agreed to between Broker and co-broker and neither Buyer nor Seller shall have any responsibility for payment of any commission or fee to any co-broker.

7.8 Possession As of the Closing Date, possession of the Property, subject to the rights and interests of Tenants pursuant to the Lease, along with the following items shall be delivered to Buyer:

(a) Lease The original of the Lease and any amendments thereto (if available), or a copy of each Lease and any amendments thereto in the possession of Seller, if not previously delivered to Buyer.

(b) Service Contracts The originals of all Service Contracts in the possession of Seller that have been assigned to and assumed by Buyer, if not previously delivered to Buyer.

(c) Keys Any keys to any door or lock on the Property in the possession of Seller.

(d) Licenses and Permits All original licenses or permits or certified copies thereof issued by governmental authorities having jurisdiction over the Property which Seller has in its possession and which are transferable.

7.9 Recorded Instruments As soon after the Closing as possible, Escrowholder shall deliver to Buyer the original recorded Deed, and shall deliver to Seller a copy of the recorded Deed, with recordation information noted thereon.

7.10 Tenant Notice On or before the Closing Date, Seller agrees to sign or cause its management agent to sign, and Buyer agrees to sign, notice to the Tenant informing Tenant that the Property has been sold by Seller to Buyer. Immediately following the Closing, Buyer shall deliver such notices to all of the tenants of the Property.

ARTICLE 8

CONDEMNATION AND CASUALTY

In the event of any condemnation or taking of the Property, or loss or damage by fire or other casualty to the Property, prior to the Closing, which does not exceed the Materiality Limit, the Closing shall occur just as if such condemnation, loss or damage had not occurred, and Seller shall assign to Buyer all of Seller's interest in any condemnation actions and proceeds, or deliver to Buyer any and all proceeds paid to Seller by Seller's insurer with respect to such fire or other casualty; provided, however, that Seller shall be entitled to retain an amount of such insurance proceeds equal to Seller's reasonable expenses, if any, incurred in repairing the damage caused by fire or other casualty. At Closing, in the case of a casualty, Seller shall give Buyer a credit on the Purchase Price equal to the lesser of the estimated cost of restoration or the amount of any deductible. Seller shall maintain "all risk" replacement value insurance coverage in place on the Property at all times prior to the Closing

In the event of any condemnation of all or a part of the Property, or loss or damage by fire or other casualty to the Property, prior to the Closing, which exceeds the Materiality Limit, at Buyer's sole option, either:

(a) this Agreement shall terminate in accordance with Article 2 hereof entitled "Non-Default Termination" if Buyer shall so notify Seller in writing within ten (10) days of Buyer having actual knowledge of the casualty or condemnation; or

(b) if Buyer shall not have timely notified Seller of its election to terminate this Agreement in accordance with Subsection (a) above, the Closing shall occur just

as if such condemnation, loss, or damage had not occurred, without reduction in the Purchase Price, and Seller shall assign to Buyer all of Seller's interest in any condemnation actions and proceeds or deliver to Buyer any and all proceeds paid to Seller by Seller's insurer with respect to such fire or other casualty; provided, however, that Seller shall be entitled to retain an amount of such insurance proceeds equal to Seller's reasonable expenses, if any, incurred in repairing the damage caused by such fire or other casualty. At Closing, in the case of a fire or other casualty, Seller shall give Buyer a credit on the Purchase Price equal to the lesser of the estimated cost of restoration or the amount of the deductible.

Notwithstanding anything contained herein to the contrary, the insurance proceeds to be credited or delivered to Buyer pursuant to this Article 8 will exclude business interruption or rental loss insurance proceeds, if any, allocable to the period through the Closing Date, which proceeds will be retained by Seller. Any business interruption or rental loss insurance proceeds received by Seller and allocable to the period after the Closing Date shall be delivered to Buyer.

ARTICLE 9
NOTICES

All notices, requests, demands, and other communications required or permitted to be given under this instrument shall be in writing and shall be conclusively deemed to have been duly given or delivered, as the case may be, (i) when hand delivered to the addressee, or (ii) one (1) business day after having been deposited, properly addressed and prepaid for guaranteed next-business-day delivery, with a nationally-recognized overnight courier service (e.g., UPS, FedEx, or U.S. Express Mail). All such notices, requests, or demands shall be addressed to the party whom notice is intended to be given at the addresses set forth in Article 2 hereof entitled "Basic Terms," or to such other address as a party may from time to time designate by notice given to the

other party(ies); provided, however that no party may require notice be given or delivered to more than three (3) addresses.

ARTICLE 10
SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that Buyer shall not transfer, sell, or assign all or any portion of Buyer's rights hereunder except to an affiliate of Buyer; provided, further, that the assignment by Seller of its rights to this Agreement to a Qualified Intermediary under the Subsection hereof entitled "Assignment of Rights to Agreement to Qualified Intermediary," shall not constitute an assumption by Qualified Intermediary of Seller's obligations hereunder.

ARTICLE 11
BROKERS

Buyer and Seller represent to each other that they have dealt with no broker or other person except the Broker in connection with the sale of the Property in any manner which might give rise to any claim for commission. Seller agrees to be responsible for payment of Broker's fees only and does not, nor will, assume any liability with respect to any fee or commission payable to any co-broker or any other party. No broker or person other than Broker is entitled to receive any broker's commissions, finder's fees, or similar compensation from Seller in connection with any aspect of the transaction contemplated herein. It is agreed that if any claims for brokerage commissions or fees are ever made against Seller or Buyer in connection with this transaction, all such claims shall be handled and paid by the party whose actions or alleged commitments form the basis of such claim, and said party who is responsible shall indemnify and hold the other party harmless against any claim for brokerage or finder's fees, or other like payment based in any way upon agreements, arrangements, or understandings made or claimed to have been made by Buyer or Seller with any third person. This provision shall survive the Closing or other termination of this Agreement.

ARTICLE 12
COVENANT NOT TO RECORD

Buyer will not record this Agreement or any memorandum or other evidence thereof. Any such recording shall constitute a material default hereunder on the part of Buyer.

ARTICLE 13
DEFAULT

In the event the Closing does not occur as a result of a default by either party, it is agreed by both Seller and buyer that the remedies for default are provided for in the following Sections and shall constitute the sole and exclusive remedies of the aggrieved party in the event of default by the other party.

13.1 Default by Buyer In the event of default by Buyer, Seller's sole and exclusive remedy, except as set forth further in this Section, is to retain all Earnest Money (including all interest thereon) as liquidated damages, in which event, this Agreement shall become null and void and both parties shall thereupon be released of all further liability hereunder, except for the obligations hereunder which expressly survive the termination of this Agreement. Such amount is agreed upon by and between Seller and Buyer as liquidated damages acknowledging the difficulty and inconvenience of ascertaining and measuring

actual damages, and the uncertainty thereof; provided, however, that nothing herein contained shall limit the

right of Seller to seek damages from Buyer due to any slander of title by Buyer after the termination of this Agreement, or due to any other action taken by Buyer with respect to the property after the termination of this Agreement.

13.2 Default by Seller In the event of default by Seller, Buyer may elect either: (i) to terminate this Agreement and receive reimbursement of the Earnest Money (including all interest thereon), in which event, this Agreement shall become null and void and both parties shall thereupon be released of all further liability hereunder, except for the obligations hereunder which expressly survive the termination of this Agreement; or (ii) to file, within thirty (30) days of the Closing Date, an action for specific performance of Seller's express obligations hereunder, without abatement of, credit against, or reduction in the Purchase Price. Escrowholder and/or seller shall not be obligated to return the Earnest Money (including all interest thereon) to Buyer unless buyer gives seller and/or Escrowholder written notice terminating all of Buyer's interest in the Property and this Agreement; provided, however, that failure of Buyer to give Seller such notice shall not be construed to expand Buyer's rights or remedies in any manner.

ARTICLE 14
NON-DEFAULT TERMINATION

In the event of any termination of this Agreement (except only a termination of this Agreement to which the provisions of Article 13 hereof entitled "Default" are applicable), the following provisions shall apply:

(a) except for those obligations which expressly survive termination of this Agreement, neither Buyer nor Seller shall have any further obligations hereunder; and

(b) upon satisfaction of all of Buyer's monetary obligations under this Agreement, the Earnest Money (including interest earned thereon) shall be returned to Buyer upon Seller's receipt of (i) written notice from Buyer expressly acknowledging the termination of all of Buyer's interest in the Property and this Agreement; and (ii) all materials provided to Buyer by Seller or Seller's agents, and any copies made by Buyer or Buyer's agents pursuant to this Agreement; provided, however, that failure of Buyer to give Seller such notice shall not be construed to expand Buyer's rights or remedies in any manner.

ARTICLE 15
INDEMNITIES

15.1 Seller Indemnity. Seller shall, effective from and after the Closing Date, as the sole and exclusive obligation of Seller with respect to this Agreement or the Property,

except as provided further in this Section, indemnify, defend and hold Buyer harmless from and against any actual, direct damages (and reasonable attorneys' fees and other legal costs) incurred by Buyer within one (1) year of the Closing Date which Buyer can prove Buyer would not have incurred but for any inaccuracy as of the Closing Date in the representations and warranties of Seller set forth in the Section hereof entitled "Representations and Warranties of Seller," and Article 11 Entitled Brokers but specifically excluding any statement of facts, whenever occurring, that Buyer had notice of on or before the Closing Date. Such

agreement by Seller to so indemnify, defend and hold Buyer harmless shall be null and void except to the extent that, within one (1) year of the Closing Date, Buyer has actually incurred such damage and Seller has received notice from Buyer pursuant to Article 9 hereof entitled "NOTICES" referring to this Section and specifying the amount nature and facts underlying any claim being made by Buyer hereunder.

In addition, Seller shall indemnify defend and hold Buyer harmless from and against any actual, direct damages (and reasonable attorneys' fees and other legal costs) incurred by Buyer for a claim which: (a) is made by a third party alleging a tort committed by Seller, or (b) alleges bodily injury or property damage related to the Property and occurring before the Closing Date; provided that such claim does not arise out of or in any way relate to Hazardous Material or pollutants. Additionally, this provision does not limit the Buyer's remedies under Section 15.3 of this Agreement.

15.2 Buyer Indemnity Buyer shall, effective from and after the Closing Date, as the sole and exclusive obligation of Buyer with respect to this Agreement or the Property, except as provided further in this Section, indemnify, defend and hold the Indemnified Parties, harmless from and against any actual, direct damages (and reasonable attorneys' fees and other legal costs) incurred by the Indemnified Parties within one (1) year of the Closing Date which the Indemnified Parties can prove would not have incurred but for any inaccuracy as of the Closing Date in the representations and warranties of Buyer set forth in Section hereof entitled "Representations and Warranties and Covenants of Buyer," and Article 11 Entitled Brokers but specifically excluding any statement of facts, whenever occurring, that Seller had notice of on or before the Closing Date. Such agreement by Buyer to so indemnify, defend and hold the Indemnified Parties harmless, shall be null and void except to the extent that, within one (1) year of the Closing Date, the Indemnified Parties have actually incurred such damage and Buyer has received notice from the Indemnified Parties pursuant to Article 9 hereof entitled "NOTICES" referring to this Section and specifying the amount, nature and facts underlying any claim being made by any of the Indemnified Parties hereunder.

In addition, Buyer shall indemnify, defend and hold the Indemnified Parties, harmless from and against any actual, direct damages (and reasonable attorneys' fees and other legal costs) incurred by any of the Indemnified Parties for a claim which: (a) is made by a third party alleging a tort committed by Buyer, or (b) alleges bodily injury or property damage related to the Property and occurring on or after the Closing Date;

provided that such claim does not arise out of or in any way relate to Hazardous Material or pollutants. Additionally, this provision does not limit the Seller's remedies under Section 15.3 of this Agreement.

15.3 Unknown Environmental Liabilities "Unknown Environmental Liabilities" (as defined below) relating to the Property which exist on or before the Closing Date shall be allocated in accordance with applicable law. As used herein, "Unknown Environmental Liabilities" means future obligations to remediate Hazardous Material located on the Property on or before the Closing Date, but only to the extent such Hazardous Material is not disclosed in Seller's Environmental Report(s), Buyer's Environmental Report(s), or which Buyer otherwise has notice of as of the Closing Date, and only to the extent the presence of such Hazardous Material violates applicable state and federal environmental laws and regulations as they exist as of the Closing Date.

15.4 Release Except with respect to Seller's indemnification obligations set forth in Section hereof entitled "Seller Indemnity" and Seller's obligations, if any, under Section hereof entitle "unknown Environmental Liabilities," Buyer hereby waives, releases and forever discharges the Indemnified Parties from all other claims, damages, losses, causes of action and

all other expenses and liabilities relating to this Agreement or the Property (including, without limitation, claims, damages, losses, causes of action and all other expenses and liabilities relating to environmental law and/or the presence of Hazardous Material), whether direct or indirect, known or unknown, foreseeable or unforeseeable, and whether relating to any period of time either before or after the Closing Date.

15.5 Survival All of the provisions of this Article 15 shall survive the Closing, subject to the limitations set forth herein.

ARTICLE 16
MISCELLANEOUS

16.1 Survival of Representations, Covenants, and Obligations Except as otherwise expressly provided herein, no representations, covenants, or obligations contained herein made by Seller or Buyer shall survive Closing or termination of this Agreement.

16.2 Attorneys' Fees In the event of any litigation between the parties hereto concerning the terms hereof, the losing party shall pay the reasonable attorneys' fees and costs incurred by the prevailing party in connection with such litigation, including appeals.

16.3 Publicity Except as otherwise provided in Section 3.3(c) of this Agreement, Buyer agrees that it shall treat this transaction as strictly confidential prior to Closing.

Without limiting the foregoing, Buyer will make no public announcement of the transactions contemplated herein, and, except with the consent of Seller, will not directly or indirectly contact the Property's vendors or contractors until after Closing occurs. Neither party will publicly advertise or announce the occurrence of the sale of the Property, except by mutual written consent, until after the Closing Date.

16.4 Captions The headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

16.5 Waiver No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

16.6 Time Time is of the essence with regard to each provision of this Agreement. If the final date of any period provided for herein for the performance of an obligation or for the taking of any action falls on a Saturday, Sunday or national/banking holiday, then the time of that period shall be deemed extended to the next day which is not a Saturday, Sunday or national/banking holiday. If the Closing Date provided for herein should fall on a Friday, Saturday, Sunday or national/banking holiday, then the Closing Date shall be deemed extended to the next day which is not a Friday, Saturday, Sunday or national/banking holiday. Each and every day described herein shall be deemed to end at 5:00 p.m. Central Time.

16.7 Controlling Law This Agreement shall be construed in accordance with the laws of the state in which the Property is located.

16.8 Severability In the event that any one or more of the provisions of

this Agreement shall be determined to be void or unenforceable by a court of competent jurisdiction or by law, such determination will not render this Agreement invalid or unenforceable, and the remaining provisions hereof shall remain in full force and effect.

16.9 Construction Buyer and Seller agree that each party and its counsel have reviewed, and if necessary, revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, exhibits, or schedules hereto.

16.10 Like-Kind Exchange

16.10.1 Assignment of Rights to agreement to Qualified Intermediary

Buyer understands that Seller may desire to transfer the Property in a transaction qualifying as a like-kind exchange under Internal Revenue Code Section 1031, and the regulations thereunder. Accordingly, Seller may assign its rights to this Agreement to a

third party (referred to herein as a "Qualified Intermediary"), and Buyer hereby consents to such assignment. Buyer shall execute such documents and take such other action as may reasonably be requested by Seller for the purpose of so qualifying the transaction as a like-kind-exchange under Section 1031, and the regulations thereunder. Notwithstanding the foregoing, no such assignment shall operate to relieve Seller of its obligations under this Agreement nor cause Buyer to incur any costs with respect thereto.

16.10.2 Reassignment Buyer and Seller each understand that the Qualified Intermediary may desire (at some time after the Closing) to reassign the rights to this Agreement to Seller. Buyer hereby consents to any such reassignment and agrees that in the event of any such reassignment, Seller shall enjoy all of the rights and privileges of the "Seller" under this Agreement and under any documents executed in connection herewith (including, but not limited to the right to: (i) enforce the breach of any and all representations, warranties, covenants and agreements contained, in this Agreement or any other document executed in connection herewith; (ii) enforce, and to enjoy, the benefit of any indemnification obligation of the "Buyer" contained in this Agreement or any other document executed in connection herewith; (iii) enforce, and to enjoy, and rely upon any and all waivers, agreements, acknowledgments, guarantees, releases, discharges, certifications, affirmations, reaffirmations, undertakings, approvals, admissions and assumptions executed or undertaken by the Buyer under or in connection with this Agreement, any document executed in connection herewith, or the transaction described herein; and (iv) enjoy any and all limitations upon the representations, warranties, agreements, obligations, responsibilities, and liabilities of the "Seller" under this Agreement). Buyer further agrees that in the event of any such reassignment, then Seller shall have any and all of the rights, privileges and remedies against or with respect to Buyer as would exist if the assignment (by Seller to the Qualified Intermediary) referred to in herein had never been made.

16.11 Execution This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, but such counterparts together shall constitute but one agreement.

16.12 Amendments This Agreement may be modified, supplemented, or amended only by a written instrument executed by Buyer and Seller.

16.13 Entire Agreement This written Agreement constitutes the entire and

complete agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations, warranties, and statements, oral or written, are merged herein. No representation, warranty, covenant, agreement, or condition not expressed in this Agreement shall be binding upon the parties hereto or shall affect or be effective to interpret, change, or restrict the provisions of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date, as herein defined in Article 2 hereof entitled "BASIC TERMS."

SELLER: THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation

By: Northwestern Investment Management Company, LLC, a Delaware limited liability company, its wholly-owned affiliate and authorized representative

By: /s/ Michael P. Cusick

Name: Michael P. Cusick

Its: Managing Director

Date: March 19, 2001

BUYER: WELLS CAPITAL, INC., A GEORGIA CORPORATION

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Its: Senior Vice President

Date: _____

RECEIPT BY ESCROWHOLDER

The Escrowholder hereby acknowledges receipt of the foregoing Agreement and of the Earnest Money referred to therein and agrees to accept, hold, and return such Earnest Money and disburse any funds received thereunder in accordance with the provisions of said Agreement.

CHICAGO TITLE INSURANCE COMPANY

By: _____
Name:_____
Its:_____

Date of receipt: _____

EXHIBIT 10.83

LEASE FOR COMDATA BUILDING

LEASE AGREEMENT

BETWEEN

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

AS LESSOR

AND

COMDATA NETWORK, INC.

AS LESSEE

[LOGO]

Lease Agreement
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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") made as of the 20/th/ day of June, 1996 (the "Commencement Date") by and between THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation with its principal office and place of business located at 720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202 ("Lessor"), and COMDATA NETWORK, INC., a Maryland corporation with its principal office and place of business located at 5301 Maryland Way, Brentwood, Tennessee 37027 ("Lessee").

W I T N E S S E T H

WHEREAS, Eakin & Smith, Inc. ("E&S"), a Tennessee corporation, as lessor, and Lessee entered into that certain Lease Agreement dated November 29, 1988 (as amended, the "Original Lease"), for the lease of approximately nine acres of land situated in Maryland Farms Office Park, Brentwood, Williamson County, Tennessee, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Original Land") and the improvements thereon, consisting of an approximately 133,777 gross square foot office building (the "Existing Building") which was assigned by E&S to ES Developers, L.P. ("ESD"), a Tennessee limited partnership pursuant to that certain Assignment dated April 20, 1989, and further assigned by ESD to Lessor pursuant to that certain Assignment and Assumption Agreement dated December 11, 1989; and

WHEREAS, Lessee needs additional space for the operation of its business and Lessor and Lessee have conducted a thorough review of the terms of the Original Lease and all aspects of their relationship as landlord and tenant; and

WHEREAS, Lessee, as purchaser, contracted with New Alphabet, L.P., a Tennessee limited partnership, as seller, to purchase an approximately three acre parcel of land more particularly described in Exhibit B attached hereto and

incorporated herein by this reference (the "Expansion Land") and located adjacent to the Original Land, all pursuant to that certain Agreement for Sale dated April 19, 1996 between New Alphabet, L.P. and Lessee (the "Expansion Land Purchase Agreement"); and

WHEREAS, Lessor and Lessee desire to terminate the Original Lease and to enter into a new lease agreement, pursuant to which (a) Lessor will take an assignment of and succeed to Lessee's interest under the Expansion Land Purchase Agreement and thereafter acquire title to the Expansion Land (the legal description for the Expansion Land and the Original Land identifying them as one parcel is set forth in Exhibit BB), (b) an addition to the Existing Building
----
consisting of an approximately 67,460 gross square foot expansion (the "Expansion") will be constructed on the Original Land and the Expansion Land and will be attached to the Existing Building such that the Existing Building and the Expansion become a single architectural unit, and (c) Lessor will lease to Lessee the Original Land, the Existing Building, and, upon Lessor's acquisition thereof, the Expansion Land, and, upon construction thereof, the Expansion, all on such terms and subject to such conditions, covenants and provisions as are provided in this Lease. The Original Land and upon acquisition, the Expansion Land are referred to herein as the "Land." The Existing Building and, upon construction, the Expansion, are referred to as the "Building" and, together with the Land and all site improvements, driveways, parking areas and other improvements and appurtenances thereto located on the Land, are hereafter collectively referred to as the "Leased Premises."

NOW, THEREFORE, in consideration of the foregoing and of other valuable consideration and the mutual covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE I
TERMINATION OF ORIGINAL LEASE

Upon full execution of this Lease, Lessor and Lessee agree that the Original Lease shall automatically terminate, become null and void, and have no further effect; and Lessee agrees to execute any document requested by Lessor to evidence of record the termination of the Original Lease effective the date of the Commencement Date of this Lease.

ARTICLE II
DEMISE OF LEASED PREMISES

In consideration of the rents and covenants herein stipulated to be paid and performed, Lessor hereby demises and lets to Lessee and Lessee hereby demises and lets from Lessor, for the respective term hereinafter described and upon the terms and conditions hereinafter specified, the Leased Premises.

ARTICLE III
ASSIGNMENT OF EXPANSION LAND PURCHASE AGREEMENT

Upon satisfaction of all requirements set forth in Articles VI and VII of this Lease that are to be satisfied "before any advance of Lessor's Funds," or "prior to the initial advance" or "prior to each advance" of Lessor's Funds, Lessee shall assign to Lessor all of Lessee's interest under the Expansion Land Purchase Agreement pursuant to the Assignment of Agreement of Sale in the form of Exhibit C attached hereto and incorporated herein by this reference, and
----
Lessor shall assume such interest, all on such terms as are contained in the said Assignment of Agreement of Sale.

ARTICLE IV
TERM

The term of the Lease shall commence on the Commencement Date and shall run

for a period of fifteen (15) years plus the partial month in which the Commencement Date occurs (the "Lease Term"). In addition, the Lease Term shall include any and all renewals and extensions of the term of this Lease. For purposes hereof, the term "Lease Year" shall be a period of twelve consecutive calendar months beginning with the first day of the first calendar month that follows the month in which the Commencement Date occurs.

ARTICLE V
RENT

Lessee shall pay annual Base Rental in the amount specified in Exhibit D ("Base Rental") attached hereto, incorporated herein and made a part hereof as fully as if set forth herein in full. Base Rental shall be due and payable in twelve (12) equal monthly installments in advance without demand on the first day of each calendar month during the Lease Term. In addition, Lessee shall pay to Lessor any sales, use or other tax (excepting income, transfer (other than in connection with a transfer by Lessors of the Leased Premises to Lessee), succession and franchise taxes) that may be levied upon this Lease or the Rent payable by Lessee. In the event the Commencement Date occurs on other than the first day of a calendar month, then the Base Rental allocable to such partial month shall be the monthly Base Rental prorated based on the number of days then

remaining in such month and shall be paid on the Commencement Date, with Lessee to receive a credit for rent paid under the Original Lease for the month in which the Commencement Date occurs which is attributable to the period after the Commencement Date, such amount to be determined by proration based on the number of days remaining in such month. Lessee shall also pay as additional rent all such other sums of money as shall become due from and payable by Lessee to Lessor under this Lease ("Additional Rental") (the Base Rental and Additional Rental shall be referred to herein collectively as the "Rent"). All Rent or other payments due hereunder, if not paid when due, shall bear interest at the per annum rate that is two (2) whole percentage points higher than the prime rate published in The Wall Street Journal, said interest rate to be adjusted on the date the prime rate changes, but not to exceed the maximum lawful rate of interest chargeable under the laws of the State of Tennessee (the "Default Rate"), from the date due until paid. In addition, Lessee shall pay to Lessor all reasonable costs of collection of the sums due hereunder, including attorneys' fees, in the case of any payments not made when required to be made hereunder.

ARTICLE VI
CONSTRUCTION OF EXPANSION

6.1 Preliminary Plans. Lessor and Lessee hereby agree on the preliminary plans described in Exhibit E attached hereto (the "Preliminary Plans).

6.2 Approval of Expansion Plans. Lessee agrees to furnish Lessor and Consultant (as hereinafter defined) with (a) three complete sets of detailed final plans and specifications to construct all of the Expansion other than the second and third floor tenant improvements and cafeteria alterations ("First Phase Expansion Plans") on or before July 8, 1996, and (b) three complete sets of detailed final plans and specifications to construct the second and third floor tenant improvements and cafeteria alterations ("Second Phase Expansion Plans") on or before September 9, 1996 (the "First Phase Expansion Plans" and the "Second Phase Expansion Plans" are also referred to individually and collectively as the "Expansion Plans"). Such plans shall include site, landscape, structural, architectural, mechanical and electrical drawings and the specifications shall cover all elements of construction. All products to be installed on or incorporated into the Leased Premises shall be free of asbestos

containing materials and lead based paints. The Expansion Plans shall comply substantially with the Preliminary Plans agreed to herein. Within seven business days of the receipt of any Expansion Plans, Lessor shall notify Lessee of the approval of the Expansion Plans or any suggested revisions to be incorporated in such Expansion Plans. In the event Lessor makes suggested revisions to the Expansion Plans, Lessee will within seven (7) business days redeliver to Lessor and Consultant revised Expansion Plans incorporating the suggested revisions. Within seven (7) days thereafter, Lessor shall approve the revised Expansion Plans or notify Lessee of further suggested revisions to the Expansion Plans. This procedure shall be followed until Lessor has approved the Expansion Plans. Lessor and Lessee shall endeavor to complete and approve the First Phase Expansion Plans on or before July 20, 1996, and the Second Phase Expansion Plans on or before September 30, 1996.

6.3 Good Faith Negotiation. Lessor and Lessee agree to negotiate in good faith with each other to achieve the approval of the Expansion Plans. Lessee agrees not to request any revisions to the Expansion Plans that would violate any regulations of governmental authority. Lessee hereby represents and warrants that the Expansion, as constructed in accordance with the Preliminary Plans and Expansion Plans, and the use thereof, will (a) comply in all respects with all laws, ordinances, rules and regulations applicable to the Expansion and the entire Leased Premises, including without limitation zoning, building and land use laws, codes, ordinances and regulations, and (b) not encroach upon, interfere with or violate any easement, covenant, or restriction to which the Original Land and the Expansion Land is subject.

6.4 Construction. After receipt and approval of the Expansion Plans, Lessee will cause the Expansion to be constructed in accordance therewith by a contractor approved by Lessor and

Lessee. Failure on the part of Lessee to prepare the Expansion Plans in a timely manner or subsequent changes requested by Lessee that delay construction work are to be regarded as delays caused by the Lessee for the purpose of determining the obligation of the Lessee to commence payment of increased Rent on the Expansion Completion Date (as defined in Exhibit D attached hereto). All improvements made to the Existing Building and/or installed on the Land shall be the property of Lessor as and when made. All construction materials brought to the Land and not yet wrought into the construction of the Expansion shall be the property of Lessor when paid for by Lessor, and Lessee shall execute, or shall cause the appropriate supplier to execute, a bill of sale evidencing such change of ownership when requested by Lessor.

6.5 Construction Company. Lessor and Lessee agree that Patton-Beers ("Construction Company") will act as Lessee's contractor for the construction of the work described in the Plans based upon a cost plus contract in the form previously submitted to and approved by Lessor (the "Construction Contract"), which Construction Contract shall provide for a guaranteed maximum price to be determined no later than September 30, 1996. An executed original or certified copy of each construction contract entered into by Lessee in connection with the Expansion (including the Construction Contract) has been provided to Lessor. Lessee has provided or will provide to Lessor prior to any advance of Lessor's Funds from the Construction Company and any other contractor retained by Lessee to work on the Expansion (a) a letter in the form of Exhibit F attached hereto and incorporated herein by this reference, and (b) evidence that the Construction Company is covered until Project Final Completion by general liability and workers' compensation insurance in amounts satisfactory to Lessor.

6.6 Architect. Lessor and Lessee agree that Stephen Kulinski and William R. Lucas of Gresham, Smith and Partners ("Architect") have been retained by Lessee to serve as architects/engineers in connection with construction of the

Expansion. An executed original or certified copy of each contract between Lessee and any architect or engineer (including Architect) and relating to the Expansion has been provided to Lessor. Lessee has provided or will provide to Lessor prior to any advance of Lessor's Funds from the Architect (and any other architect retained by Lessee in connection with construction of the Expansion (a) a letter in the form of Exhibit G attached hereto and incorporated herein by this reference, and (b) evidence that the architect is covered by professional liability insurance (including errors and omissions coverage) in amounts satisfactory to Lessor for the period of design and construction and for two years following Project Final Completion (as hereafter defined).

6.7 Performance/Payment Bonds. Prior to any advance of Lessor's Funds, Lessee shall furnish with each construction contract satisfactory performance and payment bonds for 100% of the construction costs affording Lessor the same protection as set forth in AIA form A-311 and naming Lessor as additional obligee. The bonds shall be issued by sureties holding certificates of authority as acceptable sureties on Federal bonds as reported in the Federal Register and otherwise acceptable to Lessor.

6.8 Consultant Services. Lessor shall hire third party consultants, including the Consultant (as hereafter defined) to prepare a report ("Consultant's Report) for Lessor on various aspects of the cost, design and construction of the construction of the Expansion in accordance with a construction consulting agreement between Lessor and said consultant(s). The costs of the services provided by said consultants, not to exceed $15,000 (fifteen thousand dollars), shall be part of the Total Project Cost (as hereafter defined).

6.9 Surveys. Lessee is required to provide Lessor with surveys of the Land as provided for hereafter. Any surveys provided pursuant hereto shall comply with the American Land Title Association and American Congress on Surveying and Mapping Minimum Standard Detail Requirements for Land Title Surveys (a copy of which is attached hereto as Exhibit H) including the items checked in Table A, Optional Survey Responsibility and Specifications.

6.10 Zoning and Reparcelization. Lessee represents and warrants that the Leased Premises, currently and upon completion of the acquisition of the Expansion Land and upon completion of the Expansion, complies and will comply with all applicable zoning and land use laws and regulations and with covenants, conditions and restrictions of the Maryland Farms Subdivision (the "Maryland Farms Restrictions") of which the Land is a part; and to that end Lessee agrees at its expense (which may be made part of the Total Project Cost) to accomplish the reparcelization of the Original Land and the Expansion Land so that they represent one parcel for purposes of said Maryland Farms Restrictions and will comply with all other requirements of said restrictions in connection with the construction of the Expansion, including without limitation, removal of set-back restrictions that currently affect construction of the Expansion. Lessee shall take whatever steps are necessary to obtain a new plat of the reparcelled tracts comprising the Land to properly file said re-plat with the appropriate authorities.

ARTICLE VII
FUNDING OF EXPANSION CONSTRUCTION

7.1 Lessor has, on the terms and subject to the conditions set forth below, agreed to fund up to $8,134,044 (eight million one hundred thirty-four thousand forty-four dollars) of the costs of acquisition of the Expansion Land and the construction of the Expansion. All funds provided by Lessor in connection with such Expansion shall be included in the Total Project Cost (as

herein defined) and shall be part of Lessor's Funds (as hereafter defined), the total of which is used to determine Base Rental from and after the Expansion Completion Date.

7.2 Definitions of Terms. As used in this Article VII and in this Lease, each of the following terms is defined as follows:

"Architect" means Stephen Kulinski or William R. Lucus of Gresham, Smith and Partners, or any other architect/engineer having a contract with Lessee with respect to the Expansion.

"Construction Funding Fee" means a fee of $80,000 (eighty thousand dollars) payable to Lessor at the time of Lessor's initial advance of funds pursuant to this Article VII, such amount to be funded by Lessor for its own account, which funds are included as part of the Total Project Cost and as part of the Lessor's Funds.

"Consultant" means Ross Bryan Associates, Inc.

"Contractor" means each party providing labor or materials for any part of the Expansion directly to Lessee under the terms of a Construction Contract.

"Cost Category" means one of the eight cost categories (I through VIII) in the Project Budget containing line items to which specific costs are allocated.

"Disbursement Agreement" means the agreement in the form of Exhibit I attached hereto among Lessor, Lessee, and a title insurance company concerning the advance of Lessor's Funds through the title insurance company.

"Drawings and Specifications" means the drawings and specifications for the Expansion, as represented by the Plans approved in writing by Lessor and all revisions, amendments or addenda thereto which are approved in writing by Lessor.

"Force Majeure" means weather conditions, strikes, lockouts, acts of God, governmental delay or restrictions, failure or inability to secure materials, utilities, or labor, or by reason of governmental priority or similar regulation or order of any governmental or regulatory body, enemy action, civil disturbance, fire, other casualty losses, inability to obtain timely governmental approvals or any other cause beyond the reasonable control of either party

hereto (excluding, however, the inability or failure of either party to obtain any financing which may be necessary to carry out its obligations) which unavoidably cause a delay in performance.

"Holdback Amount" shall have the meaning ascribed to it in section 7.4.2(a).

"Lessor's Fund(s) " means the total amount, not to exceed eight million one hundred thirty-four thousand forty-four dollars, provided by Lessor to fund Total Project Costs associated with acquisition of the Expansion Land and construction of the Expansion.

"Minor Contract Change" means a change to the work to be performed under a Construction Contract which does not: reduce the quality of the materials, methods and equipment used in constructing the Expansion; modify the structural design or integrity of the Existing Building and the Expansion; change the number of parking spaces on the Leases Premises; change the gross or net rentable space of the Expansion; alter the ingress or egress for the Leased Premises; and change the Substantial Completion date for the

Construction Contract.

"Project Budget" means the budget prepared by Lessee and approved in writing by Lessor and any changes thereto approved in writing by Lessor, a preliminary draft of which is attached hereto as Exhibit J.

"Project Documents" means the Drawings and Specifications and all applications, permits, easements, approvals and contracts relating to the Property, including all Construction Contracts, surety bonds and all contracts between Lessee and any Architect.

"Project Final Completion" means (i) the satisfactory lien-free completion of the Expansion in accordance with the Drawings and Specifications (including punchlist items), as evidenced by Affidavits of Completion in the form of Exhibit K attached hereto and final lien waivers by all
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contractors working on the Expansion and certificates of completion by such architects as may be required by Lessor, and a final endorsement to Lessor's policy of title insurance, and (ii) the receipt by Lessor of all certificates of occupancy necessary for occupancy of all of the Expansion, an as-built survey, a final set of Drawings and Specifications showing actual changes made during construction and the consent of each surety which shall have issued a performance and payment bond for the benefit of Lessor with respect to the Expansion.

"Substantial Completion" means the satisfactory completion of the work under the Construction Contract, except for punchlist items, as evidenced by a Certificate of Substantial Completion (AIA document G704 issued by the Architect and the Construction Company), to which the Consultant concurs.

"Total Project Cost" means the sum of:

(a) the total costs incurred by Lessor and Lessee in connection with:

(1) the acquisition of the Expansion Land pursuant to the Expansion Land Purchase Agreement (such as the purchase price and closing costs as well as costs of due diligence, survey and environmental assessments,

(2) the design and construction of the Expansion including without limitation all hard and soft costs associated therewith, and

(3) the work performed by any consultant(s) retained by Lessor and Lessee in connection with the acquisition of the Expansion Land and the design and construction of the Expansion, PLUS

(b) the Construction Funding Fee, PLUS

(c) imputed interest at the rate of 8% per annum on each amount of Lessor's Funds funded by Lessor for any of the costs and fees referred to in clauses (a) and (b) above, determined from the date each such amount is funded by Lessor until the Expansion Completion Date, plus

(d) any other items shown on the preliminary Project Budget attached hereto as Exhibit J.

7.3 Lessee's Representations, Warranties, and Covenants

7.3.1 Lessee's Representations and Warranties. Lessee hereby represents
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and warrants the following:

(a) There is no action, suit or proceeding pending, or to the best of Lessee's knowledge threatened, against or affecting it or the Leased Premises or any other person or entity in which an adverse decision might materially affect Lessee's or Ceridian Corporation's ability to observe and perform its respective obligations under the Lease or any guarantee.

(b) Any and all financial statements delivered to Lessor in connection with the Lease and construction of the Expansion are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles, and fairly present the financial conditions of the subjects thereof as of the respective dates thereof; and no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof.

(c) Complete and correct copies of each Project Document and all amendments thereto have been delivered to Lessor.

(d) Lessee has obtained all necessary permits required by any governmental authority to commence construction of the Expansion.

(e) To the best of Lessee's knowledge, the Project Budget as submitted is a complete and accurate itemization of all costs known to Lessee as of the date hereof to be incurred in connection with the acquisition of the Expansion Land and development of the Leased Premises, including construction and completion of the Expansion.

(f) Lessee has not heretofore assigned any of its rights, title or interests in any Project Document.

7.3.2 General Covenants. Lessee covenants and agrees to the following:

(a) Lessee shall commence construction of the Expansion no later than August 1, 1996.

(b) Lessee shall use its best efforts to achieve Project Final Completion by June 15, 1997, and shall contribute any and all funds necessary to do so as required hereunder or as required by Lessor pursuant hereto. Tenant's obligation to achieve Project Final Completion by June 15, 1997 shall be extended by one day for each day of delay caused by Force Majeure but in no event shall such deadline be delayed beyond September 15, 1997.

(c) Lessee shall construct the Expansion, or cause the Expansion to be constructed, in accordance with the Drawings and Specifications, and any material defect in the Expansion or any material departure from the Drawings and Specifications shall be corrected by Lessee at Lessee's sole cost and expense.

(d) Lessee shall provide Lessor with evidence of, and shall continue to maintain until Project Final Completion, the following types of insurance in amounts and form and with companies, all satisfactory to Lessor:

(i) All-risk builder's risk insurance, for the estimated replacement cost of the improvements on the standard builder's risk completed value form (non-reporting full coverage) with a deductible of not greater than $25,000, naming Lessor as additional insured;

(ii) Flood insurance, if the Property is located in a flood plain (as that term is used in the National Flood Insurance

Program), in an amount acceptable to Lessor;

(iii) Lessee's own commercial general liability insurance policy with Lessor named as an additional insured for its interest in the Leased Premises; and

(iv) Other commercially reasonable insurance as required by Lessor.

(e) Lessee shall keep the Leased Premises free from unreasonable accumulations of waste materials and refuse at all times.

(f) Lessor, the Consultant and any other designated representative of Lessor shall, at all times during construction, have the right of entry and free access to the Expansion and the right to inspect all work done, labor performed and materials furnished in and about the Expansion and to inspect and audit all other books, records and contracts of Lessee relating to construction of the Expansion.

(g) Lessee agrees to indemnify and hold Lessor harmless from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorneys' fees, incurred by Lessor in any way relating to or arising in connection with the construction of the Expansion or the use, occupation or operation of the Leased Premises, except as may result from the gross negligence or willful misconduct of Lessor.

(h) Until Project Final Completion, Lessee will promptly notify Lessor in writing of (i) any action, suit or proceeding which is reasonably likely to have a material adverse impact on Lessee or have any impact on the Leased Premises or Lessee's construction of the Expansion and (ii) any event or circumstance resulting in any representation set forth in section 7.3.1 hereof no longer being true.

(i) Lessee will promptly provide Lessor with all quarterly and annual filings made by Ceridian Corporation with the Securities and Exchange Commission, as well as with Ceridian Corporation's audited financial statements and new stock and debt prospectuses.

(j) Lessee will not assign any of its rights, title or interests in or under any Project Document to any party other than Lessor.

(k) Lessee shall make requests for and shall take funding advances as contemplated herein.

(l) Lessee shall provide to Lessor, prior to commencement of construction of the Expansion, satisfactory evidence that adequate sewer and water, electric and gas utilities and systems will be available to the Leased Premises, as expanded.

(m) Lessee will obtain all necessary permits required by any governmental authority to continue with and complete construction of the Expansion, and will provide Lessor with evidence of same, including without limitation a satisfactory storm water run-off permit.

7.3.3 Change Orders; Change Directives. With respect to any change or proposed change under any Project Document, including any work to be performed under a Project Document, Lessee agrees to the following:

(a) Except in the case of an emergency and except for a change

that qualifies as a Minor Contract Change, Lessee shall obtain the prior written approval of Lessor for any change to a Project Document, including, without limitation, (i) any change to the Drawings and Specifications, (ii) any change to the Construction Contract and the work to be performed thereunder, and (iii) any substitution of materials.

(b) Lessee shall provide Lessor and the Consultant with a copy of each change proposal request promptly after the issuance thereof and a copy of the Contractor's response to each change proposal request promptly upon Lessee's receipt thereof.

(c) Lessee shall not authorize any change to the work under any Construction Contract without signing a change order or construction change directive therefor.

(d) Lessee shall not sign any change order without informing Lessor of the impact of such change order on the Project Budget and, except for a change that qualifies as a Minor Contract Change, without obtaining the prior written consent of Lessor to (i) the changes in the work described in each change proposal request relating thereto, (ii) any change in the contract sum under the applicable Construction Contract as a result of such change order, (iii) any change to the contract time under the Construction Contract as a result of such change order and (iv) the impact of such change order on the Project Budget.

(e) Lessee shall not sign any construction change directive without informing Lessor of the potential impact of such directive on the Project Budget and, except for a change that qualifies as a Minor Contract Change, without obtaining the prior written consent of Lessor to (i) the changes in the work described in each change proposal request relating thereto, (ii) the proposed basis for adjustment in the contract sum under the applicable Construction Contract as a result of such construction change directive, (iii) the proposed basis for adjustment to the contract time under the applicable Construction Contract as a result of such construction change directive and (iv) the potential impact of such directive to the Project Budget.

(f) Promptly after the full execution of each change order and change directive, Lessee shall provide Lessor and the Consultant with a copy thereof.

7.3.4 Budget Detail. Lessee agrees that each proposed Project Budget and each proposed revision to the Project Budget shall contain such line item detail as may be required by Lessor, including, without limitation, with respect to Cost Category I (Construction Costs) and Cost Category III (Tenant Finishes) separate line item for the cost of each aspect of work to be completed or materials to be provided by a single Subcontractor and a separate line item for the cost of each aspect of work to be completed directly by a Contractor.

7.3.5 Monthly Submissions. On a monthly basis, Lessee shall furnish Lessor with the following items, whether an advance of funds is requested or not:

(a) the items required to be submitted in clauses (c), (d) and (f) of section 7.5.3;

(b) any proposed revisions to the Project Budget;

(c) prior to commencement of construction, a construction schedule and monthly thereafter updates reporting changes to such

schedule and current construction progress;

(d) with respect to each existing Subcontract, the name and address of each Subcontractor thereunder and the then current contract sum under such Subcontract if such information has not been previously furnished to Lessor.

7.4 Administration of Funding.

7.4.1 Sources of Funds. Funds necessary to pay all costs set forth in the Project Budget shall be derived from Lessor's Funds and from Lessee's funds. Advances from Lessor's Funds and the funding of Lessee's funds shall be made as follows:

(a) Subject to the satisfaction of the applicable conditions set forth herein, Lessor's Funds of up to a total of $8,134,044 (eight million one hundred thirty-four thousand forty-four dollars) for Total Project Costs shall be disbursed.

(b) Lessee's funds, which may be required at any time if Lessor determines, in its reasonable opinion, that (i) the total costs actually incurred or estimated by Lessor to be incurred for any line item in any Cost Category theretofore approved by Lessor exceed (ii) the amount budgeted for such line item, and there are then no funds remaining in the Construction Cost Contingency (as hereafter defined to cover such excess). Upon Lessor's demand, Lessee shall deposit cash in an account approved by Lessor, and the funds so deposited shall be disbursed in accordance with the terms of this Lease prior to any subsequent advance of Lessor's Funds. In any event, Lessee shall be responsible for funding (I) Total Project Costs that exceed $8,134,044 (eight million one hundred thirty-four thousand forty-four dollars), and (II) all Total Project Costs incurred and not funded on or before September 15, 1997.

7.4.2 Retainage and Other Reserves. At the time of each advance, the total unadvanced Lessor's Funds plus Lessee's funds deposited as provided above shall be equal to the sum of the following:

(a) Retainage. Retainage in an amount to be determined by Lessor upon review and approval of each Construction Contract not to exceed 10% of labor and materials wrought into construction and/or eligible for payment for costs set forth in Cost Category I (Construction Costs) and Cost Category III (Tenant Finishes). Retainage with respect to a Construction Contract, less an amount (the "Holdback Amount") determined by Lessor but not to exceed 200% of the cost estimated by Lessor to complete punchlist items, shall be advanced upon Substantial Completion for such Construction Contract pursuant to Section 7.5 of this Lease.

(b) Remaining Development Costs. An amount sufficient, in the opinion of Lessor, to pay the remaining cost of acquisition and development of the Expansion, including the following specific reserve:

An amount to be established by Lessor not more than 5% or less than 3% of the contract sum under each Construction Contract to which shall be added amounts of cost savings as hereafter defined) as they occur (the "Construction Cost Contingency"). A "Cost Saving" means the amounts by which the total amount budgeted for any line

item in any Cost Category of the Project Budget exceeds the total costs actually incurred and estimated by Lessor to be incurred under such line item prior to Project Final Completion. The amount of the Construction Cost Contingency shall be reduced by (i) the amount of additional construction costs from any change, and (ii) the amount of any cost overages that occur in specific line items in Cost Category I (Construction Costs). The initial amount of the Construction Cost Contingency is $250,000 (two hundred fifty thousand dollars).

If at any time Lessor determines that there are insufficient funds in the reserve listed above, additional cash funds may be required of Lessee.

Upon achievement of Project Final Completion, any Lessor's Funds that remain undisbursed will not be disbursed, but shall be retained by Lessor and shall not be part of the Total Project Cost.

7.4.3 Limitations on Lessor's Obligations. Except as provided above, under no circumstances shall Lessor be obliged to advance any Lessor's Funds for any line item or Cost Category in excess of the total amount specified for such line item or Cost Category in the Project Budget, and neither Lessee nor any third party shall be entitled to rely on amounts in any line item or Cost Category being available for any purpose whatsoever other than payment of costs in that line item or Cost Category. Furthermore, Lessor shall have no obligation to make any advance if it, in its sole discretion, whether based on reports from the Consultant or otherwise, determines that actual costs relating to any line item or Cost Category are expected to be in excess of the total of the amounts set forth for such line item or Cost Category in the Project Budget or that other costs will necessarily be incurred by Lessee which are not contemplated in the Project Budget, unless there are sufficient funds in the Construction Cost Contingency, or unless Lessee shall fund, or (if required by Lessor) deposit in an account approved by Lessor, the full amount of any such excess or of such uncontemplated cost. Such amounts shall be disbursed in accordance herewith prior to any further advance of Lessor's Funds.

7.4.4 Timing of Advances. Parts or the whole of any advance of Lessor's Funds may be made before or after the date requested by Lessee if Lessor believes it advisable to do so.

7.4.5 Direct Advances to Contractors and Subcontractors. Lessor, at its option, may make advances directly to any Contractor or Subcontractor, provided Lessor provides notice thereof to Lessee.

7.4.6 Deadline for funding of Lessor's Funds. Notwithstanding anything herein to the contrary, Lessor shall have no obligation to advance Lessor's Funds after October 30, 1997.

7.5 Conditions Precedent to Construction and Advances.

7.5.1 Advances in General. Lessor's Funds will be advanced in installments, which in the aggregate do not exceed the amounts set forth in the Project Budget. Advances shall be made for the cost of work in place and materials adequately stored on site as determined by Lessor. Lessor shall have no obligation to make advances for deposits or the cost of materials stored off-site. The following shall apply to all advances:

(a) Requests for advances shall be at least 30 days apart.

(b) Requests for advances, together with the items required to be furnished pursuant to this Section 7.5 and any other provision of this Lease, shall be submitted to Lessor at least 10 business days

before the date on which the advance

is requested to be made, and Lessor shall have no obligation to make an advance unless the items so submitted shall have been approved by Lessor in its reasonable discretion.

(c) Requests for advances for the payment of any cost set forth in any Cost Category shall be supported by evidence required by Lessor. In particular, requests for advances for the payment of any cost set forth in Cost Category I (Construction Cost) shall be supported by invoicing and other evidence required by Lessor and shall not be greater than the aggregate amount submitted by the Subcontractors and each Contractor, certified by the applicable Architect, authorized by Lessee and concurred with by the Consultant.

(d) As a condition to each advance of Lessor's Funds, (i) the representations set forth in section 7.3.1 hereof shall be true and correct as of the date on which the advance is to be made, (ii) there shall have been, since the Commencement Date, no material adverse change in the Leased Premises or in the assets, liabilities or condition, financial or otherwise, of Lessee or Ceridian Corporation and (iii) Lessee shall not be in default under this Lease.

7.5.2 Initial Advance. Prior to the earlier of the commencement of construction or the initial advance of Lessor's Funds, Lessee shall, in addition to the items specified in writing by Lessor, or in the Lessor's closing checklist provided to Lessee, furnish:

(a) all licenses, permits and certificates (other than a certificate of occupancy) required by any governmental authority for the commencement of construction; and

(b) the proposed Project Budget, together with evidence of reimbursable prepaid development and other costs.

7.5.3 Each Advance. Prior to each advance of Lessor's Funds, Lessee shall update the items set forth in clause (b) of section 7.5.2 above, and Lessee shall furnish the following:

(a) a title insurance update with supporting endorsements which discloses no matters adversely affecting Lessor's position;

(b) a signed Lessee's Request for Lessor's Funds in the form of Exhibit "L" attached hereto;

(c) a cost and funding progress analysis substantially in the same format as shown in the Disbursement Spreadsheet attached hereto as Exhibit "M" and in the same line item detail as the Project Budget;

(d) an AIA Document G702/G703 for the Contractor for whom Lessor's Funds are being requested, certified by the appropriate parties with signatures notarized for each advance for any costs set forth in Cost Category I (Construction Cost) supported by data submitted by Contractor, and the Architect as verified by Lessor's Consultant in a written report on the progress of construction, the conformity thereof with the Drawings and Specifications and the quality, percentage and cost of work completed;

(e) if and when requested by Lessor, ALTA foundation surveys and a soil compaction test report as required by Lessor as construction progresses; and

(f) any additional licenses, permits or certificates required by any

governmental authority before commencement of the work, the cost of which is to be paid from the advance being requested.

7.5.4 Partial Advance of Retainage. Prior to any partial advance of Lessor's Funds retained under section 7.4.2(a) with respect to a Construction Contract, in addition to the satisfaction of the conditions set forth in section 7.5.3 above, Lessee shall furnish the following:

(a) a Certificate of Substantial Completion (AIA Document G704) issued by the Architect, together with the Architect's certification that all work (except for punchlist items) under such Construction Contract has been completed;

(b) a certified as-built survey meeting Lessor's requirements and showing the completed Leased Premises and the location of all easements and encroachments, if any;

(c) a set of Drawings and Specifications indicating actual changes made in the work during construction;

(d) a certificate of occupancy or other governmental approval required for any occupancy or use of the Leased Premises; and

(e) the consent of each surety which shall have issued a performance and payment bond with a dual obligee rider for the benefit of Lessor with respect to such Construction Contract.

7.5.5 Final Advance of Holdback Amount. Prior to the full advance of Lessor's Funds retained under section 7.4.2(a) in addition to the satisfaction of the conditions set forth stated in section 7.5.3 and clauses (b), (c) and (d) of section 7.5.4 above, Lessee shall have achieved Project Final Completion and shall furnish the following:

(a) a Certificate of Substantial Completion (AIA Document G704) issued by the Architect (unless one has been furnished pursuant to section 7.4) and the Architect's certification that all work (including punchlist items) under such Construction Contract has been completed in accordance with the Drawings and Specifications;

(b) an Affidavit of Completion in the form of Exhibit "K" attached hereto, signed by the applicable Contractor;

(c) a final release and lien waiver in a form acceptable to Lessor completed by the applicable Contractor, which shall be unconditional except to the extent of the amount specified as the final payment under such Construction Contract to be paid from the advance of Lessor's Funds being requested;

(d) a certified copy of the notice of completion filed with the appropriate governmental authority, if any such notice is required by law or by prudent construction practice; and

(e) the consent of each surety which shall have issued a performance and payment bond with a dual obligee rider for the benefit of Lessor with respect to such Construction Contract;

(f) three copies of an 8 x 10 inch color commercial photograph of the Leased Premises satisfactory to Lessor.

7.6 General Funding Provisions.

7.6.1 No Waiver. No advance of Lessor's Funds hereunder shall constitute a waiver by Lessor of any default by Lessee under this Lease or a waiver of any condition of such advance of Lessor's Funds, and Lessee agrees that Lessor may then or at any time thereafter require that such default be cured or that such condition be satisfied.

7.6.2 Lessor's Satisfaction. All documents, actions and evidence required in connection with this Lease shall be reasonably satisfactory to Lessor.

7.6.3 Exclusive Benefit of Lessor. All conditions of the obligation of Lessor to make advances hereunder are imposed solely and exclusively for the benefit of Lessor and its assigns.

7.6.4 Lessor Approvals. No advance of Lessor's Funds or inspection by or on behalf of Lessor shall be deemed to constitute an approval or acceptance by Lessor of the work to date. Approval of Drawings and Specifications, workmanship and materials used in connection with the Expansion, imposes no responsibility or liability of any nature whatsoever on Lessor, Lessor's sole obligation hereunder being to make the advances if and to the extent required by this Agreement;

ARTICLE VIII
NET LEASE

This Lease is what is commonly called a "Net, Net, Net Lease," it being understood that the Lessor shall receive the Rent set forth in Exhibit D 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 Leased Premises except for repair and maintenance of structural systems and the roof on the Building which shall be Lessor's obligation. In addition to the Base Rental referred to in Exhibit D, Lessee shall pay directly to the parties respectively entitled thereto all impositions, insurance premiums, operating charges, maintenance charges (excluding maintenance charges for structural systems and the roof which are Lessor's obligation), and other charges, costs and expenses that arise or may be contemplated under the provisions of this Lease during the term thereof, including any amounts necessary to fund any escrow payments for the aforementioned items as part of the monthly Rent. All of such charges, costs and expenses shall constitute Additional Rental and upon the failure of Lessee to pay any of such costs, charges or expenses, Lessor shall have the same rights and remedies as otherwise provided in this Lease for the failure of Lessee to pay Rent. It is the intention of the parties hereto that this Lease shall not be terminable for any reason by the Lessee, and that Lessee shall in no event be entitled to any abatement of or reduction in Rent payable under this Lease, except as herein expressly provided. Any present or future law to the contrary shall not alter this agreement of the parties.

ARTICLE IX
MAINTENANCE AND REPAIRS

9.1 Lessor shall not be required to make any improvements to or repairs of any kind or character to the Leased Premises except structural and roof maintenance and repair of the Building as may be required to maintain the Leased Premises in tenantable condition; provided, however, Lessor's failure to make such repairs shall not relieve Lessee of the obligation to pay all sums that become due under this Lease, except to the extent provided by Section 18.4 hereof.

9.2 Lessee, at Lessee's sole cost and expense, shall promptly make all repairs, perform all maintenance, and make all replacements in and to the Leased Premises, including the Land and parking lots, that are necessary or desirable to keep the Leased Premises in first class condition and

repair, in a safe and tenantable condition, and otherwise in accordance with the requirements of this Lease. Lessee shall maintain all fixtures, furnishings and equipment (excluding Lessee's personal property) located in, or exclusively serving, the Leased Premises in clean, safe and sanitary condition, shall take good care thereof and make all required repairs and replacements thereto. Lessee shall suffer no waste or injury to any part of the Leased Premises, and shall, at the expiration or earlier termination of the Lease Term, surrender the Leased Premises in an order and condition equal to or better than their order and condition on the Commencement Date, ordinary wear and tear excepted. Without limitation of the generality of the foregoing, Lessee (with respect to the Existing Building) and at the completion of the Expansion (with respect to the Expansion), at Lessee's sole cost and expense, shall promptly make all repairs to (a) any pipes, lines, ducts, wires or conduits contained within the Leased Premises, (b) Lessee's signs, (c) any heating, air conditioning, electrical, ventilating or plumbing equipment installed in or serving the Leased Premises, (d) all glass, window panes and doors, and (e) any other mechanical systems serving the Leased Premises. Lessee shall be responsible, at Lessee's sole expense, for providing all janitorial and cleaning services for the Leased Premises. All such services shall be provided in accordance with cleaning standards customarily maintained for similar first class properties. Lessee shall maintain, at Lessee's sole cost and expense, a maintenance contract, or provide comparable services by trained and qualified employees of Lessee, on the heating, ventilation an air conditioning equipment and systems in or serving the Leased Premises. Such contract, if entered into, shall be with a Contractor licensed to do business in the jurisdiction in which the Leased Premises are located and approved by Lessor, and shall cover all parts and labor. From time to time at Lessor's request, Lessee shall provide copies of all such contracts to Lessor. In addition, Lessor reserves the right to establish a regular inspection and maintenance program for all Building equipment (e.g. HVAC and elevators) maintained by Lessee and to provide all necessary or appropriate repairs at Lessee's expense. Lessee shall pay all expenses of Lessor in connection with Lessor's membership in the Maryland Farms Owners Association, Inc. and Lessee shall receive all benefits arising from said membership.

9.3 Lessee shall not paint or decorate any part of the exterior of the Leased Premises. Additionally, Lessee shall not decorate or paint any part of the common areas of the Leased Premises visible from the exterior thereof, without first obtaining Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessee shall not install displays of merchandise or other advertising in the windows of the Leased Premises.

9.4 In the event Lessor or Lessee fails to comply with the requirements of this Article, the non-defaulting party may perform such maintenance and repair, and the costs thereof, plus five percent (5%) of said costs to cover overhead with interest at the Default Rate, shall be payable to the non-defaulting party within ten (10) days of demand therefor. In the event Lessor fails to maintain and repair the roof of the Building as provided for in Section 9.1 above and such failure continues for thirty (30) days after written notice from Lessee to Lessor (or if the maintenance or repair is of a nature as to require more than thirty (30) days to effect a cure, then if Lessor fails to commence such maintenance or repair within such thirty (30) day period and thereafter proceeds diligently to effect such maintenance or repair), Lessee may itself effectuate such maintenance or repair and may thereafter (after written notice to Lessor) offset the reasonable cost thereof against Base Rentals payable thereafter.

9.5 Prior to either party commencing repairs or maintenance for the other, except in the case of an emergency (defined as a matter that immediately threatens the life, safety or property of Lessee or its agents, employees or invitees (e.g. roof leaks)), the non-defaulting party shall provide to the

defaulting party ten (10) days' written notice of the failure to comply with the maintenance and repair obligations set forth herein. If the defaulting party cures said default within said ten (10) day period or if said default cannot be cured within a ten (10) day period and the defaulting party commences to cure the default within said period and diligently pursues said cure to completion, then the defaulting party shall not be deemed to be in default for purposes of declaring this Lease in default under Article XXI and the non-defaulting party shall have no right to commence or be reimbursed for any repairs and maintenance which was the obligation of the defaulting party.

9.6 If a dispute arises as to which party is responsible for repair and maintenance, the parties shall each appoint a qualified independent engineer having seven (7) years experience with no previous engagement with either party to resolve the dispute. If Lessor's and Lessee's engineers are unable to resolve the dispute, Lessor's and Lessee's engineers shall choose a third qualified independent engineer having seven (7) years' experience with no previous engagement with either party, and the decision of the majority of the engineers shall be final and conclusive.

ARTICLE X
ALTERATIONS

10.1 Lessor is under no obligation to make any structural or other alterations, decorations, additions or improvements in or to the Leased Premises except as otherwise expressly provided in this Lease.

10.2 Lessee will not make or permit anyone to make any alterations, additions, improvements or other changes (collectively, the "Alterations"), structural or otherwise, in or to the Leased Premises without the prior written consent of Lessor, except as provided in Article VI above or paragraph 10.3 below, which consent may be withheld or granted in Lessor's sole and absolute discretion. Any Alterations made by Lessee shall be made: (a) in a good, workmanlike, first-class and prompt manner; (b) by a contractor or by Lessee's employees and in accordance with plans and specifications approved in writing by Lessor; (c) in accordance with all applicable legal requirements and the requirements of any insurance company insuring the Leased Premises or portion thereof; and (d) after Lessee has obtained public liability and workmen's compensation insurance policies approved in writing by Lessor, which policies shall cover every person who will perform any work with respect to such Alterations. If any mechanics' or materialmen's lien (or a petition to establish such lien) is filed against the Leased Premises or any equipment within the Leased Premises for work claimed to have been done for, or materials claimed to have been furnished to, the Leased Premises, Lessee shall either discharge the lien within ten (10) days thereafter, at Lessee's sole cost and expense, by the payment thereof or file a bond acceptable to Lessor transferring the lien to the bond.

10.3 Notwithstanding the foregoing, Lessee shall have the right to make Alterations without the Lessor's consent, provided such Alterations (a) are made to the interior tenant space of the Building, (b) do not adversely affect the structural integrity or exterior of the Building, (c) do not affect the common areas of the Building, including but not limited to the elevators and lobby, and (d) do not adversely affect the electrical, heating or plumbing systems servicing the Building. Additionally Lessee shall comply with the provisions of paragraphs 10.2(a) and 10.2(c).

10.4 If any Alterations other than those permitted by paragraph 10.3 are made without the prior written consent of Lessor, Lessor shall have the right at Lessee's expense to remove and correct such Alterations and restore the Leased Premises to its condition immediately prior thereto, or to require Lessee to do the same. All Alterations to the Leased Premises made by either party shall immediately become the property of Lessor and shall remain upon and be surrendered with the Leased Premises as a part thereof at the expiration or earlier termination of the Lease Term; provided, however, that if Lessee is not

in default under this Lease, then Lessee shall have the right to remove, prior to the expiration or earlier termination of the Lease Term, all movable furniture, furnishings, equipment, fixtures and Alterations (permitted by Section 10.3) installed in the Leased Premises solely at the expense of Lessee, provided any damage to the Leased Premises caused by such removal is promptly repaired. If such furniture, furnishings, equipment, fixtures and Alterations other than those permitted by Section 10.3 are not removed by Lessee prior to the expiration or earlier termination of the Lease Term, Lessor shall have the right at Lessee's expense to remove from the Leased Premises such furniture, furnishings, equipment, fixtures and any Alterations other than those permitted by Section 10.3 that Lessor designates in writing for removal

or to require Lessee to do the same and Lessee shall pay to Lessor the cost of such removal and repair.

10.5 Notwithstanding anything to the contrary contained herein, Lessee shall have the right to install into the Building equipment, conduits, cables and materials at mutually agreed upon penetration points, including the right to install additional rooftop HVAC units, associated distribution and duct work and microwave installation to conduct its business. Lessee shall further have the right to install connecting equipment in the shafts, ducts and conduits of the building, and antennas and/or microwave receivers or "up-link" on the roof, so long as such installations are (a) in compliance with and certified by local fire and zoning codes, (b) approved by Maryland Farms Owners Association Architectural Control Committee, and (c) do not violate the Declaration of Protective Covenants For Maryland Farms, dated January 1, 1987, of record in Book 635, page 680, Register's Office for Williamson County, Tennessee and in Book 7079, page 59, Register's office for Davidson County, Tennessee (the "Restrictive Covenants").

ARTICLE XI
SIGNS AND FURNISHINGS

No sign, advertisement or notice referring to Lessee shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior of the Building (including Lessee's windows and doors) that (a) has not been approved by Maryland Farms Owners Association, Inc., or (b) violates the Restrictive Covenants. If any exterior sign, advertisement or notice that does not conform to the requirements set forth in the preceding sentence is exhibited or installed by Lessee, Lessor shall have the right to remove the same at Lessee's expense. All of Lessee's signs shall be: (a) installed after Lessee has obtained, at Lessee's sole cost and expense, all permits, approvals, and licenses required therefor, and delivered copies thereof to Lessor, and (b) at Lessee's sole cost and expense, installed, maintained, repaired and replaced in a first-class manner. Lessor reserves the right to affix, install and display signs, advertisements and notices on any part of the exterior or interior of the Leased Premises to sell or lease the Leased Premises during the six (6) month period immediately prior to the expiration if notice to renew has not been provided pursuant to Article XXXIV hereof or earlier termination of the Lease Term.

ARTICLE XII
INSPECTION BY LESSOR

Lessor or its agents or representatives shall have the right (a) to enter into and upon any part of the Leased Premises at all reasonable hours to inspect the same as Lessor may deem necessary or desirable, and (b) to show the Leased Premises to prospective tenants or brokers during the last six (6) months of the Lease Term, as extended, and to prospective purchasers or mortgagees at all reasonable times, provided prior notice is given to Lessee in each case, and Lessee's use and occupancy of the Leased Premises shall not be materially inconvenienced thereby, and Lessee shall have the right to have an employee or representative accompany any such inspection. Lessee shall not be entitled to

any abatement or reduction of Rent by reason of the exercise of the foregoing rights on the part of Lessor.

ARTICLE XIII
COMMON AREAS

For so long as Lessee is not in default hereunder, Lessor grants Lessee a non-exclusive license to use and occupy in common with others so entitled, the common areas of Maryland Farms Office Park (the "Common Areas") and to exercise all rights of Lessor as owner of the Leased Premises in connection with membership in Maryland Farms Owners Association, Inc., as set forth in the Restrictive Covenants.

ARTICLE XIV
PARKING

Lessee shall at all times during the term of this Lease have the right to park automobiles in the outdoor parking area of the Building at no charge. Lessor shall provide for Lessee's use paved parking spaces as shown on the site plan prepared in connection with the Leased Premises. Lessor may change the location of the parking lots on the Land on which the Building is situated subject to Lessee's approval which shall not be unreasonably withheld.

ARTICLE XV
PERMITTED USES

Lessee shall use and occupy the Leased Premises for general office space including an operations center with appropriate communication and informational systems, employee cafeteria and any other lawful use; provided, however, Lessee shall not occupy or use, or permit any portion of the Leased Premises to be occupied or used, for any business or purpose that is unlawful or deemed to be extra-hazardous on account of fire, or permit anything to be done that would in any way materially increase the rate of fire or liability or any other insurance coverage on the Building and/or its contents, cause the load upon any floor of the Building to exceed the load for which the floor was designed or the amount permitted by law, or use electrical energy exceeding the capacity of the then existing feeders or wiring installations. Lessee shall further conduct its business and control its agents, employees, invitees, and visitors in such a manner as not to create any nuisance, or interfere with, annoy or disturb any other tenant or owner in the Maryland Farms Office Park. Lessee's operation of its business at its present location at 5301 Maryland Way, Brentwood, Tennessee, is not deemed to be extra-hazardous.

ARTICLE XVI
LAWS, REGULATIONS AND RULES OF BUILDING AND ENVIRONMENTAL COMPLIANCE

16.1 Compliance with Laws and Restrictions. Lessee shall comply with all applicable laws, ordinances, rules, regulations, and Restrictive Covenants relating to the use, condition or occupancy of the Leased Premises and all Common Areas.

16.2 Hazardous Materials.

(a) As used herein, the term "Hazard Materials" shall mean any substance or material which has been determined by any federal, state or local governmental authority to be capable of posing a risk of injury to human health and safety or the environment, including all of those materials and substances designated as hazardous or toxic by the state in which the Leased Premises are located, the U.S. Environmental Protection Agency, the

U.S. Consumer Product Safety Commission, the U.S. Food and Drug Administration, or any other federal, state or local governmental agency now or hereafter authorized by law to regulate materials and substances in the environment (collectively, "Hazardous Materials").

(b) Except for such Hazardous Materials as are used or stored in the Leased Premises in commercial quantities, similar to those quantities used or stored in similar premises by others in the same business or profession and which are used and/or stored in compliance with all applicable laws, regulations and restrictions, Lessee agrees not to introduce any Hazardous Materials in, on or near the Leased Premises without (I) providing Lessor with notice of the estimated amount and nature of such Hazardous Material, and (ii) complying with all applicable federal, state and local laws, rules and regulations relating to the use,

storage, disposal and clean-up of Hazardous Materials including, but not limited to, the obtaining of proper permits with respect thereto.

(c) Lessee shall promptly notify Lessor of any inquiry, test, investigation, or enforcement proceeding by or against Lessor or Lessee with respect to the Leased Premises concerning any Hazardous Material. Lessee shall have the right, at its election to negotiate, defend, approve, and appeal, at Lessee's expense, any action taken or order issued by any governmental authority with respect to any Hazardous Materials placed in, on or near the Leased Premises by Lessee, its agents, employees, contractors or invitees.

(d) If Lessee's use, storage or disposal of any Hazardous Material in, on or near the Leased Premises results in any contamination by Hazardous Materials of the Leased Premises, or the soil or surface water or groundwater thereof (I) requiring remediation under any applicable federal, state or local statutes, ordinances, regulations or policies, or (ii) at levels which are unacceptable to Lessor, in Lessor's reasonable and good faith judgment, Lessee shall be obligated to clean up the contamination to the levels required by law or reasonably required by Lessor. Lessee further agrees to indemnify, defend and hold Lessor harmless from and against any claims, suits, causes of action costs, fees, including reasonable attorneys' fees, and reasonable costs arising out of or in connection with any such clean-up work, inquiry or enforcement proceeding in connection with any Hazardous Materials at any time used, stored or disposed of by Lessee or Lessee's agents, employees, contractors or invitees in, on or near the Leased Premises.

(e) Notwithstanding any other right of entry granted to Lessor under this Lease, Lessor shall have the right to enter the Leased Premises or to have Lessor's environmental consultants (retained by Lessor at its expense) enter the Leased Premises during the term of this Lease for the purpose of inspections to determine (i) whether the Leased Premises are in conformity with federal, state and local statutes and regulations pertaining to the environmental condition of the Leased Premises; (ii) whether Lessee has complied with its obligations under this Article XVI, and (iii) the corrective measure, if any, required to Lessee to comply with laws governing the use, storage and disposal of Hazardous Materials or governing the removal of Hazardous Materials. Lessee agrees to provide access to the Leased Premises and reasonable assistance to Lessor or its environmental consultants for such inspections. Such inspections may include, but are not limited to, entering the Leased Premises or adjacent property leased by Lessee upon such consultant's recommendation with drill rigs or other machinery for the purpose of obtaining laboratory samples. Lessor shall not be limited in the number of such inspections during the term of this Lease. If such consultants determine that the Leased Premises are contaminated by Hazardous Materials, Lessee shall, in a timely manner, at its expense, remove such Hazardous Materials to the extent required pursuant to this Article XVI. The rights granted to Lessee herein to inspect the Leased Premises shall not create a duty on Lessor's part to inspect the Leased

Premises or liability of Lessor for Lessee's use, storage or disposal of Hazardous Materials, it being understood that Lessee shall be solely responsible for all liability in connection therewith.

(f) Lessee's obligations under this Article XVI shall survive termination or expiration of this Lease.

ARTICLE XVII
PEACEFUL ENJOYMENT

Lessee shall have the right to peacefully occupy, use and enjoy the Leased Premises during the Lease Term, subject to the other terms hereof and the exceptions to Lessor's title set forth on Exhibit N, provided Lessee pays the
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Rent and other sums herein required to be paid by Lessee and performs all of Lessee's covenants and agreements herein contained.

ARTICLE XVIII
LIMITATION OF LESSOR'S LIABILITY

18.1 Lessor and its employees and agents shall not be liable to Lessee, Lessee's employees, agents, assignees, subtenants, licensees, concessionaires, or to any other person or entity for any damage (including indirect and consequential damage), injury, loss, compensation or claim, including but not limited to claims for the interruption of or loss to Lessee's business, based on, arising out of or resulting from any cause whatsoever (except as otherwise provided in this Article), including but not limited to the following: repairs to any portion of the Leased Premises which are the obligation of Lessee; interruption in the use of the Leased Premises or any equipment therein; any accident or damage resulting from the use or operation (by Lessor, Lessee or any other person or entity) of the heating, cooling, electrical, sewerage, or plumbing equipment or apparatus; the termination of this Lease by reason of the destruction of the Leased Premises; any fire, robbery, theft, vandalism, mysterious disappearance and/or any other casualty; the actions of any other tenants of the Leased Premises or of any other person or entity; and any leakage in any part or portion of the Leased Premises, or from water, rain, ice or snow that may leak into, or flow from, any part of the Leased Premises, or from drains, pipes or plumbing fixtures in the Leased Premises, provided that Lessor shall be liable for any damage caused by leakage or any other cause resulting from Lessor's failure to properly maintain the structural systems and the roof of the Building pursuant to Article IX hereof. It further is understood and agreed that any failure or inability to furnish any services required by this Lease to be furnished by Lessor shall not be considered an eviction, actual or constructive, of Lessee from the Leased Premises and shall not entitle Lessee to terminate this Lease or to an abatement of any Rent payable hereunder, except as set forth in Section 9.4 above. Any goods, property or personal effects stored or placed by Lessee, its employees or agents in or about the Leased Premises shall be at the sole risk of Lessee, and Lessor shall not in any manner be held responsible therefor. Notwithstanding the foregoing provisions of this Article, Lessor shall not be released from liability to Lessee for any physical injury to any natural person or damage to personal property caused by the gross negligence or willful misconduct of Lessor or its employees to the extent such injury or damage is not covered by insurance (a) carried by Lessee or such person, or (b) required by this Lease to be carried by Lessee.

18.2 Lessee shall indemnify and hold Lessor harmless from and against all costs, damages, claims, liabilities and expenses (including attorneys' fees) suffered by or claimed against Lessor, directly or indirectly, based on, arising out of or resulting from (i) use and occupancy of the Leased Premises, (ii) repair or maintenance of the Leased Premises which are the obligations of Lessee, (iii) any act or omission by Lessee or Lessee's employees, agents, assignees, subtenants, contractors, licensees or invitees, or (iv) any breach or default in the performance or observance of Lessee's covenants or obligations under this Lease.

18.3 In the event that at any time any landlord hereunder shall sell or transfer the Leased Premises or such landlord's interest therein, said landlord shall not be liable to Lessee for any obligations or liabilities based on or arising out of events or conditions occurring after the date of such sale or transfer. Within five (5) days after the written request of any purchaser or transferee of the Leased Premises of any landlord's interest therein, Lessee shall attorn to such purchaser or transferee.

18.4 In the event that at any time during the Lease Term Lessee shall have a claim against Lessor, Lessee shall not have the right to set off or deduct the amount owed or allegedly owed to Lessee from any Rent or other sums payable to Lessor except with respect to claims made by Lessee concerning Lessor's failure to make timely repairs to the Leased Premises' roof and/or structural systems, it being understood that Lessee's sole remedy for recovering upon a claim not concerning the roof or structural systems shall be to institute an independent action against Lessor.

18.5 Lessee agrees that in the event Lessee or any of Lessee's employees, agents, subtenants, licensees, or concessionaires is awarded a money judgment against Lessor, the sole

recourse for satisfaction of such judgment shall be limited to execution against the estate and interest of Lessor in the Leased Premises; in no event shall any other assets of Lessor, or of any officer, director or employee of Lessor or of any other person or entity associated with Lessor be available to satisfy or subject to such judgment, nor shall any officer, director or employee of Lessor or any other person or entity be held to have any personal liability for satisfaction of any claims or judgments against Lessor and/or any officer, director or employee of Lessor in such person's capacity as an officer, director or employee of Lessor

ARTICLE XIX
DAMAGE OR DESTRUCTION

19.1 If the Leased Premises are totally or partially damaged or destroyed from any cause, thereby rendering the Leased Premises totally or partially inaccessible or unusable, Lessor shall diligently restore and repair the Leased Premises to substantially the same condition it was in prior to such damage; provided however, that (a) if such repairs and restoration cannot be completed within one year after the occurrence of such damage or destruction (taking into account the time needed for effecting a satisfactory settlement with any insurance company involved, removal of debris, preparation of plans and issuance of all required governmental permits), then either Lessor or Lessee shall have the right to terminate this Lease by giving written notice of termination to the other within forty-five (45) days after the occurrence of such damage or destruction, or (b) if such damage or destruction occurs within forty-eight (48) months prior to the expiration of the Lease Term, then Lessor shall have the right, at its sole option, to terminate this Lease by giving written notice of termination to Lessee within forty-five (45) days after the occurrence of such damage or destruction, except that should such damage or destruction occur during the last forty-eight months of the initial fifteen (15) year term or the first five (5) year extension period described in Article XXXIV and Lessee exercises its option to extend the Lease Term for five (5) years pursuant to Article XXXIV within forty-five (45) days of the date of such damage or destruction, then Lessor shall not have the right to terminate this Lease and will proceed to repair and restore the Leased Premises. If this Lease is terminated by Lessor in accordance with the above procedure, then Base Rental and Additional Rental payable hereunder shall be apportioned and paid to the date of said damage or destruction. If this Lease is not terminated as a result of such damage or destruction, then until such repair and restoration of the Leased Premises are substantially complete, the Base Rental and Additional Rental shall be abated as to that portion of the Leased Premises which is unsuitable for occupancy by Lessee until such repair or restoration is

completed. If this Lease is not terminated as a result of such damage or destruction, then except as otherwise specified in Section 19.2, Lessor shall bear the cost and expenses of such repair and restoration of the Leased Premises to the extent of the insurance proceeds paid in connection with such damage or destruction, and Lessee shall pay to Lessor the amount by which such costs and expenses exceed the insurance proceeds, if any, actually received by Lessor on account of such damage or destruction. Notwithstanding anything above to the contrary, Lessor shall have the right to terminate this Lease in the event (a) the insurance is insufficient to pay the full cost of such repair and restoration, (b) the lenders fail or refuse to make such insurance proceeds available for such repair and restoration, or (c) zoning or other applicable laws or regulations do not permit such repair and restoration.

19.2 Notwithstanding anything above to the contrary, if Lessor repairs and restores the Leased Premises as provided in Section 19.1, Lessor shall not be required to repair, restore or replace any decorations, alterations or improvements to the Leased Premises previously made by Lessee unless adequate insurance proceeds are available to pay the full costs thereof. It shall be Lessee's sole responsibility to repair, restore or replace any trade fixtures, furnishings, equipment or personal property belonging to Lessee to substantially their same condition prior to such damage or destruction; provided, however, Lessee shall not be obligated to restore or replace such items.

19.3 Notwithstanding anything to the contrary contained herein, if there is damage to or a destruction of the Building that exceeds 25% of the replacement value of the Building, then

Lessee shall have the right to terminate this Lease by written notice to Lessor within forty-five (45) days after the occurrence of such damage or destruction.

ARTICLE XX
CONDEMNATION

20.1 If the whole or a substantial part (as hereinafter defined) of the Leased Premises, or the use or occupancy of the Leased Premises, shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking), then this Lease shall terminate on the date title thereto vests in such governmental or quasi-governmental authority, and all Rent payable hereunder shall be apportioned as of such date. If less than a substantial part of the Leased Premises, or if the use or occupancy of less than a substantial part of the Leased Premises, is taken or condemned by any government or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking) then this Lease shall continue in full force and effect as to the portion of the Leased Premises not so taken or condemned, except that as of the date title vests in the governmental or quasi-governmental authority, Lessee shall not be required to pay Base Rental and Additional Rental with respect to the portion of the Leased Premises taken or condemned. For purposes of this Section, a substantial part of the Leased Premises shall be considered to have been taken if more than twenty-five percent (25%) of the rentable area of the Leased Premises is rendered unusable as a result of such condemnation.

20.2 All awards, damages and other compensation paid by the condemning authority on account of such taking or condemnation (or sale under threat of such a taking) shall belong to Lessor, and Lessee hereby assigns to Lessor all rights to such awards, damages and compensation. Lessee agrees not to make any claim against the Lessor or the condemning authority for any portion of such award or compensation attributable to damages to the Leased Premises and leasehold improvements, except for expenses of leasehold improvements paid for by Lessee or severance damages. Nothing contained herein, however, shall prevent Lessee from pursuing a separate claim against the condemning authority for relocation expenses, the value of furnishings, equipment and trade fixtures installed in the Leased Premises at Lessee's expense and which Lessee is

entitled pursuant to this Lease to remove at the expiration or earlier termination of the Lease Term, the value of the unexpired Lease Term, and loss of profits, provided that such claim shall in no way diminish the award or compensation payable to or recoverable by Lessor in connection with such taking or condemnation.

20.3 Notwithstanding anything to the contrary contained herein, if twenty-five percent (25%) or more of the Leased Premises or the Building is taken, condemned, or sold under threat of such a taking, then, whether or not any portion of the Leased Premises is condemned, Lessee shall have the right, in Lessee's sole discretion, to terminate this Lease as of the date title vests in the governmental or quasi-governmental authority.

ARTICLE XXI
DEFAULT

21.1 The occurrence of any of the following shall constitute a default by Lessee under this Lease:

(a) If Lessee shall fail to pay any payment of Base Rental when due and such failure shall continue for a period of ten (10) days after written notice from Lessor to Lessee; provided, however, no such written notice shall be required for the third and any subsequent failure to pay Base Rental before such failure shall constitute a default hereunder.

(b) If Lessee shall fail to pay any payment of Additional Rental when due, or shall fail to make when due any other payment required by this Lease, and such failure shall continue for a period of ten (10) days after written notice thereof;

(c) If Lessee shall violate or fail to perform any other term, condition, covenant or agreement to be performed or observed by Lessee under this Lease, and such failure shall continue for a period of thirty (30) days after written notice thereof (plus such additional time as is reasonably necessary in the event such non-monetary default is incapable of being cured in thirty (30) days);

(d) If Lessee shall vacate, abandon or fail to continuously occupy the Leased Premises or diligently operate its business at the Leased Premises, provided that a reduction in the number of Lessee's employees at the Leased Premises due to increased automation shall not constitute a default under this paragraph (c);

(e) An Event of Bankruptcy occurs as specified in Article XXII with respect to Lessee;

(f) A dissolution of Lessee or liquidation of substantially all of Lessee's assets occurs; or

(g) If any of the following occur with respect to the provisions of Article VII of this Lease:

(i) Lessee fails to comply with any of the material covenants and agreements made by it in Article VII of this Lease or in any Project Document;

(ii) any representation contained in Section 7.3.1 or in any other Project Document is false in any material respect on the date made;

(iii) Lessee fails to furnish to Lessor, when requested, copies of Drawings and Specifications, shop drawings and technical background material, to the extent they have been done, which relate to the Expansion;

(iv) any of the materials, fixtures or articles used in the construction of the Expansion, or to be used in the operation thereof, are not in accordance with the Drawings and Specifications;

(v) the construction of the Expansion, or any part thereof, shall be materially different from the Drawings and Specifications;

(vi) Lessee fails to purchase and pay for any of the materials, fixtures or articles, to be incorporated in the Expansion, unless payment is being properly contested and Lessee shall have bonded over or otherwise obtained the release of any lien that may arise in connection therewith, to Lessor's satisfaction;

(vii) Lessee permits construction of the Expansion to stop for any period after its commencement in excess of 15 successive calendar days, unless caused by general labor strike, civil disturbance or act of God, in which event the following conditions shall be satisfied in order to avoid default:

(A) Lessee shall make adequate provision for the protection and security of the Expansion and materials stored on site;

(B) Lessee shall furnish satisfactory evidence that such cessation will not adversely affect the rights of Lessor in any way or of Lessee under any Construction Contract, any other material contract relating to the construction or operation of the Expansion or of the Leased Premises; and

(C) Lessee shall furnish evidence to Lessor that Project Final Completion, if not then achieved, can be achieved on or before the date specified in section 7.3.2(b);

(viii) Lessee fails to make any deposit with Lessor required by this Agreement;

(ix) any writ, lien, attachment or other encumbrance not approved in writing by Lessor is filed against the Leased Premises and remains unsatisfied or unbonded for a period of 30 days after the date of filing.

21.2 If there shall be any default by Lessee under this Lease, Lessor shall have the right, at its sole option, to terminate this Lease. In addition, with or without terminating this Lease, Lessor may re-enter, terminate Lessee's right of possession and take possession of the Leased Premises and the provisions of this Article shall operate as a notice to quit, any other notice to quit or of Lessor's intention to re-enter the Leased Premises being hereby expressly waived. If necessary, Lessor may proceed to recover possession of the Leased Premises under and by virtue of the laws of the jurisdiction in which the Leased Premises are located, or by such other proceedings, including re-entry and possession, as may be applicable. If Lessor does not elect to terminate this Lease, Lessor also shall have the right, at its sole option, at any time following a default by Lessee hereunder to terminate all renewal options granted to Lessee pursuant to this Lease. If Lessor elects to terminate this Lease and/or elects to terminate Lessee's right of possession, everything contained in this Lease on the part of Lessor to be done and performed shall cease without prejudice, subject, however, to the right of Lessor to recover from Lessee all Rent and other sums accrued up to the time of termination or recovery of possession by Lessor, whichever is later. If there shall be any default under this Lease by Lessee, then whether or not this Lease and/or Lessee's right of possession is terminated by reason of Lessee's default, Lessor may relet the Leased Premises or any part thereof, alone or together with other premises, for such term(s) (that may be greater or less than the period that otherwise would have constituted the balance of the Lease Term) and on such terms and conditions (that may include concessions or free rent and alterations of the Leased

Premises) as Lessor, in its reasonable discretion, may determine, but Lessor shall not be liable for, nor shall Lessee's obligations hereunder be diminished by reason of, any failure by Lessor to relet the Leased Premises or any failure by Lessor to collect any rent due upon such reletting. If there shall be any default under this Lease by Lessee, then whether or not this Lease is terminated by reason of Lessee's default, Lessee nevertheless shall remain liable for any Base Rental, Additional Rental or damages that may be due or sustained prior to such default, all reasonable costs, fees and expenses including, but not limited to, reasonable attorneys' fees, reasonable brokerage fees, expenses incurred in placing the Leased Premises in first-class rentable condition, and reasonable costs and expenses incurred by Lessor in pursuit of its remedies hereunder and in renting the Leased Premises to others from time to time. In addition, Lessee also shall be liable for an amount equal to Base Rental and Additional Rental that would have become due during the remainder of the Lease Term, less the amount of rental, if any, that Lessor receives during such period from others to whom the Leased Premises may be rented (other than any additional rent received by Lessor as a result of any failure of such other person to perform any of its obligations to Lessor), which shall be computed and payable in monthly installments, in advance, on the first day of each calendar month, following Lessee's default and continuing until the date on which the Lease Term would have expired but for Lessee's default. Separate suits or actions may be brought to collect any such damages for any month(s), and such separate suits or action shall not in any manner prejudice the right of Lessor to collect any damages for any subsequent month(s) by similar proceedings, or Lessor may defer any suits or actions until after the expiration of the Lease Term, in which event Lessee hereby agrees that such suit or actions shall be deemed not to have accrued until the expiration of the Lease Term. The provisions contained in this Section shall be in addition to, and shall not prevent the enforcement of, any claim Lessor may have against Lessee for anticipatory breach of this Lease.

21.3 Remedies. If Lessee shall be in default as defined by Section 21.1(g) of this Lease and such default shall not be cured within 10 days after Lessor shall have given Lessee notice of such default,

(a) Lessor may exercise any right or remedy it has under this Lease, any other document, or otherwise available to Lessor at law or in equity; and

(b) Lessor will also have the right to enter and take possession of the Leased Premises and take any and all actions necessary in its judgment to complete construction of the Expansion, including, but not limited to, making changes in the Drawings and Specifications and entering into, modifying or terminating any contracts, all without any liability whatsoever to Lessee, and Lessee hereby expressly waives any rights or claims it may hereafter have with respect thereto; and Lessee hereby irrevocably appoints Lessor as its attorney-in-fact with full power of substitution, to complete the Expansion in Lessee's name. In any event, all sums expended by Lessor in completing the construction (whether or not contained in the Project Budget) and not reimbursed by Lessee or Ceridian Corporation will constitute advances of Lessor's Funds, and such expenditure by Lessor shall not be deemed to be or constitute a waiver of the default giving rise to such expenditure. Notwithstanding the foregoing, Lessor shall have the right at any time to discontinue any or all work on the Expansion without liability to Lessee.

21.4 All rights and remedies of Lessor set forth in this Lease are in addition to all other rights and remedies available to Lessor at law or in equity. All rights and remedies available to Lessor pursuant to this Lease or at law or in equity are expressly declared to be cumulative. The exercise by Lessor of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. No delay or failure by Lessor

to exercise or enforce any of Lessor's rights or remedies or Lessee's obligations shall constitute a waiver of any such rights, remedies or obligations, Lessor shall not be deemed to have waived any default by Lessee unless such waiver expressly is set forth in a written instrument signed by Lessor. If Lessor waives in writing any default by Lessee, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstances described in such written waiver.

21.5 If Lessor shall institute proceedings against Lessee and a compromise or settlement thereof shall be made, then the same shall not constitute a waiver of any subsequent default of a similar nature or of any covenant, condition or agreement set forth herein, nor of any of Lessor's rights hereunder. Neither the payment by Lessee of a lesser amount than the monthly installment of Base Rental, Additional Rental or of any sums due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of Rent or other sums payable hereunder shall be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such Rent or other sums or to pursue any other remedy available to Lessor. No re-entry by Lessor, and no acceptance by Lessor of keys from Lessee, shall be considered an acceptance of a surrender of this Lease.

21.6 If Lessee defaults in the making of any payment to any third party or in the doing of any act herein required to be made or done by Lessee, then Lessor may, but shall not be required to, make such payment or do such act. The taking of such action by Lessor shall not be considered as a cure of such default by Lessee or prevent Lessor from pursuing any remedy it is otherwise entitled to in connection with such default. If Lessor elects to make such payment or do such act, then all costs and expenses incurred by Lessor, plus interest thereon at the Default Rate, from the date incurred by Lessor to the date of payment thereof by Lessee, shall constitute Additional Rental due hereunder; provided however, that nothing contained herein shall be construed to permit Lessor to charge or receive interest in excess of the maximum rate then allowed by law.

21.7 If Lessee fails to make any payment of Base Rental, Additional Rental or any other sum due hereunder on or before the date such payment is due and payable (without regard to any grace period specified in Section 18.1), then Lessee shall pay to Lessor a late charge of one and one-half percent (1-1/2%) of the amount of such payment. In addition, such payment and such late fee shall bear interest at the Default Rate from the date such payment or late fee, respectively, became due to the date of payment hereof by Lessee; provided, however, that nothing contained herein shall be construed as permitting Lessor to charge or receive interest in excess of the maximum rate then allowed by law. Such late charge and interest shall constitute Additional Rental due hereunder.

21.8 Lessee hereby expressly waives, for itself and all persons claiming by, through, or under it, any right of redemption or for the restoration of the operation of this Lease under any present or future law, including without limitation any such right that Lessee would otherwise have in case Lessee shall be dispossessed for any cause, or in case Lessor shall obtain possession of the Leased Premises as herein provided.

ARTICLE XXII
BANKRUPTCY

22.1 The following shall be Events of Bankruptcy under this Lease: (a) Lessee becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code"), or under the insolvency laws of any state, district, commonwealth or territory of the United States (the "Insolvency Laws"); (b) the appointment of a receiver or custodian for any or all of Lessee's, property or assets or the institution of a foreclosure action upon any of Lessee's real or personal property; (c) Lessee's filing or consenting to a

petition under the provisions of the Bankruptcy Code or the Insolvency Laws or in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceeding; (d) the filing of a petition against Lessee as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is not consented to by such subject debtor and which either (i) is not dismissed within ninety (90) days of filing, or (ii) results in the issuance of an order for relief against the debtor; or (e) Lessee's making or consenting to an assignment for the benefit of creditors or a common law composition of creditors.

22.2

(a) Upon occurrence of an Event of Bankruptcy, Lessor shall have all rights and remedies available to Lessor pursuant to Article XXI; provided, however, that while a case in which Lessee is the subject debtor under the Bankruptcy Code is pending, Lessor shall not exercise its rights and remedies pursuant to Article XXI so long as both (i) the Bankruptcy Code prohibits the exercise of such rights and remedies and (ii) Lessee or its Trustee in Bankruptcy (the "Trustee") is in compliance with the provisions of Sections 22.2(b) and (c) below.

(b) To the extent not prohibited under the Bankruptcy Code, Lessor and Lessee agree that in the event Lessee becomes the subject debtor in a case pending under the Bankruptcy Code, Lessor's right to terminate this Lease pursuant to Section 22.2(a) shall be subject, to the extent required by the Bankruptcy Code, to any rights of Trustee to assume or assign this Lease pursuant to the Bankruptcy Code. Trustee shall not have the right to assume or assign this Lease unless Trustee promptly (i) cures all defaults under this Lease (ii) compensates Lessor for monetary damages incurred as a result of such defaults, (iii) provides adequate assurance of future performance (as defined in Section 22.2(c)) on the part of Lessee as debtor in possession or on the part of the assignee of Lessee, and (iv) complies with all other requirements of the Bankruptcy Code. Lessee agrees in advance that this Lease may be terminated by Lessor in accordance with Section 22.2(a) if the foregoing

criteria for assumption or assignment are not met, or if, after such assumption or assignment, Lessee, Trustee or such assignee defaults under this Lease.

(c) To the extent not prohibited under the Bankruptcy Code, Lessor and Lessee hereby agree in advance that adequate assurance of future performance, as used in Section 22.2(b) above, shall mean that all of the following minimum criteria must be met: (i) Lessee's gross receipts during the thirty (30) day period immediately preceding the initiation of the case under the Bankruptcy Code must be equal to or greater than the next monthly installment of Base Rental due under this Lease; (ii) Both the average and median of Lessee's gross receipts (calculated on a monthly basis) during the six (6) month period immediately preceding the initiation of the case under the Bankruptcy Code must be equal to or greater than the next monthly installment of Base Rental due under this Lease; (iii) Lessee must pay its estimated pro rata share of the cost of all services provided by Lessor (whether directly or through agents or contractors and whether or not previously included as part of Base Rental), in advance of the performance or provision of such services; (iv) Trustee must agree that Lessee's business shall be conducted in a first class manner, and that no liquidating sales, auctions, or other non-first class business operations shall be conducted on the Leased Premises; (v) Trustee must agree that the use of the Leased Premises as stated in this Lease will remain unchanged and that no prohibited use shall be permitted; (vi) Trustee must agree that the assumption or assignment of this Lease will not violate or affect the rights of other tenants in the Leased Premises if any; (vii) Trustee must pay to Lessor at the time the next monthly installment of Base Rental is due under this Lease, in

addition to such installment of Base Rental, an amount equal to the monthly installments of Base Rental and Additional Rental due under this Lease for the next two (2) months thereafter, said amount to be held by Lessor in escrow (the "Escrow Account") until either Trustee or Lessee defaults in its payment of Rent or other obligations under this Lease (whereupon Lessor shall have the right to draw on the Escrow Account) or until the expiration or earlier termination of the Lease Term (whereupon the funds shall be returned to Trustee or Lessee); (viii) Lessee or Trustee must agree to pay to Lessor at any time Lessor is authorized to and does draw on the Escrow Account the amount necessary to restore the Escrow Account to the original level required by Section 22.2(c)(vii); and (ix) all assurances of future performance specified in the Bankruptcy Code must be provided.

ARTICLE XXIII
HOLDING OVER

Provided Lessee gives written notice to Lessor of Lessee's intent not to exercise any renewal options provided herein or negotiate a new lease for the Leased Premises, Lessee shall have the right to hold over for a period not exceeding one (1) year from the expiration of the Lease Term (the "Holdover Period"). Said right shall be contingent upon Lessor receiving the aforesaid written notice six (6) months prior to the expiration of the Lease Term, which notice shall specify the length of the Holdover Period. If Lessee retains possession of the Leased Premises or any part thereof after the termination of this Lease, Lessee shall pay Rent (including Base Rental and Additional Rent) during the six (6) month period commencing upon the termination of the Lease Term at a rate of one hundred ten percent (110%) of the Rent payable on the last month of the Lease Term computed on a daily basis for each day that Lessee remains in possession. The rate used to compute Rent for holding over after the initial six (6) month period referenced above shall increase to one hundred fifty percent (150%) of the Rent payable on the last month of the Lease Term computed on a daily basis for each day Lessee remains in possession. Except for the increased Rent, all other terms and conditions of this Lease shall remain in full force and effect during the Holdover Period. Upon the expiration of the latter of the (i) Lease Term, or (ii) the Holdover Period specified in Lessee's notice to Lessor, Lessee shall be liable for and pay to Lessor,

all damages, consequential as well as direct, sustained by reason of Lessee's holding over beyond the Holdover Period, if any.

ARTICLE XXIV
CASUALTY INSURANCE

Beginning on the Commencement Date, Lessee shall maintain at its expense all risk property insurance (including loss of rents coverage in favor of Lessor equal to twelve (12) on the Building, including additions and improvements by Lessee. Lessee shall maintain at its expense all risk property insurance on all of its personal property, including removable trade fixtures, located on the Leased Premises. Said insurance shall be in an amount equal to the full replacement cost of the Building as determined by Lessor, including all additions and improvements made by Lessee and its personal property. Said policy shall name Lessor and the lender, if any, as additional insureds and loss payees. In addition, Lessee, shall, at its expense, provide the following insurance policies for Lessor's benefit: (a) when applicable, flood insurance as needed to conform with all requirements of the National Flood Insurance Program as if Lessor had been required to comply with said program, in an amount equal to the lesser of the estimated replacement cost of the improvements or the maximum coverage made available by the Federal Insurance Administration, and (b) any other insurance reasonably required by Lessor that is customarily required by institutional lenders in similar office developments. Lessee shall furnish Lessor with a certificate evidencing such coverage that shall contain an obligation by the insurer to give Lessor and any lenders thirty (30) days prior

written notice of any modification or cancellation of the coverage afforded by such insurance.

ARTICLE XXV
LIABILITY INSURANCE

Beginning on the Commencement Date, Lessee shall maintain commercial general liability insurance against claims for bodily injury, death or property damage occurring in, on or about the parking areas, Building or the Leased Premises in a combined single limit of not less than Two Million and No/100 Dollars ($2,000,000.00) per occurrence. Such insurance shall be effected under policies satisfactory to Lessor that shall name Lessor and the lender, if any, as an additional insured thereunder.

ARTICLE XXVI
INSURANCE REQUIREMENTS

Each insurance policy referred to in Articles XXIV and XXV shall: (a) be issued by a company which is satisfactory to Lessor and which is licensed to conduct business in the jurisdiction in which the Leased Premises are located; (b) contain an endorsement that such policy shall remain in full force and effect notwithstanding the insured may have waived its right of action against any party prior to the occurrence of a loss, and shall provide that the insurer waives all right of recovery by way of subrogation against Lessor and the lender, if any, their agents, employees and representatives in connection with any loss or damage covered by such policy; (c) be acceptable in form and content to Lessor; (d) be primary and non-contributory; and (e) contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance or change in coverage without the insurer's first giving Lessor and Lessors thirty (30) days prior written notice of such proposed action. No such policy shall contain any deductible provision except as otherwise approved in writing by Lessor. Lessee shall deliver to Lessor a duplicate original of each such policy, together with a receipt evidencing payment of the premium for such insurance on or before the Commencement Date and at least annually thereafter. If Lessee is unable to obtain insurance with the required waiver of subrogation, Lessee may provide Lessor such additional insurance as will give Lessor the same protection as if the waiver of subrogation had been obtained.

ARTICLE XXVII
WAIVER OF RIGHTS OF RECOVERY

Anything in this Lease to the contrary notwithstanding, Lessor and Lessee each hereby waives any and all rights of recovery, claim, action or cause of action, against the other, its agents, officers, or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or to the Building, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause to the extent that such loss or damage is covered by insurance, regardless of cause or origin, including negligence of the other party hereto, its agents, officers or employees, and each covenants that no insurer shall have any right of subrogation against such other party.

ARTICLE XXVIII
SUBORDINATION AND ATTORNMENT

Lessee agrees that, provided Lessee receives a non-disturbance agreement which provides that so long as Lessee is not in default under the Lease, Lessee's leasehold estate, use, possession, tenancy, rights, options, and occupancy shall remain undisturbed and shall survive any foreclosure, its rights hereunder shall be subordinate to the lien of any mortgage or the lien resulting from any other method of financing or mortgages, or refinancing, now or hereafter in force against the Building and/or the Land and to all advances made

or hereafter to be made upon the security thereof. Lessee shall, in the event any proceeding is brought for the foreclosure of, or in the event a deed is given in lieu of foreclosure of, any mortgage made by Lessor covering the Building, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Lessor under this Lease.

ARTICLE XXIX
ESTOPPEL LETTER

29.1 Lessee shall at any time, upon not less than ten (10) days' prior written request, execute and deliver in form and substance substantially similar to the Estoppel Letter attached hereto as Exhibit O to Lessor, any beneficiary
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of a mortgage or proposed mortgage affecting the Leased Premises, or a potential purchaser of the Leased Premises, an estoppel letter certifying:

(a) The date upon which the Lease Term commences and expires;

(b) The date to which Rent has been paid;

(c) That Lessee has accepted the Leased Premises and that all improvements have been satisfactorily completed (or if not so accepted or completed, the matters objected to by Lessee);

(d) That the Lease is in full force and effect and has not been modified or amended (or if modified or amended, a description of same);

(e) That there are no defaults by Lessor under the Lease nor any existing condition with respect to which the giving of notice or lapse of time would constitute a default;

(f) That Lessee has received no notice from any insurance company of any defects or inadequacies in the Leased Premises;

(g) That Lessee has no options or rights other than as set forth in this Lease or any amendment thereto described in such letter; and

(h) Such other matters that may be necessary or appropriate to qualify Lessee's response to any of the foregoing agreements or that Lessor may reasonably request.

If such letter is to be delivered to a purchaser of the Building, it shall further include the agreement of Lessee to recognize such purchaser as Lessor under this Lease, and thereafter to pay Rent to the purchaser or its designee in accordance with the terms of this Lease. Lessee acknowledges that any purchaser or prospective mortgagee of the Building may rely upon such estoppel letter and that Lessor may incur substantial damages by reason of any failure on the part of Lessee to provide such letter in a timely manner.

29.2 Lessor shall at any time, upon not less than ten (10) days' prior written request, execute and deliver in form and substance satisfactory to Lessee, an estoppel letter certifying:

(a) The date upon which the Lease Term commences and expires;

(b) The date to which Rent has been received;

(c) That Lessee has accepted the Leased Premises and that all improvements have been satisfactorily completed (or if not so accepted or completed, the matters objected to by Lessee);

(d) That the Lease is in full force and effect and has not been modified or amended (or if modified or amended, a description of same);

(e) That there are no defaults by Lessee under the Lease nor any existing condition with respect to which the giving of notice or lapse of time would constitute a default;

(f) That Lessor has received no notice from any insurance company of any defects or inadequacies in the Leased Premises;

(g) That Lessor has no options or rights other than as set forth in this Lease or any amendment thereto described in such letter; and

(h) Such other matters that may be necessary or appropriate to qualify Lessor's response to any of the foregoing agreements or that Lessee may reasonably request.

ARTICLE XXX
COMMISSION

Lessor and Lessee each represent and warrant to the other that neither of them has employed or dealt with any broker, agent or finder other than LaSalle Partners Asset Management, Ltd. ("LaSalle") in connection with this Lease. Lessee agrees to pay LaSalle the sums due LaSalle, it being understood that certain sums payable to LaSalle as identified in the Project Budget shall be payable as part of the Total Project Cost and as such, may be paid from funds provided out of Lessor's Funds. Lessee shall indemnify and hold Lessor harmless from and against any and all damages, liabilities, costs and expenses, including costs of any action and Lessor's attorneys' fees suffered or incurred by Lessor arising out of any claim or claims, actions, demands or judgments for brokerage fees or commissions, for other compensation or for other entitlements (a) asserted by any broker, agent or finder employed by Lessee or with whom Lessee has dealt, including without limitation to LaSalle, or (b) asserted by Staubach Facilities Services, Inc. ("Staubach"), its affiliates, successors of assigns, against NML, its successors and assigns and arising under or in any way

connected with that certain Consulting Agreement dated November 29, 1988 by and between Eakin & Smith, Inc., as lessor under the Original lease, and Staubach.

ARTICLE XXXI
ASSIGNMENT BY LESSOR

Prior to Project Final Completion and the full funding of all of Lessor's funding obligations in connection therewith, Lessor shall not assign the lease or its rights thereunder without the prior written consent of Lessee. Thereafter, Lessor shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Leased Premises. In such event and upon such transfer, no further liability or obligation shall accrue against the assigning Lessor from the date of such transfer.

ARTICLE XXXII
ASSIGNMENT AND SUBLETTING

32.1 Except as set forth herein, Lessee shall not assign, transfer, mortgage or otherwise encumber this Lease or all or substantially all or any of Lessee's rights hereunder or interest herein or sublet all or substantially all of the Leased Premises, without obtaining the prior written consent of Lessor, which consent may be withheld or granted in Lessor's sole and absolute discretion. No assignment or transfer of this Lease or the right of occupancy hereunder may be effectuated by operation of law or otherwise without the prior written consent of Lessor. The consent by Lessor to any assignment, subletting or occupancy shall not be construed as a waiver or release of Lessee from liability for the performance of any covenant or obligation to be performed by Lessee under this Lease, nor shall the collection or acceptance of Rent from any

assignee, subtenant or occupant constitute a waiver or release of Lessee from any of its liabilities or obligations under this Lease. Lessor's consent to any assignment, subletting or occupancy shall not be construed as relieving Lessee or any assignee, subtenant or occupant from the obligation of obtaining Lessor's prior written consent to any subsequent assignment, subletting or occupancy. For any period during which Lessee is in default hereunder, Lessee hereby assigns to Lessor the Rent due from any assignee, subtenant, licensee, concessionaire or occupant of Lessee and hereby authorizes each such assignee, subtenant or occupant to pay said Rent directly to Lessor.

32.2 Notwithstanding anything to the contrary contained herein, and provided Lessee is not in default hereunder, Lessor (a) expressly consents to Lessee's assignment or subletting of the Leased Premises or any part thereof to any parent, subsidiary or affiliate of Lessee or of Ceridian Corporation and (b) agrees not to unreasonably withhold its consent to a subletting of less than substantially all of the Leased Premises to third parties, provided such assignment or subletting shall not relieve or release Lessee from any obligations of Lessee under this Lease.

32.3 If at any time during the Lease Term Lessee desires to transfer, assign or sublet all or substantially all of the Leased Premises, then in connection with Lessee's request to Lessor for Lessor's consent thereto, Lessee shall give notice to Lessor in writing ("Lessee's Request Notice") of the identity of the proposed assignee or subtenant and its business, the terms of the proposed assignment or subletting, and the commencement date of the proposed assignment or subletting (the "Proposed Sublease Commencement Date"). Lessee shall also transmit therewith the most recent financial statement or other evidence of financial responsibility of such assignee or subtenant and a certification executed by Lessee and such proposed assignee or subtenant stating whether or not any premium or other consideration is being paid for the proposed assignment or sublease.

32.4 (a) Upon receipt of a Lessee's Request Notice, other than for an assignment or subletting to any parent, subsidiary or affiliate of Lessee or of Ceridian Corporation pursuant to Section 32.2 hereof, Lessor shall have the right in its sole and absolute

discretion to terminate this Lease by sending Lessee written notice of such termination within thirty (30) days after Lessor's receipt of Lessee's Request Notice.

(b) If the Lessor elects to terminate this Lease, then (i) Lessee shall tender the Leased Premises to Lessor on the Proposed Sublease Commencement Date, and (ii) this Lease shall terminate on the Proposed Sublease Commencement Date.

(c) In no event will Lessee be permitted to assign or sublet less than the entire Leased Premises, except as provided in Section 32.2 above.

32.5 If any sublease, assignment or other transfer (whether by operation of law or otherwise) provides that the subtenant, assignee or other transferee thereunder is to pay any amount in excess of the Rent and other charges due under this Lease, whether such excess be in the form of an increased monthly or annual rental, a lump sum payment, payment for the sale, transfer or lease of Lessee's fixtures, leasehold improvements, or any other form (and if the subleased or assigned space does not constitute the entire Leased Premises, the existence of such, excess shall be determined on a pro-rata basis), Lessor shall be paid fifty percent (50%) of any such excess or other premium applicable to the sublease, assignment or other transfer; it is understood and agreed, however, that acceptance of any payments by Lessor hereunder shall not be deemed to constitute approval by Lessor of any sublease, assignment or other transfer, nor shall such acceptance waive any rights of Lessor hereunder. Any such premium shall be paid by Lessee to Lessor as Additional Rental upon such terms as shall be specified by Lessor and in no event later than ten (10) days after any receipt thereof by Lessee. Lessor shall have the right to inspect and audit

Lessee's books and records relating to any sublease, assignment or other transfer. Any sublease, assignment or other transfer shall, at Lessor's option, be effected on forms supplied or approved by Lessor.

32.6 All restrictions and obligations imposed pursuant to this Lease on Lessee shall be deemed to extend to any subtenant, assignee, licensee, concessionaire or occupant of Lessee, and Lessee shall cause such persons to comply with such restrictions and obligations.

32.7 Any attempted assignment or sublease by Lessee in violation of the terms and covenants of this Lease shall be null and void.

ARTICLE XXXIII
PURCHASE OPTION

Lessee will have a right to purchase the Leased Premises in accordance with the Option Agreement attached hereto as Exhibit P and incorporated herein by reference.

ARTICLE XXXIV
EXTENSION

Lessee shall have two (2) options to extend the Lease under the same terms and conditions as provided herein for consecutive five (5) year terms (the second to be exercisable only if the first extension option is exercised), exercisable by providing Lessor written notice (the "Notice") of Lessee's intent to exercise the extension at least one year prior to the expiration date of the Lease Term or the applicable option period. The Base Rental for each renewal option period shall be calculated in accordance with the formula set forth on Exhibit D, provided Lessee shall have no obligation to extend pursuant to this Article XXXIV until the Base Rental for the option period in question is established and Lessee accepts such rate within sixty (60) days of Lessor's receipt of the Notice extending said option period.

ARTICLE XXXV
ARCHITECT'S CERTIFICATIONS

Lessee shall provide to Lessor on or before the Expansion Completion Date statements executed by Gresham Smith and Partners and any inspecting architects stating that to the best of their knowledge the Expansion is constructed in accordance with the Plans.

ARTICLE XXXVI
GUARANTY

All of Lessee's obligations hereunder and under any agreement made by Lessee pursuant to this Lease and in connection herewith are being guaranteed by Ceridian Corporation, owner of all outstanding stock of Lessee, pursuant to a Guaranty of Lease in the form of Exhibit Q attached hereto.

ARTICLE XXXVII
GENERAL PROVISIONS

37.1 This Lease may not be altered or amended, except by an instrument in writing signed by all parties hereto. Lessee agrees that it shall execute such further amendments to this Lease as may be reasonably requested by any future holder of a first mortgage on the Building, provided such amendments do not materially and adversely affect the interest of Lessee hereunder.

37.2 This Lease shall be binding upon and inure to the benefit of the

successors and assigns of Lessor, and to the extent assignment may be approved by Lessor hereunder, Lessee's successors and assigns.

37.3 The pronouns of any gender shall include the other genders, and either the singular or the plural shall include the other.

37.4 This Lease shall be governed, construed and enforced in accordance with the laws of the State of Tennessee.

37.5 This Lease, including the Exhibits attached hereto, contains and embodies the entire agreement of the parties hereto and supersedes all prior agreements, negotiations, letters of intent, proposals, representations, warranties, understandings and discussions between the parties hereto. Any representation inducement, warranty, understanding or agreement that is not contained in this Lease shall not be of any force or effect.

37.6 Any payment or notice required or permitted hereunder shall be deemed to have been duly made or given when personally delivered or received via the United States mail, or express mailed with a widely recognized, reputable organization, postage prepaid, and addressed to Lessor at the address specified in the preamble to the attention of the Real Estate Department (Reference IRE 320992) and to Lessee at the address specified in the preamble at the Building to the attention of Russell G. Follis, or to such other address as either party may have previously furnished in writing to the other party.

37.7 Nothing contained in this Lease shall be construed as creating a partnership or joint venture of or between Lessor and Lessee, or to create any other relationship between the parties hereto other than that of lessor and lessee.

37.8 Time is of the essence with respect to each of Lessee's and Lessor's obligations under this Lease.

37.9 This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

37.10 This Lease shall not be recorded except that upon the request of Lessor or Lessee, whereupon Lessee shall execute, in recordable form, a short form memorandum of this Lease. Such memorandum may be recorded at the expense of the party requesting the recordation in the land records of the jurisdiction in which the Leased Premises are located.

37.11 Except as otherwise provided in this Lease, any Additional Rental or other sum owed by Lessee to Lessor, and any cost, expense, damage or liability incurred by Lessor for which Lessee is liable, shall be paid by Lessee to Lessor no later than ten (10) days after the date Lessor notifies Lessee of the amount of such Additional Rental, sum, cost, expense, damage or liability.

37.12 Any liability of Lessee to Lessor existing hereunder as of the expiration or earlier termination of the Lease Term shall survive such expiration or earlier termination.

37.13 At the expiration or earlier termination of the Lease Term, Lessee shall deliver to Lessor all keys to the Leased Premises, whether such keys were furnished by Lessor or otherwise procured by Lessee, and shall inform Lessor of the combination of each lock, safe and vault, if any, in the Leased Premises.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Lease as of the day and year first above written

LESSOR:	LESSEE:
THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	COMDATA NETWORK, INC.

BY: /s/ Carson D. Keyes
Carson D. Keyes
Title: Vice President

BY: /s/ [ILLEGIBLE]
Title: SVP

Exhibit A: Description of Original Land

Exhibit B: Description of Expansion Land

Exhibit C: Form of Assignment of Agreement of Sale

Exhibit D: Base Rental

Exhibit E: List of Preliminary Plans

Exhibit F: Form of Letter from Construction Company to Lessor

Exhibit G: Form of Letter from Architect to Lessor

Exhibit H: ALTA/ACSM Minimum Standard Detail Requirements

Exhibit I: Form of Disbursement Agreement

Exhibit J: Preliminary Project Budget

Exhibit K: Form of Affidavit of Completion

Exhibit L: Form of Lessee's Request for Lessor's Funds

Exhibit M: Format for Disbursement Spreadsheet / Cost and Funding Progress Analysis

Exhibit N: Exceptions to Lessor's Title for Purposes of Quiet Enjoyment

Exhibit O: Form of Tenant Estoppel Letter

Exhibit P: Form of Purchase Option Agreement

Exhibit Q: Form of Guaranty of Lease

EXHIBIT 10.84

FIRST AMENDMENT TO LEASE AGREEMENT FOR THE

COMDATA BUILDING

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (the "Amendment") has been entered into as of the 19th day of October, 2000, by and between THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation, having its principal business address located at 720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202 ("Lessor") and COMDATA NETWORK, INC., a Maryland corporation, having its principal business address located at 5301 Maryland Way, Brentwood, TN, 37027 ("Lessee").

WHEREAS, Lessor and Lessee entered into that certain Lease Agreement dated as of June 20, 1996 (the "Lease") under the terms of which Lessee leased the Leased Premises (as defined in the Lease);

WHEREAS, Lessor desires to sell the Leased Premises to a third party and is marketing the Leased Premises for sale; and

WHEREAS, Lessor and Lessee wish to extend and amend the Lease effective as of the date of a sale to a third party to make the Leased Premises more marketable.

NOW, THEREFORE, for mutual consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Lessor and Lessee agree as follows:

1. All capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Lease.

2. The terms of this Amendment shall be effective only in the event that Lessor conveys the Leased Premises to a third party, and shall be effective from and after the date on which such a conveyance occurs (the "Sale Date").

3. The first sentence of Article IV of the Lease is hereby replaced, in its entirety, with the following:

> The term of the Lease shall commence on the Commencement Date and shall end on the date which is fifteen (15) years from the last day of the month in which the Sale Date occurs (the "Lease Term").

4. Article XXXII of the Lease is hereby replaced, in its entirety, with the following:

ARTICLE XXXII
ASSIGNMENT AND SUBLETTING

> 32.1 Lessee shall not assign, transfer, mortgage or otherwise encumber this Lease or all or substantially all of Lessee's rights hereunder or interest herein or
>
> sublet all or substantially all of the Leased Premises without obtaining the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. No assignment or transfer of this Lease or the right of occupancy hereunder may be effectuated by operation of law or otherwise without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Lessee's consent to any

assignment, subletting or occupancy shall not be construed as relieving Lessee or any assignee, subtenant or occupant from the obligation of obtaining Lessor's prior written consent to any subsequent assignment, subletting or occupancy. Provided that Lessee is not in default hereunder, Lessor expressly consents to Lessee's assignment or subletting of the Leased Premises, or any part thereof, to any parent, subsidiary or affiliate of Lessee or of Ceridian Corporation.

32.2 If at any time during the Lease Term Lessee desires to transfer, assign or sublet all or substantially all of the Leased Premises, then in connection with Lessee's request to Lessor for Lessor's consent thereto, Lessee shall give notice to Lessor in writing of the identity of the proposed assignee or subtenant and its business, the terms of the proposed assignment or subletting and the commencement date of the proposed assignment or subletting. Lessee shall also transmit therewith the most recent financial statement or other evidence of financial responsibility of such assignee or subtenant. Within ten (10) business days after receipt by Lessor of Lessee's notice and information, Lessor shall reasonably approve or disapprove the subletting or assignment.

32.3 No subletting or assignment shall relieve Lessee of Lessee's obligations under this Lease. The consent by Lessor to any assignment, subletting, or occupancy shall not be construed as a waiver or release of Lessee from liability for the performance of any covenant or obligation to be performed by Lessee under this Lease, nor shall the collection or acceptance of Rent from any assignee, subtenant or occupant constitute a waiver or release of Lessee from any of its liabilities or obligations under this Lease.

32.3 All restrictions and obligations imposed pursuant to this Lease on Lessee shall be deemed to extend to any subtenant, assignee, licensee, concessionaire or occupant of Lessee.

32.4 Any attempted assignment or sublease by Lessee in violation of the terms and covenants of this Lease shall be null and void.

5. Article XXXIII of the Lease is hereby deleted in its entirety.

6. Article XXXIV of the Lease is hereby replaced, in its entirety, with the following:

ARTICLE XXXIV
EXTENSION

Lessee shall have one (1) option to extend the Lease under the same terms and conditions as provided herein for a five (5) year term, exercisable by providing Lessor written notice (the "Notice") of Lessee's intent to exercise the extension at least one year prior to the expiration date of the Lease Term. The Base Rental for the renewal option period shall be calculated in accordance with the formula set forth on Exhibit D, ---------
provided that Lessee shall have no obligation to extend pursuant to this Article XXXIV until the Base Rental for the option period is established and Lessee accepts such rate within sixty (60) days of Lessor's receipt of the Notice.

7. Exhibit D of the Lease is hereby replaced with the Exhibit D attached hereto and made a part hereof.

8. Exhibit P of the Lease is hereby deleted in its entirety. To the extent that the Purchase Option Agreement set forth in Exhibit P was executed by Lessor and Lessee, Lessor and Lessee hereby agree to terminate said Purchase Option Agreement.

9. Lessor hereby agrees that, at Lessee's sole option, Lessor shall either

pay Lessee on the Sale Date the amount of $600,000.00 or shall provide Lessee, on the Base Rental payment dates following the Sale Date, with a rent credit in the aggregate amount of $600,000.00.

10. The parties hereto hereby agree to execute and record the First Amendment to Memorandum of Lease and Termination of Memorandum of Option attached hereto as Exhibit A-1 and made a part hereof.

11. Except as herein amended, the Lease remains in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have executed this First Amendment as of the date first set forth above.

LESSOR:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation

By: Northwestern Investment Management Company, a Wisconsin corporation, its wholly owned subsidiary and authorized representative

By:/s/ Donald L. O'Dell

Donald L. O'Dell
Its Managing Director

SIGNATURES CONTINUED ON FOLLOWING PAGE

SIGNATURES CONTINUED FROM PREVIOUS PAGE

LESSEE:

COMDATA NETWORK, INC., a Maryland corporation

By:/s/ Jason Griska

Jason Griska

Its EVP, Finance

CONSENT OF GUARANTOR:

By its signature below, CERIDIAN CORPORATION, a Delaware corporation, ("Guarantor") the guarantor of the Lease under that certain Guaranty of Lease dated as of June 20, 1996 (the "Guarantee"), hereby consents to the modifications to the Lease set forth in this First Amendment. Guarantor's consent to said modifications shall not be deemed to be an amendment of the provisions of section 2(a) of the Guarantee and Guarantor hereby agrees that its consent shall not be required for the modifications set forth in this First Amendment or in any future amendment of the Lease.

CERIDIAN CORPORATION, a Delaware corporation

By: /s/ Gary M. Nelson

Gary M. Nelson, Vice President

Its General Counsel & Secretary

EXHIBIT A-1

Tennessee
RECORDING REQUESTED BY

WHEN RECORDED MAIL TO

The Northwestern Mutual Life Ins. Co.
720 East Wisconsin Ave. - Rm. N16WC
Milwaukee, WI 53202
Attn: Rosemary Poetzel

FIRST AMENDMENT TO MEMORANDUM OF LEASE AND TERMINATION
OF ORIGINAL MEMORANDUM OF LEASE

This First Amendment to Memorandum of Lease and Termination of Original Memorandum of Lease (the "Amendment") has been entered into as of the ____ day of _____, 2000, by and between THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation, having its principal business address located at 720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202 ("Lessor") and COMDATA NETWORK, INC., a Maryland corporation, having its principal business address located at 5301 Maryland Way, Brentwood, TN, 37027 ("Lessee").

WHEREAS, Eakin & Smith, Inc., a Tennessee corporation, ("Eakin & Smith") and Lessee entered into that certain Agreement of Lease dated as of November 29, 1988 (the "Original Lease"), and a Memorandum of Lease (the "Original Memorandum of Lease") with respect to the Original Lease was recorded in Book 766, Page 238 in the Register's Office of Williamson County, Tennessee;

WHEREAS, a second Memorandum of Lease (the "Memorandum of Lease") with respect to the Lease was recorded in Book _____, Page _____ in the Register's Office of Williamson County, Tennessee;

WHEREAS, Lessor purchased the premises demised under the Original Lease from Eakin & Smith and Lessor and Lessee terminated the Original Lease and entered into that certain Lease Agreement dated as of June 20, 1996 (the "New Lease") under the terms of which Lessee leased the Leased Premises (as defined in the Lease); and

WHEREAS, Lessor and Lessee have entered into that certain First Amendment to Lease dated as of October 19, 2000.

NOW, THEREFORE, for mutual consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Lessor and Lessee agree as follows:

1. The Original Memorandum of Lease is hereby terminated as of the Sale Date.

2. It is hereby acknowledged that the Agreement of Lease dated November 29, 1988 by and between Eakin & Smith and Lessee, as amended, was terminated and replaced by that certain Lease Agreement dated as of June 20, 1996 by and between Lessee and Lessor, as assignee of Eakin & Smith, demising the same premises and additional premises (the "New Lease"), as amended by that certain First Amendment to Lease dated as of October 19, 2000 (the "First Amendment") by and between Lessor and Lessee (as amended, the "Amended New Lease"). All references to the "Lease" in the Memorandum of Lease shall be deemed to refer to the Amended New Lease. The terms of the Amended New Lease are as set forth herein, and all provisions of the Memorandum of Lease and the Exhibit A attached

to the Memorandum of Lease are hereby deleted in their entirety and replaced with the terms set forth herein.

3. The Amended New Lease demises the real property situated in Brentwood, Williamson County, Tennessee, the legal description of which is attached hereto as Exhibit A-1, and all improvements thereon (said land and said improvements shall be known herein as the "Demised Premises").

4. The term of the Amended New Lease is fifteen (15) years from _____ [the last day of the month in which the conveyance of the premises demised therein by Lessor to a third party occurs]. Lessee has one option to extend the Amended New Lease for a five year term. Such extension term is subject to the terms and conditions set forth in the Amended New Lease.

5. The option to purchase provided for in the New Lease has been terminated by the First Amendment. There is no option to purchase or right of first refusal in the Amended New Lease.

6. A true and correct copy of the New Lease and the First Amendment are available for inspection at the office of Comdata Network, Inc., 5301 Maryland Way, Brentwood, Tennessee, 37027.

7. NOW, THEREFORE, Lessor hereby grants, leases and demises unto Lessee the Demised Premises together with all rights and privileges and appurtenances thereto, and all buildings, improvements, equipment and other property now or hereafter located on and within the Demised Premises, all subject to and in accordance with the terms,

conditions and provisions of the Amended New Lease, all of which are incorporated herein and made a part hereof by reference as fully and particularly as if set out herein verbatim.

8. Except as herein amended, the Memorandum of Lease remains in full force and effect. Lessor and Lessee hereby agree that this Amendment is solely for the purpose of providing an instrument for recording, and in no way limits, enlarges, supersedes or replaces any of the terms, covenants, conditions, obligations, rights or remedies of Lessor or Lessee under the Amended New Lease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment as of the date first set forth above.

LESSOR:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation

By: Northwestern Investment Management Company, a Wisconsin corporation, its wholly owned subsidiary and authorized representative

By:_____
_____
Its Managing Director

Attest:_____
_____
Its Assistant Secretary

LESSEE:

COMDATA NETWORK, INC., a Maryland corporation

By:_____
_____
Its_____

Attest:_____
_____
_____

STATE OF WISCONSIN)
)ss.
COUNTY OF MILWAUKEE)

On this _____ day of _____, 2000, before me personally appeared _____ and _____ with whom I am personally acquainted, and who upon oath acknowledged themselves to be the Managing Director and Assistant Secretary respectively, of Northwestern Investment Management Company, a Wisconsin corporation, said corporation being known to me to be the authorized representative of THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, the corporation that executed the foregoing instrument, and acknowledged to me that Northwestern Investment Management Company executed the same as such authorized representative, and that they as such Managing Director and Assistant Secretary respectively, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation, as authorized representatives, by themselves as Managing Director and Assistant Secretary respectively, and by affixing thereto the common corporate seal of such corporation.

WITNESS WHEREOF, I have hereunto set my hand and official seal.

My commission expires _____

_____
Notary Public

STATE OF)
)ss.
COUNTY OF)

On this_____day of_____, 2000, before me personally appeared _____ and _____ with whom I am personally acquainted, and who upon oath acknowledged themselves to be the _____ and _____, respectively, of COMDATA NETWORK, INC., a Maryland corporation, and that as such _____ and _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as such _____ and _____, and by affixing thereto the common corporate seal of such corporation.

WITNESS WHEREOF, I have hereunto set my hand and official seal.

My commission expires

_____
Notary Public

EXHIBIT A-1

LEGAL DESCRIPTION OF ORIGINAL AND EXPANSION PROPERTY

EXHIBIT D

BASE RENTAL CALCULATION

Monthly Base Rental payable during the initial Lease Term shall be determined as follows:

(a) During the period from the Commencement Date until April 1, 1997, the Base Rental shall be $132,136.67 (which is one-twelfth of the product of (i) $15,856,400 multiplied by (ii) 10.00%).

(b) During the period from the April 1, 1997 through the end of the initial Lease Term, the Base Rental for the months during the remainder of the Lease Term shall be one-twelfth of the product of (i) $23,986,716.00, and (ii) the Rental Factor then in effect, as specified in the following table:

Lease Year	Rental Factor
1-5	10.00%
6-10	10.25%
11-15	10.50%
15-End of Lease Term	10.75%

In the event that Lessee exercises the five (5) year option to extend the Lease Term pursuant to Article XXXIV hereof, Base Rental for each month of the extension period shall equal the greater of (i) the Base Rental in force during the last Lease Year of the Lease Term, or (ii) 90% of the Market Rental Rate (as hereafter defined and determined) as of the beginning of the last Lease Year of the Lease Term.

As used herein, the "Market Rental Rate" shall be the fair market rental (expressed in terms of dollars per square foot per month) for a lease of the Leased Premises subject to the terms contained in the Lease for a term equivalent to that of the extension option and shall be determined as follows:

(i) Upon Lessor's receipt of Lessee's written notice of its intent to exercise the option to extend pursuant to Article XXXIV of this Lease, Lessor and Lessee will consult with each other in an effort to arrive at the Market Rental Rate for the extension period. Any agreement as to the Market Rental Rate shall be set forth in a writing signed by Lessor and Lessee.

(ii) If Lessor and Lessee fail to agree in writing on such Market Rental Rate within ten (10) days of Lessor's receipt of notice of Lessee's intent to exercise the option to extend, Lessor shall provide to Lessee a written appraisal ("Lessor's Appraisal") of the Market Rental Rate prepared by a Qualified

Appraiser (as hereafter defined) selected by Lessor within thirty (30) days of expiration of the ten day period referred to above.

(iii) If Lessee agrees with Lessor's Appraisal, Lessee shall so notify Lessor in writing within thirty (30) days of its receipt thereof. If Lessee disagrees with Lessor's Appraisal, Lessee shall within thirty (30) days of its receipt of Lessor's Appraisal provide to Lessor a written appraisal ("Lessee's Appraisal") of the Market Rental Rate prepared by a Qualified Appraiser selected by Lessee. Lessee's failure within such 30-day period to provide Lessor with either (A) written notice of its agreement with Lessor's Appraisal or (B) its own Lessee's Appraisal shall be conclusively deemed to mean that Lessee elects not to extend the Lease Term and thereafter Lessee shall have no further rights to extend the Lease Term pursuant to Article XXXIV.

(iv) If Lessee provides Lessor with Lessee's Appraisal within the 30-day period, and if the Market Rental Rate of Lessor's Appraisal is not more than 105% of Lessee's Appraisal, the Market Rental Rate shall be the average of the two appraisals.

(v) If Lessor's Appraisal is more than 105% of Lessee's Appraisal, Lessor's appraiser and Lessee's appraiser shall, within ten days of Lessee's delivery to Lessor of Lessee's Appraisal, choose a third Qualified Appraiser to make a third appraisal of the Market Rental Rate of the Property. If they are unable to select such third Qualified Appraiser within such ten day period, either party may apply to the head of the local unit of the American Arbitration Association (AAA) for appointment of the third Qualified Appraiser, and the selection by the AAA shall be conclusive. The Market Rental Rate shall then be the average of the two (2) appraisals closest to each other. If the appraisal of the third Qualified Appraiser is the average of the Lessor's Appraisal and the Lessee's Appraisal, the Market Rental Rate shall be the appraisal made by the third Qualified Appraiser.

Lessor and Lessee shall each pay the cost of its respective appraiser. The costs of the third Qualified Appraiser and the AAA shall be shared equally between Lessor and Lessee.

As used in this Lease, a "Qualified Appraiser" shall be an appraiser who has earned the MAI designation and who has at least seven (7) years of experience in appraising commercial property in the Brentwood and Nashville, Tennessee area.

EXHIBIT 10.85

JOINT VENTURE PARTNERSHIP AGREEMENT OF

WELLS FUND XIII-REIT JOINT VENTURE PARTNERSHIP

JOINT VENTURE PARTNERSHIP AGREEMENT
OF
WELLS FUND XIII-REIT JOINT VENTURE PARTNERSHIP

THIS JOINT VENTURE PARTNERSHIP AGREEMENT (the "Agreement") is made and entered into as of the 27th day of June, 2001, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership having Wells Real Estate Investment Trust, Inc., a Maryland corporation, as general partner ("Wells OP"), and WELLS REAL ESTATE FUND XIII, L.P., a Georgia limited partnership having Leo F. Wells, III and Wells Capital, Inc., a Georgia corporation, as general partners ("Fund XIII"). Each of the parties may also be referred to herein as a "Venturer" and together as the "Venturers."

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

WHEREAS, the Venturers desire to form a partnership under the Georgia Uniform Partnership Act for the acquisition, development, operation and sale of real properties according to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter set forth, the parties hereto covenant and agree as follows:

1. DEFINITIONS.

For the purposes of this Agreement, the following defined terms shall have the meanings ascribed thereto.

1.1 "Administrative Venturer" means the Entity responsible for the conduct of the ordinary and usual business of the Venture and the implementation of the decisions of the Venturers, all as is more fully set forth in Subsection 4.2 hereof. The initial Administrative Venturer shall be Wells OP.

1.2 "Agreed Value" means with respect to Contributed Property the fair market value of such property as of the date of contribution to the Venture as determined by the general partners of the Venturers.

1.3 "Approve," "Approved" or "Approval" means, as to the subject matter thereof and as the context may require, an express consent evidenced by and contained in a written statement signed by the approving Entity. A copy of each such written statement shall be kept at the office of the respective Venturer and shall be available for inspection by the other Venturer upon request.

1.4 "Bankrupt" or "Bankruptcy" means the occurrence of one or more of the following events:

(i) The appointment of a permanent or temporary receiver of the assets and properties of the Venture or a Venturer, and the failure to secure the removal thereof within 60 days after such appointment;

(ii) The adjudication of the Venture or a Venturer as bankrupt or

the commission by the Venture or a Venturer of an act of bankruptcy;

(iii) The making by the Venture or a Venturer of an assignment for the benefit of creditors;

(iv) The levying upon or attachment by process of the assets and properties of the Venture or a Venturer; or

(v) The use by the Venture or a Venturer, whether voluntary or involuntary, of any debt or relief proceedings under the present or future law of any state or of the United States.

1.5 "Capital Account" means a separate account maintained for each Venturer in a manner which complies with Treasury Regulation Section 1.704-1(b), as may be amended or revised from time to time.

1.6 "Capital Contributions" means the aggregate contributions to the capital of the Venture made by the Venturers as Capital Contributions pursuant to Subsection 3.1 hereof.

1.7 "Contributed Property" means any property contributed to the Venture as a Capital Contribution and/or the interest of each Venturer contributing property (excluding cash or cash equivalents) to the Venture in such property.

1.8 "Defaulting Venturer" means any Venturer failing to perform any of the obligations of such Venturer under this Agreement or violating the provisions of this Agreement.

1.9 "Distribution Percentage Interests" means collectively the interests in the income, gains, losses, deductions, credits, Net Cash Flow, Extraordinary Receipts, as determined by Subsection 3.2 hereof, as such may be adjusted from time to time as provided in this Agreement.

1.10 "Entity" means any person, corporation, partnership (general or limited), joint venture, association, joint stock company, trust or other business entity or organization.

1.11 "Extraordinary Receipts" means those funds of the Venture which are derived from (i) the net proceeds of any casualty insurance insuring any of the Properties or any portion thereof, to the extent not applied to the repair, restoration or replacement of the Properties or any portion thereof as may be

Approved by the Venturers; (ii) the net proceeds of any condemnation, or any taking by eminent domain, or any transfer in lieu thereof, of any of the Properties, or any portion thereof, to the extent not applied to the repair, restoration or reconstruction of any remaining portion of the Properties as may be Approved by the Venturers; (iii) the net proceeds of any sale of any of the Properties, or any portion thereof; and (iv) the net proceeds of any indebtedness (or any refinancing of such indebtedness) secured in whole or in part by any of the Properties or any portion thereof.

1.12 "Fiscal Year" means the fiscal year of the Venture established under Subsection 3.4(c) hereof.

1.13 "I.R.C." means the Internal Revenue Code of 1986, as amended.

1.14 "Lease" means a lease or rental agreement now or hereafter existing between the Venture, as lessor or landlord (whether initially or by assignment) and an Entity.

1.15 "Leasing Agreements" means, collectively, those certain Leasing and Tenant Coordinating Agreements between the Venturers as "Owner" and Wells Management Company, Inc. as "Agent" therein, concerning the leasing of the Properties.

1.16 "Major Decisions" means any decision or action to (i) convey by the Venture substantially all the assets of the Venture; (ii) acquire any Property; (iii) finance or borrow or execute any promissory note or other obligation (other than a Lease) or mortgage or other encumbrance in the name of or on behalf of the Venture; (iv) retain the services of a manager other than Wells Management Company, Inc.; (v) approve each construction and architectural contract and all architectural plans, specifications and drawings and all revisions or changes thereof in connection with the development and construction of any improvements for any Property; (vi) reduce any portion of the insurance program for the Properties or the Venture; (vii) determine any fee or other amount to be paid to either Venturer or any affiliate of a Venturer; (viii) make any expenditure or incur any obligation by or on behalf of the Venture involving a sum in excess of $15,000 for any transaction or group of similar transactions except for expenditures made and obligations incurred pursuant to and specifically set forth in a budget Approved by the Venturers; (ix) adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Venture or any Venturer in its capacity as a Venturer, or waive any breach of or default in any monetary or non-monetary obligation owed to the Venture, involving singly or in the aggregate an amount in excess of $15,000, or in the initiation of any such claim or suit for the benefit of the Venture; (x) convey or sell any Property or authorize the conveyance or sale of all Properties; (xi) admit any new Venturer to the Venture; (xii) cause the Venture to be admitted as a joint venturer to any other joint venture; and (xiii) make any other decision or action which by the provisions of this Agreement is required to be Approved by the

Venturers or which in a material respect affects the Venture or any of the assets or operations thereof. All Major Decisions shall be made by the Venturers in a timely manner with due regard for the necessity of obtaining and evaluating the information necessary for making such Major Decisions.

1.17 "Management Agreements" means, collectively, those certain Management Agreements between the Venturers as "Owner" and Wells Management Company, Inc. as "Manager" therein, concerning the management of the Properties.

1.18 "Manager" means Wells Management Company, Inc.

1.19 "Net Cash Flow" means for a given fiscal period, those funds of the Venture constituting the gross cash receipts of the Venture from the operation of the Properties (including interest and proceeds from business interruption or rent insurance) for such period exclusive of Capital Contributions by the Venturers and Extraordinary Receipts, which are available for distribution to the Venturers following (i) the payment of all operating, fixed cost and capital expenditures of the Venture, for which no reserves have been established, applicable to such period; (ii) the payment of all principal and interest with respect to any debt secured by any mortgage permitted by this Agreement; and (iii) the establishment by the Venturers of appropriate reserves for taxes, debt service, maintenance, repairs and other expenses and working capital requirements of the Venture including, without limitation, accruals for

real estate taxes, insurance and other annual expense items (unless and to the extent the same are escrowed with a mortgagee).

1.20 "Nondefaulting Venturer" in the context wherein one or more Venturers become a Defaulting Venturer, means the remaining Venturers (provided the remaining Venturers are not also Defaulting Venturers).

1.21 "Notice" means a written advice or notification required or permitted by this Agreement, as more particularly provided in Subsection 8.1 hereof.

1.22 "Prime Rate" means the rate of interest announced from time to time by NationsBank, N.A. as its prime rate. In the event the prime rate of NationsBank, N.A. is hereafter discontinued or becomes unascertainable, the Administrative Venturer shall designate a comparable reference rate to be the Prime Rate.

1.23 "Property" means any particular tract of land (and all rights and appurtenances incident thereto) owned or to be owned by the Venture or owned or to be owned by any joint venture, partnership, limited liability company or other entity in which the Venture owns an economic or beneficial interest and all improvements located, constructed or developed thereon or to be constructed or developed thereon.

1.24 "Properties" means, collectively, all Property of the Venture at any given time.

1.25 "Purchasing Party" means the Venturer other than the Selling Party in the event of a proposed transfer described in Subsection 6.4 hereof.

1.26 "Selling Party" means the Venturer desiring to transfer its interest in a transaction described in Subsection 6.4 hereof.

1.27 "Venture" means the joint venture formed pursuant to the laws of the State of Georgia by this Agreement.

1.28 "Venturer" or "Venturers" means the party or parties to this Agreement and all permitted successors and assigns thereof.

1.29 Other terms defined in this Agreement:

Term	Section
"Assignment"	6.1
"Right of First Refusal"	6.2
"Certification"	6.4(a)
"Accepting Venturer"	6.5(a)
"Dissenting Venturer"	6.5(a)

2. THE VENTURE.

2.1 Formation. The Venturers hereby enter into and form the Venture as a Georgia general partnership under the Georgia Uniform Partnership Act for

the limited purposes and scope set forth herein. The rights and obligations of the Venturers and the status, administration and termination of the Venture shall be governed by the Georgia Uniform Partnership Act and other applicable laws of the State of Georgia. The Venture is being formed for the sole purpose of acquiring, owning, developing, operating and eventually selling Properties.

2.2 Purposes and Scope of Venture. Subject to the provisions of this Agreement, the activities of the Venture shall be limited strictly to the acquisition, ownership, financing, development, leasing, operation, sale and management of the Properties for the production of income and profit, either directly or through the ownership of joint ventures, partnerships, limited liability companies or other entities, including all activities reasonably necessary or desirable to accomplish such purposes, and shall not be extended by implication or otherwise unless Approved by all venturers. Nothing in this Agreement shall be deemed to restrict in any way the freedom of any Venturer to conduct any other business or activity whatsoever (including, without limitation, the acquisition, development, leasing, sale, operation and management of other real property) without any accountability

to the Venture or any other Venturer, even if such business or activity competes with the business of the Venture, it being understood by each Venturer that the other Venturer may be interested directly or indirectly in various other businesses and undertakings not included in the Venture.

2.3 Name of Venture. The business and affairs of the Venture shall be conducted under the name the "Wells Fund XIII-REIT Joint Venture Partnership" (or such other names as shall be approved by both Venturers), and such name shall be used at all times in connection with the business and affairs of the Venture. The Venturers shall execute any assumed or fictitious name certificate or certificates required by law to be filed in connection with the formation of the Venture and shall cause such certificate or certificates to be filed in the appropriate records.

2.4 Scope of Authority. Except as otherwise expressly and specifically provided in this Agreement, no Venturer shall have any authority to act for, or assume any obligations or responsibility on behalf of, any other Venturer or the Venture.

2.5 Principal Place of Business. The principal place of business and initial office of the Venture shall be located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092, and may be relocated as may be from time to time Approved by the Venturers.

2.6 Representations, Warranties and Indemnity. In order to induce the other Venturer to enter into this Agreement, each Venturer does hereby make to each other Venturer the representations and warranties hereinafter set forth, and does hereby agree to indemnify and hold each other Venturer harmless from any and all loss, expense or liability any other Venturer may suffer as a result of any inaccuracy as of the date hereof in any representation and warranty set forth below:

(a) Authorization. The execution and delivery of this Agreement has been duly authorized by the agreements by which each Venturer was either created or currently governed.

(b) Claims. There is no claim, litigation, proceeding or governmental investigation pending, or, so far as is known to each Venturer, threatened, against or relating to each Venturer, or the transactions

contemplated by this Agreement which does or would reasonably be expected materially and adversely to affect the ability of each Venturer to enter into this Agreement or to carry out its obligations hereunder, and there is not any basis for any such claim, litigation, proceeding or governmental investigation.

(c) Conflicts. Neither the consummation of the transactions contemplated by this Agreement to be performed, nor the fulfillment of the terms,

conditions and provisions of this Agreement, conflict with or will result in the breach of any of the terms, conditions or provisions of, or constitute a default under, the agreements by which each Venturer was created or is currently governed or any material agreement, indenture, instrument or undertaking to which each Venturer is a party.

(d) Investment Objectives. The investment objectives of each Venturer with respect to the Properties and the objectives of the Venture are: (i) to maximize Net Cash Flow; (ii) to preserve, protect and return the Venturers' investment in the Venture; and (iii) to realize appreciation upon the sale of the Properties.

(e) Charges to the Venturer. Neither Venturer will be charged, directly or indirectly, more than once for the same services.

2.7 Term of Venture.

(a) Commencement. The Venture term shall begin on the date of this Agreement as set forth above and end upon dissolution of the Venture.

(b) Dissolution and Termination. Dissolution shall occur upon the occurrence of any of the events described in Section 7 of this Agreement. Upon dissolution, the assets shall be liquidated in due course and distributed as provided in Subsection 3.3(c)(i) hereof. The Venture shall continue until termination in accordance with the relevant dissolution and termination provisions of the Georgia Uniform Partnership Act.

3. FINANCIAL STRUCTURE.

3.1 Capital Contributions. The Venturers shall from time to time make Capital Contributions to the Venture in such amounts as are agreed to by the Venturers.

3.2 Distribution Percentage Interest. The Distribution Percentage Interest of each of the Venturers shall be equal to the percentage equivalent (rounded to the nearest one-hundredth of a percent) of a fraction, the numerator of which is the aggregate of all Capital Contributions (or the Agreed Value thereof) made by each Venturer pursuant to Subsection 3.1 hereof, and the denominator of which is the aggregate amount of all Capital Contributions (or the Agreed Value thereof) made by all of the Venturers pursuant to Subsection 3.1 hereof. Each Venturer's interest in the Venture shall always be proportional to its Capital Contributions.

Each Venturer (the "First Venturer") does hereby agree to indemnify and hold the other Venturer (the "Second Venturer") harmless from and against

any claim, action, liability, loss, damage, cost or expense, including, without limitation,

attorney's fees and expenses incurred by the Second Venturer by reason of (i) any act or omission of the First Venturer in connection with the operation of the Venture and the Properties, or (ii) the claims made by third parties to the extent that the Second Venturer's percentage share of the total liability, loss, damage, cost or expense incurred by the Venture and the Venturers in connection with such claims exceeds its Distribution Percentage Interest at the time such liability, loss, damage, cost or expense is suffered or incurred. Upon dissolution, each Venturer shall look solely to the assets of the Venture for the return of its investment, and if the Venture Property remaining after payment or discharge of the debts and liabilities of the Venture, including debts and liabilities owed to one or more of the Venturers, is insufficient to return the aggregate Capital Contributions of each Venturer, such Venturers shall have no recourse against the Venture or any other Venturer.

3.3 Allocations and Distributions. Allocations for accounting purposes and for federal, state and local income tax purposes of each item of income, loss, deduction and gain, and distributions of Net Cash Flow and Extraordinary Receipts shall be allocated among the Venturers as follows:

(a) Allocation of Tax Items. For federal, state and local income tax purposes and for purposes of maintaining the Venturers' Capital Accounts, except as otherwise provided herein, each item of income, gain, loss and deduction of the Venture for each tax year shall be allocated to the Venturers in accordance with their Distribution Percentage Interests.

(b) Net Cash Flow. All distributions of Net Cash Flow shall be made to the Venturers in accordance with each such Venturer's Distribution Percentage Interest and shall be made at such intervals as may be approved by the Venturers, but in no event less frequently than quarterly.

(c) Extraordinary Receipts. Distributions of Extraordinary Receipts shall be made as follows:

(i) Distributions Not in Connection With Dissolution. Distribution of Extraordinary Receipts not generated in connection with an event of dissolution shall be made as follows: first, to the establishment of any reserve approved by the Venturers; and second, to the Venturers based on their respective Distribution Percentage Interests.

(ii) Distributions in Connection With Dissolution. Distribution of Extraordinary Receipts generated in connection with an event of dissolution (as well as the other assets of the Venture) shall be made as follows: first, to the payment of debts and liabilities of the Venture to creditors (including all mortgages, but excluding any other debts or liabilities to Venturers or affiliates of Venturers), and to the expenses of liquidation; second, to the establishment of such

reserves as the Venturers may deem reasonably necessary for contingent or unforeseen liabilities or obligations of the Venture, which may be held in

escrow for a reasonable period of time and then distributed pursuant to the remainder of this Subsection; third, to the repayment of any remaining debts and obligations of the Venture to the Venturers or affiliates of the Venturers; and fourth, to the Venturers in accordance with the positive balances in their respective Capital Accounts.

(d) Compliance with Section 704(c). To comply with Section 704(c) of the I.R.C., items of income, gain, loss, depreciation and cost recovery deductions attributable to Contributed Property shall be allocated for federal income tax purposes among the Venturers in the manner provided under Section 704(c) of the I.R.C. taking into account the variation, if any, between the Agreed Value of such Property and its adjusted tax basis at the time of contribution.

(e) Qualified Income Offset. Notwithstanding any provision to the contrary contained herein, in the event that any Venturer receives an adjustment, allocation or distribution described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) which causes a deficit balance in such Venturer's Capital Account, such Venturer will be allocated items of income or gain (consisting of a pro rata portion of each item of partnership income, including gross income, and gain for such year) in an amount and manner sufficient to eliminate such deficit balance as quickly as possible, all in accordance with Treasury Regulations Section 1.704-1(b)(2)(ii)(d). (It is the intent of the Venturers that the foregoing provision constitute a "Qualified Income Offset," as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d), and the foregoing provision shall in all events be interpreted so as to constitute a valid "Qualified Income Offset.")

3.4 Income Taxes and Accounting.

(a) Income Tax Returns. All income tax returns of the Venture shall be prepared on an accrual basis (except to the extent as may otherwise be Approved by all Venturers or be required by law, statute or regulation governing such tax and returns).

(b) Elections. Any provision of this Agreement to the contrary notwithstanding, solely for federal income tax purposes, each of the Venturers hereby recognizes that the Venture will be subject to all provisions of Subchapter K of Chapter 1 of Subtitle A of the I.R.C.; provided, however, that the filing of U.S. Partnership Returns of Income shall not be construed to extend the purposes of the Venture or expand the obligations or liabilities of the Venturers. The Venture shall file an election under Section 754 of the I.R.C. only in the event of a transfer or proposed transfer by any one or more Venturers of all or any part of their interest or interests in the Venture to any Entity. Such election shall be filed by the Venture upon the request of any Venturer made with respect to the income tax return for the period which includes the date of transfer of such interest in the

Venture; such request shall be in writing and shall be made not less than 60 days prior to the initial date established by law for filing such income tax return.

(c) Fiscal Year. The Venture shall operate on a calendar year basis.

(d) Books of Account. The books of account of the Venture and the

Venturer's Properties shall be kept and maintained at all times by the Administrative Venturer or the delegated representative thereof at the principal place of business of the Administrative Venturer. The books of account shall be maintained on an accrual basis, unless otherwise determined by the Administrative Venturer, in accordance with generally accepted accounting principles, consistently applied, and shall show all items of income and expense relating to the Venture and the Properties.

(e) Reports. The Administrative Venturer shall cause to be prepared at the expense of the Venture and furnished to each of the Venturers the information and data with respect to the Venture during the Fiscal Year as shall enable each Venturer on a timely basis to prepare or cause to be prepared the reports required under their respective partnership agreements to be made to their partners. In addition, within 60 days after the end of each Fiscal Year, the Administrative Venturer shall use its best efforts to cause to be prepared and to deliver to each Venturer a report setting forth in sufficient detail all such information and data with respect to business transactions effected by or involving the Venture during such Fiscal Year as shall enable the Venture and each Venturer to prepare its federal, state and local income tax returns on a timely basis in accordance with the laws, rules and regulations then prevailing. The Administrative Venturer shall cause to be prepared federal, state and local tax returns required of the Venture and submit such returns to the Venturers no later than 30 days prior to the date required for the filing thereof and shall file the same.

(f) Records. Any Venturer shall have the right at all reasonable times during usual business hours to audit, examine and make copies of the books of account of the Venture. Such right may be exercised through any agent or employee of such Venturer designated by such Venturer or by an independent certified public accountant designated by such Venturer. Any Venturer shall bear all expenses incurred in any examination or audit made for such Venturer's account.

(g) Audits. In the event that the Internal Revenue Service or any other governmental agency with jurisdiction shall conduct, commence or give notification of intent to conduct or commence any audit or other investigation of the books, records, tax returns or other affairs of the Venture, the Administrative Venturer shall immediately advise the Venturers thereof by Notice. The

Administrative Venturer shall be the "tax matters partner," as that term is defined by I.R.C., if one is needed for the Venture.

3.5 Banking. Funds of the Venture shall be deposited in an account or accounts of a type, in form and name and in a bank or banks selected by the Administrative Venturer. No funds other than Venture funds shall be deposited in any such account. Withdrawals from bank accounts shall be made by the Administrative Venturer and by such other parties as may be designated by the Venturers.

4. MANAGEMENT.

4.1 Authority of Administrative Venturer. The overall management and control of the business and affairs of the Venture shall be vested in the Venturers, collectively, acting by and through the Administrative Venturer. The Administrative Venturer shall have responsibility for establishing the policies and operating procedures with respect to the business and affairs of the Venture and for making all decisions, except as otherwise provided herein and except Major Decisions, as to all matters which the Venture has authority to perform,

as fully as if the Venturers were themselves making such decisions. All decisions, other than Major Decisions, with respect to the management and control of the Venture made by the Administrative Venturer shall be binding on the Venture and all Venturers. The Administrative Venturer shall be responsible for performing, or for causing to be performed, all acts necessary to accomplish the purposes of the Venture. No act shall be taken, sum expended, decision made or obligation incurred by the Venture, or any Venturer, with respect to a matter within the scope of any of the Major Decisions, unless such matter has been Approved by all of the Venturers. Except as otherwise expressly provided for in this Agreement, documents executed by or behalf of the Venture shall be executed only with the Approval of the Administrative Venturer.

4.2 Administrative Venturer. The initial Administrative Venturer shall be Wells OP. The Administrative Venturer shall, at the expense of the Venture, discharge or cause the discharge of the duties of the Administrative Venturer unless and until (i) the Administrative Venturer resigns as the Administrative Venturer, or (ii) the Administrative Venturer becomes a Defaulting Venturer. In the event of an occurrence described in either clause (i) or (ii) of the immediately preceding sentence, the then current Administrative Venturer shall thereupon be relieved from any further performance of the functions of the Administrative Venturer under this Agreement and a replacement for the Administrative Venturer shall be appointed by a majority in interest of the other Venturers. In the event an Entity not a Venturer shall be appointed to be Administrative Venturer, such Entity shall discharge the functions of the Administrative Venturer under this Agreement but shall not be entitled to any of the rights, titles or interests of a Venturer. The breach or violation by the

Administrative Venturer of any provision of this Subsection, or of any other duty or obligation imposed upon the Administrative Venturer by this Agreement, shall subject to the Administrative Venturer to the provisions of Subsection 4.4 hereof as a Defaulting Venturer (provided the Administrative Venturer is then also a Venturer) only if such breach or violation by the Administrative Venturer involves fraud, negligence or willful misconduct. Furthermore, the Administrative Venturer shall be liable to the Venture and to the Venturers for any breach or violation of the Administrative Venturer's duties and obligations under this Subsection only if such breach or violation involves fraud, negligence or willful misconduct.

(a) Records. The Administrative Venturer shall maintain or cause to be maintained at the expense of the Venture, books of account as described in Subsection 3.4(d) hereof.

(b) Property Taxes and Licenses. The Administrative Venturer shall cause to be filed each year timely ad valorem tax returns for the Properties.

(c) Leases. The Administrative Venturer is authorized to negotiate and execute Leases on behalf of the Venture without further Approval of the Venturers and is authorized to delegate this responsibility pursuant to a management agreement. Initially, this responsibility will be delegated to the Manager under the Management Agreements and Leasing Agreements by and between the Venturers and the Manager.

(d) Indemnity. The Venture shall indemnify and hold the Administrative Venturer harmless against all claims, actions, liability, loss, damage, cost or expense, including attorney's fees and expenses, by reason of any act or omission of the Administrative Venturer that is duly authorized and performed in accordance with the terms and provisions of this Agreement. However, any Entity which is both the Administrative Venturer and a Venturer shall be responsible as a Venturer, to the extent of the proportionate liability

thereof, for such obligation for the Venture to so indemnify and hold harmless the Administrative Venturer. The liability of the Venturers under this Subsection shall be several, and not joint, and shall be shared in proportion to the Distribution Percentage Interests of the Venturers.

4.3 Compensation of Venturers. No payment will be made by the Venture to any Venturer for the services of such Venturer or any affiliate, partner or employee of any Venturer, other than as provided in the Management Agreements and the Leasing Agreements.

4.4 Defaulting Venturer. If any Venturer fails to perform any of its obligations under this Agreement or violates the terms of this Agreement, such Venturer shall be a Defaulting Venturer and the Nondefaulting Venturer shall have

the right to give such Defaulting Venturer a Notice specifically setting forth the nature of the default and stating that such Defaulting Venturer shall have a period of 15 days to pay any sums of money specified therein as due and owing to the Venture or to any Venturer, or 30 days (or such longer period as is specified in the next succeeding sentence) to cure any other default specified in such Notice. If the monies specified are not paid within such 15 day period or such Defaulting Venturer does not cure all other defaults within such 30 day period, or, if the defaults are not capable of being cured within such 30 day period, such Defaulting Venturer has not commenced in good faith the curing of such defaults within such 30 days period and does not thereafter prosecute to completion with diligence and continuity the curing thereof, the Nondefaulting Venturer shall have all rights provided in Subsections 4.4(a) through 4.4(c) below, in addition to any other rights it may have under the Georgia Uniform Partnership Act. If a Defaulting Venturer completely cures all of such defaults within the aforesaid cure periods, then such defaults shall be deemed no longer to exist and such Venturer shall be deemed no longer to constitute a Defaulting Venturer unless and until another default by such Venturer occurs. A Defaulting Venturer shall have no power or authority to bind the Venture or the Venturers but shall cooperate with and, to the extent requested, assist the Nondefaulting Venturers in every way possible.

(a) Equitable Relief. The Nondefaulting Venturer may bring any proceeding in the nature of injunction, specific performance or other equitable remedy, it being acknowledged by each of the Venturers that damages at law may be an inadequate remedy for a default or threatened breach of this Agreement.

(b) Damages. The Nondefaulting Venturer may bring any action at law by or on behalf of itself or the Venture as may be permitted in order to recover damages.

(c) Dissolution. The Nondefaulting Venturer may institute such proceedings as may be appropriate to secure an accounting and to dissolve, wind up and terminate the Venture.

(d) Additional Remedies. The rights and remedies of the Venturers under this Agreement shall not be mutually exclusive; that is, the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof, except as may be expressly provided in this Agreement. Each of the Venturers confirms that damages at law may be an inadequate remedy for a breach or threatened breach of this Agreement and agrees that, in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction or other equitable remedy, but nothing herein contained is intended to, nor shall it, limit or affect any right or rights at law or by statute or

otherwise of any Venturer aggrieved as against any other Venturer for breach or threatened breach of any provisions of this Agreement, it being the intention of this Subsection to make clear

the Agreement of the Venturers that the respective rights and obligations of the Venturers under this Agreement shall be enforceable in equity as well as at law or otherwise.

4.5 Limitation on Authority. Notwithstanding any provision of this Agreement to the contrary, neither Venturer shall have the authority to take any action which, if taken singularly by such Venturer separate from the Venture, would be prohibited by such Venturer's

4.6 Holding Title as Nominee. With the consent of the other Venturers, any Venturer shall be authorized to hold title to a Property or Properties as agent or as nominee on behalf of the Venture.

5. INSURANCE.

5.1 Minimum Insurance Requirements. The Venture shall carry and maintain in force the insurance hereinafter described, the premiums for which shall be a cost and expense of the Venture.

(a) Liability Insurance. Comprehensive general liability insurance for the benefit of the Venture and the Venturers as named insureds against claims for "personal injury" liability.

(b) Other Insurance. Such other insurance as the Venturers may reasonably deem to be necessary or as may be required by any mortgagee of any Property of the Venture.

5.2 Insureds. All of the policies of insurance described in Subsection 5.1 shall name the Venture and each of the Venturers as named insureds, as their respective interests may appear. All such insurance shall be effected under policies issued by insurers and be in forms and for amounts Approved by both Venturers.

6. TRANSFERS AND OTHER DISPOSITIONS.

6.1 Prohibited Transfers. No Venturer may sell, transfer, assign, mortgage, pledge, hypothecate or otherwise dispose of, encumber or permit or suffer any encumbrance on (all referred to as "Assignment"), all or any part of the interest of such Venturer in the Venture or in the Properties (including, but not limited to, the right to receive any distributions under this Agreement) unless such an Assignment is Approved by all Venturers, provided that this restriction on Assignment shall not apply to the Assignment of units of partnership interests or beneficial interests in a Venturer. Any Assignment made in violation of this Section 6 shall be void.

6.2 Exceptions. The prohibition in Subsection 6.1 hereof shall not apply to an Assignment permitted under Subsection 6.4 hereof ("Right of First Refusal").

6.3 Notice. Each Venturer shall promptly by Notice inform the other Venturer of the occurrence of any disposition not required to have been Approved by the other Venturer.

6.4 Right of First Refusal. If any Selling Party shall desire to transfer (for the purposes of this Subsection the terms "transfer" and "transferred" include any and all types of disposition) all or any portion of its interest in the Venture to any Entity, such Selling Party may consummate such transfer only if (i) such sale is a sale of Selling Party's interest in the Venture separate and distinct from any other property, (ii) the consideration payable is cash and/or note(s) and not an interest in other property, and (iii) the provisions and conditions of Subsections (a) through (d) hereof have been complied with.

(a) Certification. The Selling Party shall deliver to the Purchasing Party a written certification ("Certification") reflecting (i) the name of the prospective transferee of the entire interest of the Selling Party in the Venture; (ii) the price for which, and the terms upon which, the Selling Party is willing to transfer and such prospective transferee is willing to buy the entire interest of the Selling Party in the Venture (which price and terms shall be based either upon preliminary discussions and negotiations, evidenced in a writing signed by the prospective transferee, between the Selling Party and such prospective transferee or upon a fully negotiated and executed purchase agreement, a copy of which shall be furnished to the Purchasing Party); and (iii) whether the Selling Party has any interest, financial or otherwise, in the prospective transferee and whether, to the best knowledge of the Selling Party, there exists any other contract or offer for the purchase of all or any portion of the Properties or of the Selling Party's interest in the Venture. Such Certification shall be accompanied by a request (in the form of a Notice) by the Selling Party to the Purchasing Party to either Approve such transfer and prospective transferee or to purchase the Selling Party's interest in the Venture for the price and upon the terms provided in such Certification. The Selling Party may transfer the interest of the Selling Party in the Venture only to such prospective transferee or to the Purchasing Party. The Purchasing Party must either approve such prospective transferee or purchase the interest of the Selling Party in the Venture.

(b) Purchasing Party's Rights. The Purchasing Party shall have the right either (i) to allow the Selling Party to transfer the interest of the Selling Party in the Venture for a price and upon terms no more favorable to the prospective transferee than those reflected, and to the prospective transferee named in the Certification, or (ii) to purchase the Selling Party's entire interest in the Venture at the price contained in the Certification and on the other terms and

conditions of the Certification. The price for which, and the terms upon which, the Selling Party shall transfer its interest in the Venture shall, by way of illustration and not limitation, be deemed "more favorable" than those reflected in the Certification if (i) the total actual transfer price is lower than that set forth in such Certification, (ii) a lesser portion of the price is paid in cash at the time of the transfer than that set forth in such Certification, or (iii) the portion of the price not paid in cash at the time of the transfer is payable over a longer period of time, at a lower interest rate or with lower or less frequent periodic payments than those set forth in such Certification.

(c) Notice of Election. The Purchasing Party shall have a period of 60 days after receipt of the Selling Party's Certification specified in Subsection 6.4(a) hereof to serve upon the Selling Party a Notice which shall specify whether such Purchasing Party will Approve a transfer to such

prospective transferee, or whether the Purchasing Party shall purchase the entire interest of the Selling Party as provided in Subsection 6.4(b) hereof. If the Purchasing Party fails to give such Notice within the allocated time, the Purchasing Party shall be deemed to have approved the transfer of the interest to such prospective transferee, and the Purchasing Party shall, if requested by the Selling Party, execute, acknowledge and deliver such documents, or cause the same to be executed, acknowledged and delivered, including without limitation, the rights and restrictions contained in this Section 6 with respect to further transfers. Any such new Venturer shall execute and deliver to the other Venturers such documents as the other Venturers may reasonably request confirming the assumption by such new Venturer of the obligations of the Selling Party under this Agreement. At the time of closing of a transfer to a third party transferee pursuant to this Subsection 6.4, the Purchasing Party shall execute and deliver to the Selling Party and such transferee a written estoppel certificate in recordable form pursuant to which the Purchasing Party shall certify and agree that to the best of the Purchasing Party's knowledge and belief the pending transfer is permitted pursuant to this Subsection (provided, that to the best of the Purchasing Party's knowledge and belief such transfer is, in fact, permitted by this Subsection). In such estoppel certificate, the Purchasing Party shall waive any further right whatsoever to attempt to force a rescission or setting aside of such transfer; provided, however, the Purchasing Party shall expressly reserve any rights thereafter to pursue any action for damages against both the Selling Party and the transferee should the Purchasing Party thereafter determine that, contrary to the Purchasing Party's earlier best knowledge and belief, the transfer was in fact not consummated in strict accordance with the terms of this Section 6.

(d) Power of Attorney. In the event that either (i) the

Purchasing Party shall have failed to respond, in the manner and within the time required by Subsection 6.4(c) hereof, to the Selling Party's Certification specified in Subsection 6.4(a) hereof, or (ii) the Purchasing Party shall have served upon the Selling Party a Notice specifying that the Purchasing Party has approved a transfer

to a prospective transferee of the Selling Party as contemplated by Subsection 6.4(c) hereof, and the Purchasing Party shall have thereafter failed or refused, within ten days after receipt of a Notice from the other Venturer requesting same, to execute, acknowledge and deliver such documents, or cause the same to be done, as shall be required to effectuate a transfer of such interest in accordance with the Certification, then, and in either of such events, the Selling Party may execute, acknowledge and deliver such documents for, on behalf of and in the stead of the Purchasing Party, and such execution, acknowledgment and delivery by the Selling Party shall be for all purposes as effective against and binding upon the Purchasing Party as though such execution, acknowledgment and delivery had been by the Purchasing Party; provided, however, that no such documents executed by the Selling Party shall contain any undertaking on behalf of the Purchasing Party beyond the scope of the undertakings necessary for the Selling Party to effectuate such transfer. Each Venturer does hereby irrevocably constitute and appoint each other Venturer as the true and lawful attorney in fact of such Venture and the successors and assigns thereof, in the name, place and stead of such Venturer or the successors or assigns thereof, as the case may be, to execute, acknowledge and deliver such documents in the event such Venturer shall be the Purchasing Party under the circumstances contemplated by this Subsection 6.4(d). It is expressly understood, intended and agreed by each Venturer, for such Venturer and the successors and assigns thereof, that the grant of the power of attorney to each other Venturer pursuant to this Subsection 6.4(d) is coupled with an interest, is irrevocable and shall survive the death, termination or legal incompetency of such granting Venturer, as the case may be, or the assignment of the interest of such granting Venturer in the Venture, or the dissolution of the Venture.

6.5 Offer from Third Party to Purchase the Property.

(a) In the event that one of the Venturers receives a bona fide offer from an unrelated third party for the sale of all or substantially all of the Properties or last remaining Property owned by the Venture at the time of such offer, which offer such Venturer wishes to accept (the "Accepting Venturer"), but the other Venturer wishes to reject, the Venturer not desiring to sell the Property or Properties pursuant to said offer (the "Dissenting Venturer") must elect within thirty (30) days after receipt by the Dissenting Venturer of notice of said offer from the Accepting Venturer to either (i) purchase the Accepting Venturer's entire interest in the Venture on the same terms and conditions as the third party offer to purchase; or (ii) consent to the sale of the Properties or last remaining Property of the Venturer pursuant to such third party offer. The Accepting Venturer shall deliver to the Dissenting Venturer a written notice (the "Notice") reflecting (i) the name and address of the person or entity desiring to purchase the Properties or last remaining Property of the Venture; (ii) the sales price to be paid by such person or entity; and (iii) shall include a copy of the third party offer. In the event that the Dissenting Venturer elects to purchase the Accepting Venturer's entire interest in the Venture, the purchase price payable for the Accepting Partner's interest in the

Venture shall be equal to the amount such Accepting Venturer would have received if the Property or Properties had been sold to such unrelated third party in accordance with the terms of its offer, after payment of all sales commissions and other fees and expenses which would have been due and payable upon the sale of said Property or Properties and the repayment of all debts of the Venture, if any.

(b) As set forth above, the Dissenting Venturer shall have 30 days after receipt of the Notice in which to make its election. The election of the Dissenting Venturer shall be made by written notice to the Accepting Venturer. In the event that the Dissenting Venturer elects to purchase the Accepting Venturer's interest in the Venture pursuant to alternative (i) above, the Dissenting Venturer shall have an additional 30 days following the receipt of the Notice within which to close the purchase of the Accepting Venturer's interest in the Venture. The failure of the Dissenting Venturer to either elect to purchase the Accepting Venturer's interest in the Venture pursuant to subparagraph (a)(i) above within 30 days after the receipt by the Dissenting Venturer of the Notice, or the failure to close the purchase of the Accepting Venturer's interest in the Venture within the foregoing time period shall be conclusively deemed to constitute a consent to the sale of the Properties or last remaining Property of the Venturer pursuant to such third party offer.

(c) The closing of any purchase and sale under this Section 6.5 shall be held at the principal office of the Venturer or at such other place as shall be mutually agreed to by the Venturers within 30 days following the receipt by the Accepting Venturer of written notice that the Dissenting Venturer has exercised its option to purchase the Accepting Venturer's interest in the Venture. At the closing, an appropriate assignment of the Accepting Venturer's interest in the Venture, with covenants against Assignor's acts, together with such other instruments and documents as may be necessary or appropriate to effect the transfer of the Accepting Venturer's interest in the Venture, shall be executed and delivered. The Venturers shall also execute and deliver an amendment to this Agreement, if appropriate. The purchase price payable to the Accepting Venturer shall be paid at closing by wire transfer of immediately available federal funds. Effective the date of closing, the Accepting Venturer shall cease to be a member of the Venture, and the Accepting Venturer shall have no further rights, duties or obligations with respect to the Venture arising out of this Agreement. Subsequent to the closing date, the Accepting Venturer shall have no further interest in the Venture's capital, income, profits, losses, gains, allocations or distributions.

(d) Upon any default or breach of any provision of this Section 6.5, the nonbreaching party shall be entitled to sue such defaulting party and recover damages or enforce the terms hereof by specific performance.

(e) In the event that either (i) the Dissenting Venturer shall have

failed to respond, in the manner and within the time required by Subsection 6.5(a)

hereof, to the Accepting Venturer's Notice specified in Subsection 6.5(a) hereof, or (ii) the Dissenting Venturer shall have served upon the Accepting Venturer a notice specifying its intent to approve the transfer of the Properties or Property, and the Dissenting Venturer shall have thereafter failed or refused within ten (10) days after receipt of a notice from the Accepting Venturer requesting same to execute, acknowledge and deliver such documents, instruments and writings, or to cause the same to be done, as required to effectuate the contemplated sale of the Properties, or (iii) the Dissenting Venturer shall have failed to close the purchase of the Accepting Venturer's interest in the Venture within the time period set forth in Subsection 6.5(c) hereof, then, in such event, the Accepting Venturer may execute, acknowledge and deliver such documents, instruments and writings for, and on behalf of, and in the name, place and stead of, the Dissenting Venturer, and such execution, acknowledgment and delivery by such Accepting Venturer shall be for all purposes as effective against and binding upon the Venture and the Dissenting Venturer as if such execution, acknowledgment and delivery had been made by the Dissenting Venturer; provided, however, that no such documents executed by the Accepting Venturer pursuant to the terms hereof shall contain any undertaking on behalf of the Dissenting Venturer beyond the scope of the undertaking as necessary for the Accepting Venturer to effectuate the transfer and sale of the Properties of the Venture. Each Venturer does hereby irrevocably constitute and appoint each other Venturer as its true and lawful attorney-in-fact of such Venturer and its successors and assigns, in the name, place and stead of such Venturer or its successors or assigns, as the case may be, to execute, acknowledge and deliver any and all such deeds, assignments, documents, instruments and writings in the event such Venturer shall be the Dissenting Venturer under the circumstances contemplated by this Subsection 6.5(e). It is expressly understood, intended and agreed by each Venturer, for such Venturer and its successors and assigns, that the grant of the power of attorney to each other Venturer pursuant to this Subsection 6.5(e) is coupled with an interest, is irrevocable and shall survive the death, termination or legal incompetence of such granting Venturer, as the case may be, or the assignment of the interest of such granting Venturer in the Venture, or the dissolution of the Venture.

7. DISSOLUTION AND TERMINATION.

The Venture shall dissolve on December 31, 2030, or upon the occurrence of any of the following:

(i) A decree of a court of competent jurisdiction declaring dissolution;

(ii) Sale of all or substantially all of the assets of the Venture and the receipt and distribution of the proceeds therefrom;

(iii) The Venture or either Venturer is adjudicated insolvent or bankrupt;

(iv) Termination of either of the Venturers; or

(v) Unanimous consent of the Venturers.

Upon the occurrence of any of the events set forth in this Section 7, Notice thereof shall be given to all of the Venturers by the Administrative Venturer and the Administrative Venturer shall, as required by Subsection 2.7(b) hereof, proceed to terminate and wind up the Venture and shall distribute the Extraordinary Receipts (and the other assets of the Venture) resulting therefrom in accordance with Subsection 3.3(c) hereof.

8. MISCELLANEOUS PROVISIONS.

8.1 Notices. Notices given under this Agreement shall be in writing and shall be deemed to have been properly given or served by the deposit of such with the United States Postal Service, or any official successor thereto, designated as registered or certified mail, return receipt requested, bearing adequate postage and addressed as hereinafter provided. The time period in which a response to any such Notice must be given or any action taken with respect thereto, however, shall commence to run from the date of receipt on the return receipt of the Notice. Rejection or other refusal to accept or the inability to deliver because of changed address or status of which no Notice was given to the Administrative Venturer shall be deemed to be receipt of the Notice sent. In the event that registered or certified mail is not being accepted for prompt delivery, each Notice may then be served by personal service addressed as hereinafter provided. By giving to the other Venturer at least 30 days' Notice thereof, any Venturer shall have the right from time to time during the term of this Agreement to change his Notice address(es) and to specify as his Notice address(es) any other address(es) within the continental United States of America. Each Notice to the Venturers shall be sent to the addresses set forth below (unless such Notice address is properly changed):

Wells Operating Partnership, L.P.
6200 The Corners Parkway
Suite 250
Norcross, Georgia 30092

Wells Real Estate Fund XIII, L.P.
6200 The Corners Parkway
Suite 250
Norcross, Georgia 30092

8.2 Governing Law. This Agreement and the obligations of the Venturers hereunder shall be interpreted, construed and enforced in accordance

with the laws of the State of Georgia, including the Georgia Uniform Partnership Act.

8.3 Fees and Commissions. Except as may otherwise be provided herein, each Venturer hereby represents to each other Venturer that there are no claims for brokerage or other commissions or finder's or other similar fees in connection with the transactions contemplated by this Agreement insofar as such claims shall be based on arrangements or agreements made by or on behalf of the Venturer so representing, and each Venturer so representing hereby indemnifies and agrees to hold harmless each other Venturer from and against all liabilities, cost, damages and expenses from any such claims.

8.4 Waiver. No consent or waiver, express or implied, by any Venturer to or of any breach or default by any other Venturer in the performance by such other Venturer of the obligations thereof under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Venturer of the same or any other obligations of such other Venturer under this Agreement. Failure on the part of any Venturer to complain or any act or failure to act of any other Venturer or to declare any other Venturer in default, irrespective of how long such failure continues, shall not constitute a waiver of such Venturer of the rights thereof under this Agreement.

8.5 Severability. If any provision of this Agreement or the

application thereof to any Entity or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to any other Entity or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

8.6 Status Reports. Recognizing that each Venturer may find it necessary from time to time to establish to third parties such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, upon the written request of any other Venturer, made from time to time by Notice, each Venturer shall furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement to the best of the knowledge and belief of the Venturer making such statement.

8.7 Entire Agreement - Amendment. This Agreement constitutes the entire agreement of the Venturers with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Venturer against whom enforcement of the change, waiver, discharge or termination is sought. The execution of any amendment to this Agreement, or the execution of any other agreement or amendment thereto, by all Venturers shall establish that such execution was made in accordance with any applicable requirements for Approval.

8.8 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural; and the plural shall include the singular. Titles of Sections, Subsections and Paragraphs in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement, and all references in this Agreement to Sections, Subsections or Paragraphs shall refer to the Section, Subsection or Paragraph of this Agreement unless specific reference is made to another document or instrument.

8.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

8.10 Successors and Assigns. Subject to the restrictions on transfers and encumbrances set forth herein, this Agreement shall inure to the benefit of and be binding upon the Venturers and their respective heirs, executors, legal representatives, successors and assigns. Whenever in this Agreement a reference to any Entity or Venturer is made, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of such Entity or Venturer.

IN WITNESS WHEREOF, the undersigned Venturers have executed and entered into this Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership as of the day and year first above written.

WELLS OPERATING PARTNERSHIP, L.P.
A Delaware Limited Partership

Signed, sealed and delivered in the presence of:

By: Wells Real Estate Investment Trust, Inc.
A Maryland Corporation
(As General Partner)

/s/ Marcia M. Stevenson

Unofficial Witness

/s/ Martha Jean Cory

By: /s/ Leo F. Wells, III

Notary Public

Leo F. Wells, III
President

WELLS REAL ESTATE FUND XIII, L.P.
A Georgia Limited Partnership

By: Wells Capital, Inc.
A Georgia Corporation
(As General Partner)

Signed, sealed and delivered in the presence of:

By: /s/ Leo F. Wells, III

Leo F. Wells, III
President

/s/ Marcia M. Stevenson

Unofficial Witness

/s/ Martha Jean Cory

Notary Public

Signed, sealed and delivered in the presence of:

By:/s/ Leo F. Wells, III

Leo F. Wells, III
General Partner

/s/ Marcia M. Stevenson

Unofficial Witness

/s/ Martha Jean Cory

Notary Public

EXHIBIT 10.86

AGREEMENT FOR PURCHASE AND SALE OF PROPERTY FOR

AMERICREDIT BUILDING

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

THIS AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY (the "Agreement"), is made and entered into as of the 11th day of June, 2001, by and between ADEVCO CONTACT CENTERS JACKSONVILLE, L.L.C., a Georgia limited liability company ("Seller") and WELLS CAPITAL, INC., a Georgia corporation ("Purchaser").

WITNESSETH:

WHEREAS, Seller desires to sell and Purchaser desires to purchase the Property (as hereinafter defined) subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, the mutual agreements contained herein, the sum of Ten Dollars ($10.00) in hand paid by Purchaser to Seller at and before the sealing and delivery of these presents and for other good and valuable consideration, the receipt, adequacy, and sufficiency which are hereby expressly acknowledged by the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. Purchase and Sale of Property. Subject to and in accordance with the terms and provisions of this Agreement, Seller hereby agrees to sell to Purchaser and Purchaser hereby agrees to purchase from Seller, the Property, which term "Property" shall mean and include the following:

(a) all that tract or parcel of land (the "Land") located in Clay County, Florida, containing approximately 12.33 acres, having an address of 2310 Village Square Parkway, Orange Park, Florida 32043, and being more particularly described on Exhibit "A" hereto; and

(b) all rights, privileges, and easements appurtenant to the Land, including all water rights, mineral rights, reversions, or other appurtenances to said Land, and all right, title, and interest of Seller, if any, in and to any land lying in the bed of any street, road, alley, or right-of-way, open or proposed, adjacent to or abutting the Land; and

(c) all buildings, structures, and improvements situated on the Land, including, without limitation, that certain two (2) story office building containing approximately 85,000 square feet of leasable space, the parking areas containing approximately 680 parking spaces and other amenities located on the Land, and all apparatus, built-in appliances, equipment, pumps, machinery, plumbing, heating, air conditioning, electrical and other fixtures located on the Land (all of which are herein collectively referred to as the "Improvements"); and

(d) all personal property now owned by Seller and located on or to be located on or in, or used in connection with, the Land and Improvements ("Personal Property"); and

(e) all of Seller's right, title, and interest, as landlord or lessor, in and to that certain lease agreement (the "Lease")with Americredit Financial Services Corporation (the "Tenant"), dated November 20, 2000, and guaranteed by Americredit Corp., a Texas corporation (the "Guarantor");

(f) all of Seller's right, title, and interest in and to the plans and specifications with respect to the Improvements and any guarantees, trademarks, rights of copyright, warranties, or other rights related to the ownership of or use and operation of the Land, Personal Property, or Improvements, all governmental licenses and permits, and all intangibles associated with the Land, Personal Property, and Improvements, including the name of the Improvements and the logo therefor, if any; and

(g) all of Seller's right, title and interest in and to the contracts, if any, described on Exhibit "B" hereto (the "Contracts"), to the extent the same survive Closing or require performance after Closing.

2. Earnest Money. Within two (2) business days after the full execution of this Agreement, Purchaser shall deliver to Stewart Title Guaranty Company ("Escrow Agent"), whose offices are at 5901-B Peachtree Dunwoody Road, Suite 200, Atlanta, Georgia 30328, Purchaser's check, payable to Escrow Agent, in the amount of $150,000.00 (the "Earnest Money"), which Earnest Money shall be held and disbursed by Escrow Agent in accordance with this Agreement. The Earnest Money shall be paid by Escrow Agent to Seller at Closing (as hereinafter defined) and shall be applied as a credit to the Purchase Price (as hereinafter defined), or shall otherwise be paid to Seller or refunded to Purchaser in accordance with the terms of this Agreement. All interest and other income from time to time earned on the Earnest Money shall belong to Purchaser and shall be disbursed to Purchaser at any time or from time to time as Purchaser shall direct Escrow Agent. In no event shall any such interest or other income be deemed a part of the Earnest Money.

3. Purchase Price. Subject to adjustment and credits as otherwise specified in this Agreement, the purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be TWELVE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($12,500,000.00). The Purchase Price shall be paid by Purchaser to Seller at the Closing (as hereinafter defined) by cashier's check or by wire transfer of immediately available federal funds, less the amount of Earnest Money and subject to prorations, adjustments and credits as otherwise specified in this Agreement.

4. Purchaser's Inspection and Review Rights. Subject to the rights of the Tenant, Purchaser and its agents, engineers, or representatives, with Seller's reasonable, good faith cooperation, shall have the privilege of going upon the Property as needed to inspect, examine, test, and survey the Property at all reasonable times and from time to time. Purchaser hereby agrees to hold Seller harmless from any liens, claims, liabilities, and damages incurred through the exercise of such privilege, and Purchaser further agrees to repair any damage to the Property caused by the exercise of such privilege. At all reasonable times prior to the Closing (as hereinafter defined), Seller shall make available to Purchaser, or Purchaser's agents and representatives, for review and copying, all books, records, and files in Seller's possession relating to the ownership and operation of the Property, including, without limitation, title matters, surveys, tenant files, service and maintenance agreements, and other contracts, books, records, operating statements, and other information relating to the Property. Seller further agrees to in good faith assist and cooperate with Purchaser in coming to a thorough understanding of the books, records, and files relating to the Property. Seller further agrees to provide to Purchaser prior to the date which is five (5) days after the effective date of this Agreement, to the extent the same are in the possession of or under the control of Seller, the most current boundary and "as-built" surveys of the Land and Improvements and any title insurance policies, appraisals, building inspection reports, environmental reports, certificates of occupancy, building permits, zoning letters and instruments reflecting the approval of any association governing the Property relating thereto. At no cost or liability to Seller, Seller shall cooperate with Purchaser, its counsel, accountants, agents, and representatives,

provide them with access to Seller's books and records with respect to the ownership, management, maintenance, and operation of the Property for the applicable period, and permit them to copy the same. At no cost to Purchaser, Seller shall use commercially reasonable efforts to cause the authors of appraisal, environmental and building inspection reports to issue reliance letters addressed to Purchaser and Purchaser's lender, if any, in form and substance reasonably acceptable to Purchaser, at least 15 days prior to the expiration of the Inspection Period.

5. Special Condition to Closing. Purchaser shall have forty-five (45) days from the effective date of this Agreement (the "Inspection Period") to make investigations, examinations, inspections, market studies, feasibility studies, lease reviews, and tests relating to the Property and the operation thereof in order to determine, in Purchaser's sole opinion and discretion, the suitability of the Property for acquisition by Purchaser. Purchaser shall have the right to terminate this Agreement at any time prior to the expiration of the Inspection Period by giving written notice to Seller of such election to terminate. In the event Purchaser so elects to terminate this Agreement, Seller shall be entitled to receive and retain the sum of Twenty-Five Dollars ($25.00) of the Earnest Money, and the balance of the Earnest Money shall be promptly refunded by Escrow Agent to Purchaser, whereupon, except as expressly provided to the contrary in this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement. Seller acknowledges that the sum of $25.00 is good and adequate consideration for the termination rights granted to Purchaser hereunder. In the event Purchaser does not give timely notice of its election to terminate this Agreement and Seller performs all of its obligations hereunder, the Earnest Money shall not be refundable to Purchaser except as a credit against the Purchase Price at Closing.

6. General Conditions Precedent to Purchaser's Obligations Regarding the Closing. In addition to the conditions to Purchaser's obligations set forth in Paragraph 5 above, the obligations and liabilities of Purchaser hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions, any of which may be waived by written notice from Purchaser to Seller:

(a) Seller shall have complied in all material respects with and otherwise performed in all material respects each of the covenants and obligations of Seller set forth in this Agreement, as of the date of Closing (as hereinafter defined).

(b) All representations and warranties of Seller as set forth in this Agreement shall be true and correct in all material respects as of the date of Closing.

(c) There shall have been no adverse change to the title to the Property which has not been cured and the Title Company (as hereinafter defined) shall have issued the Title Commitment (as hereinafter defined) on the Land and Improvements without exceptions other than as described in paragraph 7 and the Title Company shall be prepared to issue to Purchaser upon the Closing a fee simple owner's title insurance policy on the Land and Improvements pursuant to such Title Commitment.

(d) Purchaser shall have received the Tenant Estoppel Certificate referred to in Paragraph 9(c) hereof, duly executed by the Tenant (as hereinafter defined) at least five (5) days prior to the end of the Inspection Period.

(e) Purchaser shall have received an appraisal confirming that the value of the Property is equal to or greater than the Purchase Price.

(g) Seller shall have caused the Architect to execute and deliver

to Purchaser, its certificate setting forth the number of rentable square feet in the building and stating that the Improvements have been substantially completed in accordance with the Plans and Specifications and comply with all applicable zoning laws, ordinances and regulations.

(h) Seller shall have delivered to Purchaser the certificate of the applicable governing authority stating the zoning classification of the Property and that the Improvements constructed on the Property are in compliance with all applicable zoning laws, rules and regulations.

(i) Tenant shall be in possession of its premises under the Lease, and rent shall have Commenced under the Lease.

7. Title and Survey. Seller covenants and agrees that Seller shall, on or before ten (10) days after the Effective Date of this Agreement, cause Stewart Title Guaranty Company, or such other such title insurance company acceptable to Purchaser (herein referred to as the "Title Company"), to deliver to Purchaser its commitment (herein referred to as the "Title Commitment") to issue to Purchaser, upon the recording of the Deed conveying title to the Property from Seller to Purchaser, the payment of the Purchase Price, and the payment to the Title Company of the policy premium therefor, an owner's policy of title insurance, in the amount of the Purchase Price, insuring good and marketable fee simple record title to the Property to be in Purchaser subject only to the Permitted Exceptions (as hereinafter defined), with affirmative coverage over any mechanic's, materialman's and subcontractor's liens and with full extended coverage over all general exceptions, and containing the following endorsements to the extent the same are available in the State of florida: zoning, survey, contiguity and access. Such Title Commitment shall not contain any exception for rights of parties in possession other than an exception for the right of the Tenant (as hereinafter defined) under the Lease. If the Title Commitment shall contain an exception for the state of facts which would be disclosed by a survey of the Property or an "area and boundaries" exception, the Title Commitment shall provide that such exception will be deleted upon the presentation of an ALTA/ASCM survey acceptable to Title Company, in which case the Title Commitment shall be amended to contain an exception only for the matters shown on the as-built survey which Seller shall obtain at its sole cost and expense for the benefit of Purchaser. Said survey shall include a certification that the Property is zoned in a classification which will permit the operating of the Property as an office building and any conditions to the granting of such zoning have been satisfied. Seller shall also cause to be delivered to Purchaser together with such Title Commitment, legible copies of all documents and instruments referred to therein. Purchaser, upon receipt of the Title Commitment and the copies of the documents and instruments referred to therein, shall then have twenty (20) days during which to examine the same, after which Purchaser shall notify Seller in writing (the "Objection Notice") of any defects or objections affecting the marketability of the title to the Property. In the event the Objection Notice is not timely delivered to Seller, then except for matters arising subsequent to the effective date of the Title Commitment and monetary liens arising by, through or under Seller, Purchaser shall be deemed to have waived all other title objections and such matters which are not objected to in the Objection Notice shall be deemed a "Permitted Exception." Within five (5) days after Seller's receipt of the Objection Notice, Seller shall deliver to Purchaser a written notice

(the "Response Notice") indicating whether Purchaser elects to cure the objections identified in the Objection Notice, except that in all events Seller shall be required to cure monetary liens arising by, through or under Seller. In the event Seller elects in the Response Notice not to cure any of Purchaser's objections in the Objection Notice, Purchaser may elect to terminate this Agreement and receive the Earnest Money by delivery within three (3) days after Purchaser's receipt of the Response Notice, of a written notice of termination (the "Election Notice"). In the event

Purchaser fails to timely elect to terminate this Agreement through the delivery of an Election Notice, Purchaser shall be deemed to elect not to terminate this Agreement pursuant to this Paragraph 7, provided that in all events, Seller shall cure monetary liens arising by, through or under Seller. "Permitted Exceptions" shall mean any title matters which are deemed to be Permitted Exceptions to the terms hereof and shall include: (i) acts of Purchaser, and those claiming by, through and under Purchaser, (ii) general and special taxes and assessments not yet due and payable, (iii) rights of Tenant under the Lease, and (iii) zoning, building and other governmental and quasi-governmental laws, codes and regulations.

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

(a) Lease. Attached hereto as Exhibit "C" is a true and accurate copy of the Lease, which is the only lease in effect relating to the Property, together with all modifications and amendments to the Lease. Seller is the "landlord" under the Lease and owns unencumbered legal and beneficial title to the Lease and the rents and other income thereunder, subject only to the collateral assignment of the Lease and the rents thereunder in favor of the holder of an existing mortgage or deed of trust encumbering the Property, which mortgage or deed of trust shall be cancelled and satisfied by Seller at the Closing. The term of the Lease will commence on July 1, 2001, and will expire on June 30, 2011, subject to any rights provided in the Lease for Tenant to extend the term thereof. The Lease provides that the Tenant leases 100% of the rentable area of the Improvements.

(b) Lease - Assignment. To the Seller's actual knowledge, the Tenant has not assigned its interest in the Lease or sublet any portion of the premises leased to the Tenant under the Lease.

(c) Lease - Default. (i) Seller has not received any notice of termination or default under the Lease, (ii) there are no existing or uncured defaults by Seller or to Seller's actual knowledge by the Tenant under the Lease, (iii) to Seller's actual knowledge, there are no events which with the passage of time or notice, or both, would constitute a default by Seller or by the Tenant, and Seller has complied with each and every undertaking, covenant, and obligation of Seller under the Lease required through the date hereof, and (iv) Tenant has not asserted any defense, set-off, or counterclaim with respect to its tenancy or its obligation to pay rent, additional rent, or other charges pursuant to the Lease.

(d) Lease - Rents and Special Consideration. Tenant: (i) has not prepaid rent for more than the current month under the Lease, (ii) has not received and is not entitled to receive any rent concession in connection with its tenancy under the Lease other than as described in the Lease, (iii) is not entitled to any special work (not yet performed), or consideration (not yet given) in connection with its tenancy under the Lease except for punch-list items and work not yet performed but to be performed by Seller on or prior to Closing, and (iv) does not have any deed, option, or other evidence of any right or interest in or to the Property, except for the Tenant's tenancy as evidenced by the express terms of the Lease.

(e) Lease - Commissions. No rental, lease, or other commissions with respect to the Lease are payable to Seller, any partner of Seller, any party affiliated with or related to Seller or any partner of Seller or any third party whatsoever, except to Adevco Realty Group pursuant to that certain Brokerage Commission Agreement between Seller and Adevco Realty Group, LLC dated November 27, 2000, which commission shall be cashed out

and paid and satisfied in full by Seller. All commissions payable under, relating to, or as a result of the Lease have been cashed-out and paid and satisfied in full by Seller or by Seller's predecessor in title to the Property [, except as set forth in that certain Commission Agreement between Adevco Corporation and Arledge/Power Real Estate Group, Inc. dated as of October 17, 2000.] BRACKETED LANGUAGE NOT YET AGREED UPON.

(f) Lease - Acceptance of Premises. On or before Closing (i) Tenant will have accepted its leased premises located within the Property, including any and all work performed therein or thereon

pursuant to the Lease, (ii) Tenant will be in full and complete possession of its premises under the Lease, and (iii) Seller will not have received notice from the Tenant that the Tenant's premises are not in full compliance with the terms and provisions of Tenant's Lease or are not satisfactory for Tenant's purposes.

(g) No Other Agreements. Other than the Lease, the Permitted Exceptions and those matters, if any, described on Schedule 8(g) hereto, there are no leases, service contracts, management agreements, or other agreements or instruments in force and effect, oral or written, to which Seller is a party and that grant to any person whomsoever or any entity whatsoever any right, title, interest or benefit in or to all or any part of the Property or any rights relating to the use, operation, management, maintenance, or repair of all or any part of the Property.

(h) No Litigation. There are no actions, suits, or proceedings pending, or, to Seller's actual knowledge, threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property, nor does Seller know of any basis for such action. Seller has no knowledge of any pending or threatened application for changes in the zoning applicable to the Property or any portion thereof.

(i) Condemnation. No condemnation or other taking by eminent domain of the Property or any portion thereof has been instituted and, to Seller's actual knowledge, there are no pending or threatened condemnation or eminent domain proceedings (or proceedings in the nature or in lieu thereof) affecting the Property or any portion thereof or its use.

(j) Proceedings Affecting Access. The Property is served by curb cuts for direct vehicular access to and from Village Square Parkway adjoining the Property. Said street is a public street. There are no pending or, to Seller's actual knowledge, threatened proceedings that could have the effect of impairing or restricting access between the Property and either of such adjacent public roads.

(k) No Assessments. To Seller's actual knowledge, no assessments have been made against the Property that are unpaid, whether or not they have become liens.

(l) Condition of Improvements. Seller is not aware of any structural or other defects, in the Improvements. The heating, ventilating, air conditioning, electrical, plumbing, water, elevator(s), roofing, storm drainage and sanitary sewer systems at or servicing the Land and Improvements are, to Seller's actual knowledge, in good condition and working order and Seller is not aware of any defects or deficiencies, latent or otherwise, therein.

(m) Certificates. There are presently, or there will be on or before Closing, in effect permanent certificates of occupancy, licenses, and permits as may be required for the Property, and the use and occupation of the Property will be in compliance and conformity with the certificates of occupancy and all licenses and permits. There has been no notice or request of any municipal department, insurance company or board of fire underwriters (or organization exercising functions similar thereto), or mortgagee directed to Seller and requesting the performance of any work or alteration to the Property which has not been complied with.

(n) Violations. To Seller's actual knowledge, there are no violations of law, municipal or county ordinances, or other legal requirements with respect to the Property, and the Improvements thereon comply with all applicable legal requirements with respect to the use, occupancy, and construction thereof. The Property is zoned in a classification which permits the use thereof in the present manner. The Property is not located in a flood hazard area.

(o) Utilities. All utilities necessary for the use of the Property as an office building of the size and nature situated thereon and required to be furnished pursuant to the Lease, including water, sanitary sewer, storm sewer, electricity, and telephone, are installed and operational, and such utilities either enter the Property through adjoining public streets, or, if they pass through adjoining private land, do so in accordance with valid public easements or private easements which inure to the benefit of the Property.

(p) Tax Returns. All property tax returns required be filed by Seller relating to the Property under any law, ordinance, rule, regulation, order, or requirement of any governmental authority have been, or will be, as the case may be, truthfully, correctly, and timely filed.

(q) Bankruptcy. Seller is "solvent as said term is defined by bankruptcy law" and has not made a general assignment for the benefit of creditors nor been adjudicated a bankrupt or insolvent, nor has a receiver, liquidator, or trustee for any of Seller's properties (including the Property) been appointed or a petition filed by or against Seller for bankruptcy, reorganization, or arrangement pursuant to the Federal Bankruptcy Act or any similar Federal or state statute, or any proceeding instituted for the dissolution or liquidation of Seller.

(r) Pre-existing Right to Acquire. No person or entity has any right or option to acquire the Property or any portion thereof which will have any force or effect after the execution of this Agreement, other than Purchaser.

(s) Effect of Certification. To the best of Seller's knowledge, neither this Agreement nor the transactions contemplated herein will constitute a breach or violation of, or default under, or will be modified, restricted, or precluded by the Lease or the Permitted Exceptions.

(t) Authorization. Seller is a duly organized and validly existing limited liability company under the laws of the State of Georgia and is qualified to do business in the State of Florida. This Agreement has been duly authorized and executed on behalf of Seller and constitutes the valid and binding agreement of Seller, enforceable in accordance with its

terms, and all necessary action on the part of Seller to authorize the transactions herein contemplated has been taken, and no further action is necessary for such purpose.

(u) Seller Not a Foreign Person. Seller is not a "foreign person" which would subject Purchaser to the withholding tax provisions of Section 1445 of the Internal Revenue Code of 1986, as amended.

(v) Plans and Specifications. Attached hereto as Exhibit "D" is a complete list (to date) of all Plans and Specifications relating to the Improvements, prepared by Smallwood, Reynolds, Stewart, Stewart & Associates, Inc. (the "Architect"), including all change orders and other documents varying or interpreting the architectural or other drawings. Seller shall use commercially reasonable efforts to complete the Improvements in accordance with the Plans and Specifications, and when fully equipped with all of the building equipment to be ready for use and in conformity in all material respects with all applicable laws, rules, regulations, ordinances and statutes and the Lease. Seller shall cause all amendments to the Plans and Specifications to be prepared in compliance in all material respects with (i) the requirements and standards set forth in the Lease, (ii) all applicable governmental requirements, and (iii) all private covenants, conditions and restrictions of record that encumber all or any part of the Land. Seller shall not amend the Plans and Specifications in any manner which would have a material adverse effect on the value of the Property or without the consent of the Tenant without the prior written consent of Purchaser, except as otherwise expressly permitted herein. Purchaser's approval of the Plans and Specifications shall not constitute, and shall not be deemed to constitute, an acknowledgment by Purchaser that the Plans and Specifications comply with the requirements of the immediately preceding sentence, nor shall Purchaser's approval of the Plans and Specifications in any way constitute a waiver of (or diminish Seller's obligation to satisfy fully) the requirements of the immediately preceding sentence.

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

(x) Contracts. Exhibit "B" contains a complete list and description of all contracts and agreements known to Seller or to which Seller is a party relating to or affecting the Land or the development or construction of the Improvements thereon, including without limitation any contracts or

agreements with the Architect, general contractor, any construction manager, other professionals or specialists, or utility companies. All such contracts or agreements listed on said Exhibit "B" are in full force and effect. To Seller's knowledge, neither party to any such contract is in default thereunder and no event has occurred which, with the mere passage of time or the delivery of notice or both, would constitute a default or breach thereunder. Except as otherwise herein expressly provided, Seller shall not enter into any service, management or maintenance contract, or amend, cancel or otherwise revise any such contract or agreement currently in effect, without the prior written consent of Purchaser, except that Seller shall have the right, without the consent of Purchaser, to enter into any such contracts which are either terminable by Seller (or, after the Closing Date, by Purchaser) upon not more than thirty (30) days notice, or which, by their terms, have been fully performed, complied with or

terminated (and are of no further force or effect) on or as of the Closing Date.

(y) Inducements. To Seller's knowledge, there are no donations of monies or land or payments (other than general real estate taxes) for schools, parks, fire departments or any other public facilities or for any other reason which are or will be required to be made by an owner of the Improvements, and there are no obligations burdening the Improvements created by any so-called "recapture agreement" involving refund for sewer or water extension or other improvement to any sewer or water systems, oversizing utility, lighting or like expense or charge for work or services done upon or relating to the Improvements which will bind the Purchaser or the Improvements from and after the closing.

At Closing, Seller shall represent and warrant to Purchaser that all representations and warranties of Seller in this Agreement remain true and correct as of the date of the Closing, except for any changes in any such representations or warranties that occur and are disclosed by Seller to Purchaser expressly and in writing at any time and from time to time prior to Closing upon their occurrence, which disclosures shall thereafter be updated by Seller to the date of Closing. Each and all of the express warranties, covenants, and indemnifications made and given by Seller to Purchaser herein shall, subject to the limitations expressly provided herein, survive the execution and delivery of the Deed by Seller to Purchaser. If there is any change in any representations or warranties and Seller does not cure or correct such changes prior to Closing, then Purchaser may, at Purchaser's option, (i) close and consummate the transaction contemplated by this Agreement, except that after such closing and consummation Purchaser shall have the right to seek monetary damages from Seller for any such changes willfully caused by Seller or any such representations or warranties willfully breached by Seller, or (ii) terminate this Agreement by written notice to Seller, whereupon the Earnest Money shall be immediately returned by Escrow Agent to Purchaser, and thereafter the parties hereto shall have no further rights or obligations hereunder, except only (1) for such rights or obligations that, by the express terms hereof, survive any termination of this Agreement, and (2) that Purchaser shall have the right to seek monetary damages from Seller for any changes in such representations and warranties intentionally and willfully caused by Seller or any such representations and warranties intentionally and willfully breached by Seller and not within the actual knowledge of Purchaser at the time of Closing.

ACKNOWLEDGING PURCHASER'S OPPORTUNITY TO INSPECT THE PROPERTY, PURCHASER AGREES TO TAKE THE PROPERTY "AS IS" WITH ALL FAULTS AND CONDITIONS THEREON, SUBJECT, HOWEVER, TO THE REPRESENTATIONS AND WARRANTIES OF SELLER MADE IN THIS AGREEMENT. EXCEPT FOR ANY SPECIFIC REPRESENTATION OR WARRANTY MADE BY SELLER IN THIS AGREEMENT, PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, (C) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, OR (D) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY

9. Seller's Additional Covenants. Seller does hereby further covenant and agree as follows:

(a) Operation of Property. Seller hereby covenants that, from the date of this Agreement up to and including the date of Closing, Seller shall: (i) not negotiate with any third party respecting the sale of the

Property or any interest therein, (ii) not modify, amend, or terminate the Lease or enter into any new lease, contract, or other agreement respecting the Property, (iii) not grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, and (iv) cause the Property to be operated, maintained, and repaired in the same manner as the Property is currently being operated, maintained, and repaired.

(b) Preservation of Lease. Seller shall, from and after the date of this Agreement to the date of Closing, use its good faith efforts to perform and discharge all of the duties and obligations and shall otherwise comply with every covenant and agreement of the landlord under the Lease, at Seller's expense, in the manner and within the time limits required thereunder, including, without limitation, those actions necessary to place Tenant in possession and commence the payment of rent. Furthermore, Seller shall, for the same period of time, use diligent and good faith efforts to cause the Tenant under the Lease to perform all of its duties and obligations and otherwise comply with each and every one of its covenants and agreements under such Lease and shall take such actions as are reasonably necessary to enforce the terms and provisions of the Lease. Seller hereby agrees that from and after full execution of this Agreement, Seller shall not credit any portion of the security deposit, if any, against defaults or delinquencies of the Tenant under the Lease.

(c) Tenant Estoppel Certificate. At least five (5) days prior to expiration of the Inspection Period, Seller shall obtain and deliver to Purchaser a fully completed estoppel certificate with respect to the Lease in substantially the form of Exhibit "E" (the "Tenant Estoppel Certificate"), duly executed by the Tenant thereunder. The Tenant Estoppel Certificate shall be executed as of a date not more than thirty (30) days prior to Closing.

(d) Insurance. From and after the date of this Agreement to the date and time of Closing, Seller shall, at its expense, cause to be maintained in full force and effect the insurance coverage described in Exhibit "F" or, alternatively, cause Tenant to maintain such insurance coverage.

(e) Permits, etc. At least five (5) days prior to Expiration of the Inspection Period, the Seller shall obtain and deliver to Purchaser copies of (i) all building permits and other necessary governmental licenses or approvals required in connection with the development and operation of the Improvements (to the extent such permits are issuable as of said date); (ii) true and correct copies of the most recent real estate tax bills and notices of assessed valuation pertaining to the Improvements; (iii) true and correct copies of all insurance policies and certificates of insurance in Seller's possession relating to the Improvements or delivered to Seller by Tenant.

(f) CAD Disk. On or before the Closing Date, Seller shall deliver to Purchaser as built drawings depicting the Improvements as constructed, such drawings to be delivered on a CAD disk.

(g) Assignment of Contracts. With respect to the Contracts and warranties which are being assigned to Purchaser, there shall have been delivered to Purchaser, at or prior to the Closing, written instruments from the contracting parties whereby they consent to the assignment of the contract, warranties and guaranties, to the extent such consent is required by the terms of the instruments being assigned.

(h) Covenant to Satisfy Conditions; Effect of Failure to Satisfy.

Seller hereby agrees to use commercially reasonable efforts to cause each of the conditions precedent to the obligations of Purchaser to be fully satisfied, performed and discharged, on and as of the Closing Date.

(i) Completion of Construction. Seller agrees that it shall, with diligence and continuity, cause the Improvements to be completed in accordance with the Plans and Specifications and the Lease.

(j) Action with Respect to the Property. Seller shall not in any manner sell, convey, assign, transfer or encumber the Improvements or the Lease or any part thereof or interest therein (except to secure, refinance or extend any existing construction loan which shall be paid off on or before Closing), or

otherwise dispose of the Improvements or the Lease, or any part thereof or interest therein, or alter or amend the zoning classification of the Improvements, or otherwise perform or permit any act or deed which shall materially diminish, encumber or affect Seller's rights in and to the Improvements or prevent it from performing fully its obligations hereunder, nor enter into any agreement to do so.

(k) Architects Certificate. Seller shall obtain and deliver to Purchaser an Architects Certificate of Substantial Completion on or before Closing.

(l) Progress Reports. Seller shall report to Purchaser in writing, from time to time, such information with respect to construction of the Improvements as Purchaser may reasonably request from time to time. Seller shall report to Purchaser in writing any construction defects or material deviations from the Plans and Specifications promptly upon Seller becoming aware of same, which notice shall describe the nature of such defect or deviation in reasonable detail.

(m) Default Notices. Seller shall deliver or cause to be delivered to Purchaser, promptly upon receipt thereof by Seller, copies of any written notices of default, or, to the extent within the actual knowledge of Seller, the occurrence of any event which could result in a default, under any construction loan, mortgage, lease, contract or agreement now or at any time hereafter in effect with respect to the Improvements, and shall report to Purchaser, from time to time, the status of any alleged default thereunder. Seller shall advise Purchaser in writing, promptly upon obtaining actual knowledge of the occurrence of any event or circumstance which constitutes a breach of any of the representations or warranties or covenants of Seller herein contained, which notice shall describe the nature of such event or circumstance in reasonable detail. Seller agrees that it will use commercially reasonable efforts at all times to correct any such event or circumstance within Seller's reasonable control and, to the extent the same is within the reasonable control of Seller, to cause all representations and warranties of Seller herein contained to be true and correct on and as of the Closing Date, and to cause Seller to be in compliance with its covenants and obligations hereunder. Seller shall advise Purchaser promptly in writing of the receipt, by Seller or any of its affiliates, of notice of: (i) the institution or threatened institution of any judicial, quasi-judicial or administrative inquiry or proceeding with respect to the Improvements; (ii) any notice of violation issued by any governmental or quasi-governmental authority with respect to the Improvements, (iii) any proposed special assessments, or (iv) any defects or inadequacies in the Improvements or any part thereof issued by

any insurance company or fire rating bureau.

(n) Warranties. With respect to any warranties or guaranties relating to the Improvements which are assigned, or required to be assigned, to Purchaser, and which, by their terms or otherwise expire, terminate or lapse at any time prior to the date which is one year following the Substantial Completion Date (as defined in the Lease) (the "Warranty Date"), Seller hereby assumes and agrees to pay, perform and discharge all of the liabilities and obligations of the various contractors, suppliers and others providing warranties or guarantees as above provided for the period from the date of expiration thereof to and including the Warranty Date, it being the intention of the parties hereto that such guarantees or warranties which have expired, terminated or lapsed prior to the Warranty Date shall be extended by the provisions of this Subsection and shall be the liability and obligation of Seller during such extended period.

(o) Punch List Work. The parties acknowledge that certain portions of the building and the building equipment constituting a part of the Improvements may not have been finally completed on the Closing Date. Accordingly, Seller and Purchaser shall determine in good faith on or before the expiration of the Inspection Period, the amount (the "Punch List Amount"), which amount shall be 150% of the amount necessary to (i) satisfactorily complete any items of construction, or to provide any items of building equipment, required by the Plans and Specifications which, while substantially complete, have not been finally completed or provided on the Closing Date; (ii) satisfactorily complete any landscaping required by the Plans and Specifications which cannot then be completed on account of weather or the season; and (iii) correct any material defects in the design or construction of the Improvements or the materials incorporated therein (all of the foregoing being collectively called the "Punch List Work"). If the Punch List Amount exceeds One Hundred Thousand Dollars ($100,000), the Closing may, at the option of Purchaser, be deferred until such time as a sufficient amount of work shall have been performed with respect to the Punch List Work so that the Punch List Amount shall be reduced to an amount within the

limit prescribed. As expeditiously and prudently as possible after the Closing Date, Seller shall complete, or cause to be completed, all of the Punch List Work. Seller's covenant to complete the Punch List Work shall survive the Closing and any release of construction holdbacks by Tenant under the Lease.

(q) As-Built Survey. Not less than five (5) days prior to the expiration of the Inspection Period, Seller shall deliver to Purchaser a new, "as built" survey of the Land and the Building (the "As-built Survey") dated not more than thirty (30) days prior to the Closing certified to Purchaser, Purchaser's lender, if any, and to the Title Company showing the boundaries and the legal description of the Land, which survey shall be made in compliance with the "Minimum Standard Detail Requirements for Land Title Surveys" established by the ALTA/ACSM for Urban Land title surveys, including all items on Table A thereof, except items 5, 12 and 14, and currently in effect. The As-built Survey shall disclose no encroachments or improvements from or upon adjoining properties, shall show the availability of all utility services at the perimeter of the Land, and shall otherwise be in form and content sufficient to enable the Title Company to issue its standard form of survey modification endorsement modifying the general exception for matters of survey. The costs of each survey delivered by Seller pursuant hereto shall be borne entirely by Seller.

10. Closing. Provided that all of the conditions set forth in this

Agreement are theretofore fully satisfied or performed, it being fully understood and agreed, however, that Purchaser may expressly waive in writing, at or prior to Closing, any conditions that are unsatisfied or unperformed at such time, the consummation of the sale by Seller and purchase by Purchaser of the Property (herein referred to as the "Closing") shall be held at 2:00 p.m., local time, on the first business day which is at least fifteen (15) days after the last day of the Inspection Period, at the offices of Title Company, or at such earlier time as shall be designated by Purchaser in a written notice to Seller not less than two (2) business days prior to Closing.

11. Seller's Closing Documents. For and in consideration of, and as a condition precedent to, Purchaser's delivery to Seller of the Purchase Price described in Paragraph 3 hereof, Seller shall obtain or execute, at Seller's expense, and deliver to Purchaser at Closing the following documents (all of which shall be duly executed, acknowledged, and notarized where required and shall survive the Closing):

(a) Limited or Special Warranty Deed. A Limited or Special Warranty Deed (the "Deed") conveying to Purchaser marketable fee simple title to the Land and Improvements, together with all rights, easements, and appurtenances thereto, subject only to the Permitted Exceptions. The legal description set forth in the Warranty Deed shall be as set forth on Exhibit "A". In the event Purchaser shall obtain a new or updated survey of the Land and Improvements and the legal description set forth in Purchaser's survey shall differ from the legal description set forth on Exhibit "A", the Deed shall convey title by the legal description based upon such survey;

(b) Bill of Sale. A Bill of Sale conveying to Purchaser marketable title to the Personal Property in the form and substance of Exhibit "G";

(c) Blanket Transfer. A Blanket Transfer and Assignment in the form and substance of Exhibit "H";

(d) Assignment and Assumption of Lease. An Assignment and Assumption of Lease in the form and substance of Exhibit "I", assigning to Purchaser all of Seller's right, title, and interest in and to the Lease and the rents thereunder;

(e) Seller's Affidavit. A customary seller's affidavit in the form required by the Title Company;

(f) FIRPTA Certificate. A FIRPTA Certificate in such form as Purchaser shall reasonably approve;

(g) Certificates of Occupancy. The original Certificates of occupancy for all space within the Improvements;

(h) Marked Title Commitment. The Title Commitment, marked to change the effective date thereof through the date and time of recording the

Warranty Deed from Seller to Purchaser, to reflect that Purchaser is vested with the fee simple title to the Land and the Improvements, and to reflect that all requirements for the issuance of the final title policy pursuant to such Title Commitment have been satisfied;

(i) Keys and Records. All of the keys to any doors or locks on the Property and the original tenant files and other books and records relating to the Property in Seller's possession;

(j) Tenant Notice. Notice from Seller to the Tenant of the sale of the Property to Purchaser in such form as Purchaser shall reasonably approve;

(k) Settlement Statement. A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and Seller pursuant to this Agreement; and

(l) Association/Governing Board Estoppels. An estoppel signed by an authorized representative of any association, governing board, or other entity governing the Property, including without limitation, evidence of compliance with the terms and conditions of the Development Order, addressed to Purchaser in form and substance reasonably satisfactory to Purchaser.

(m) Other Documents. Such other documents as shall be reasonably required by Purchaser's counsel.

12. Purchaser's Closing Documents. Purchaser shall obtain or execute and deliver to Seller at Closing the following documents, all of which shall be duly executed and acknowledged where required and shall survive the Closing:

(a) Blanket Transfer. The Blanket Transfer and Assignment;

(b) Assignment and Assumption of Lease. The Assignment and Assumption of Lease;

(c) Settlement Statement. A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and Seller pursuant to this Agreement; and

(d) Other Documents. Such other documents as shall be reasonably required by Seller's counsel.

13. Closing Costs. Seller and Purchaser shall each pay one-half of the cost of the Title Commitment, including the cost of the examination of title to the Property made in connection therewith, and the premium for the owner's policy of title insurance issued pursuant thereto. Seller shall pay the cost of any transfer or documentary tax imposed by any jurisdiction in which the Property is located, the cost of the as-built survey, the attorneys' fees of Seller, and all other costs and expenses incurred by Seller in closing and consummating the purchase and sale of the Property pursuant hereto. Purchaser shall pay the cost of any endorsements to the policy of title insurance, the attorneys' fees of Purchaser, and all other costs and expenses incurred by Purchaser in closing and consummating the purchase and sale of the Property pursuant hereto. Each party shall pay one-half of any escrow fees.

14. Prorations. The following items shall be prorated and/or credited

between Seller and Purchaser as of Midnight preceding the date of Closing:

(a) Rents. Rents, additional rents, and other income of the Property (other than security deposits, which shall be assigned and paid over to Purchaser) collected by Seller from Tenant for the month of Closing. Purchaser shall also receive a credit against the Purchase Price payable by Purchaser to Seller at Closing for any rents or other sums (not including security deposits) prepaid by Tenant for any period following the month of Closing, or otherwise.

(b) Property Taxes. City, state, county, and school district ad valorem taxes based on the ad valorem tax bills for the Property, if then available, or if not, then on the basis of the latest available tax figures and information. Should such proration be based on such latest available tax figures and information and prove to be inaccurate upon receipt of the ad valorem tax bills for the Property for the year of Closing, either Seller or Purchaser, as the case may be, may demand at any time after Closing a payment from the other correcting such malapportionment. In addition, if after Closing there is an adjustment or reassessment by any governmental authority with respect to, or affecting, any ad valorem taxes for the Property for the year of Closing or any prior year, any additional tax payment for the Property required to be paid with respect to the year of Closing shall be prorated between Purchaser and Seller and any such additional tax payment for the Property for any year prior to the year of Closing shall be paid by Seller. This agreement shall expressly survive the Closing.

(c) Utility Charges. Except for utilities which are the responsibility of Tenant, Seller shall pay all utility bills received prior to Closing and shall be responsible for utilities furnished to the Property prior to Closing. Purchaser shall be responsible for the payment of all bills for utilities furnished to the Property subsequent to the Closing. Seller and Purchaser hereby agree to prorate and pay their respective shares of all utility bills received subsequent to Closing, which agreement shall survive Closing.

15. Purchaser's Default. In the event of default by Purchaser under the terms of this Agreement, Seller's sole and exclusive remedy shall be to receive the Earnest Money as liquidated damages and thereafter the parties hereto shall have no further rights or obligations hereunder whatsoever. It is hereby agreed that Seller's damages will be difficult to ascertain and that the Earnest Money constitutes a reasonable liquidation thereof and is intended not as a penalty, but as fully liquidated damages. Seller agrees that in the event of default by Purchaser, it shall not initiate any proceeding to recover damages from Purchaser, but shall limit its recovery to the retention of the Earnest Money.

Seller's Initial _____ Purchaser's Initials _____ _____

16. Seller's Default. In the event of default by Seller under the terms of this Agreement, including, without limitation, the failure of Seller to cure any title defects or objections, except as otherwise specifically set forth herein, at Purchaser's option: (i) if any such defects or objections arose by, through, or under Seller or if any such defects or objections consist of taxes, mortgages, deeds of trust, deeds to secure debt, mechanic's or materialman's liens, or other such monetary encumbrances, Purchaser shall have the right to cure such defects or objections, in which event the Purchase Price shall be reduced by an amount equal to the costs to satisfy, bond over or insure over such defects or objections, and upon such curing, the Closing hereof shall proceed in accordance with the terms of this Agreement; or (ii) Purchaser shall have the right to terminate this Agreement by giving written notice of such

termination to Seller, whereupon Escrow Agent shall promptly refund all Earnest Money to Purchaser, and Purchaser and Seller shall have no further rights, obligations, or liabilities hereunder, except as may be expressly provided to the contrary herein; or (iii) Purchaser shall have the right to accept title to the Property subject to such defects and objections with no reduction in the Purchase Price, in which event such defects and objections shall be deemed "Permitted Exceptions"; or (iv) Purchaser may elect to seek specific performance of this Agreement.

17. Condemnation. If, prior to the Closing, all or any part of the Property is subjected to a bona fide threat of condemnation by a body having the power of eminent domain or is taken by eminent domain or condemnation (or sale in lieu thereof), or if Seller has received notice that any condemnation action or proceeding with respect to the Property is contemplated by a body having the power of eminent domain and in either instance the Lease is terminable or rent thereunder may be reduced or abated, Seller shall give Purchaser immediate written notice of such threatened or contemplated condemnation or of such taking or sale, and Purchaser may by written notice to Seller given within fifteen (15) days of the receipt of such notice from Seller, elect to cancel this Agreement. If Purchaser chooses to cancel this Agreement in accordance with this Paragraph 17, then the Earnest Money shall be returned immediately to Purchaser by Escrow Agent and the rights, duties, obligations, and liabilities of the parties hereunder shall immediately terminate and be of no further force and effect. If Purchaser does not elect to cancel this Agreement in accordance herewith, this Agreement shall remain in full force and effect and the sale of the Property contemplated by this Agreement, less any interest taken by eminent domain or

condemnation, or sale in lieu thereof, shall be effected with no further adjustment and without reduction of the Purchase Price, and at the Closing, Seller shall assign, transfer, and set over to Purchaser all of the right, title, and interest of Seller in and to any awards that have been or that may thereafter be made for such taking.

18. Damage or Destruction. If any of the Improvements shall be destroyed or damaged prior to the Closing, and the estimated cost of repair or replacement exceeds $250,000.00 or if the Lease shall terminate as a result of such damage, Purchaser may, by written notice given to Seller within fifteen (15) days after receipt of written notice from Seller of such damage or destruction, elect to terminate this Agreement, in which event the Earnest Money shall immediately be returned by Escrow Agent to Purchaser and except as expressly provided herein to the contrary, the rights, duties, obligations, and liabilities of all parties hereunder shall immediately terminate and be of no further force or effect. If Purchaser does not elect to terminate this Agreement pursuant to this Paragraph 18, or has no right to terminate this Agreement (because the damage or destruction does not exceed $250,000.00 and the Lease remains in full force and effect), and the sale of the Property is consummated, Purchaser shall be entitled to receive all insurance proceeds paid or payable to Seller by reason of such destruction or damage under the insurance required to be maintained by Seller pursuant to Paragraph 9(d) hereof (less amounts of insurance theretofore received and applied by Seller to restoration). If the amount of said casualty or rent loss insurance proceeds is not settled by the date of Closing, Seller shall execute at Closing all proofs of loss, assignments of claim, and other similar instruments to ensure that Purchaser shall receive all of Seller's right, title, and interest in and under said insurance proceeds.

19. Hazardous Substances. Seller hereby warrants and represents, to Seller's actual knowledge that except as disclosed in that certain Phase I Environmental Site Assessment, dated November 15, 2000, prepared by Harding ESE (i) no "hazardous substances", as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et. seq., the Resource Conservation and Recovery Act, as

amended, 42 U.S.C. Section 6901 et. seq., and the rules and regulations
promulgated pursuant to these acts, any so-called "super-fund" or "super-lien" laws or any applicable state or local laws, nor any other pollutants, toxic materials, or contaminants have been or shall prior to Closing be discharged, disbursed, released, stored, treated, generated, disposed of, or allowed to escape on the Property, (ii) no asbestos or asbestos containing materials have been installed, used, incorporated into, or disposed of on the Property, (iii) no polychlorinated biphenyls are located on or in the Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device or form, (iv) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled, (v) no investigation, administrative order, consent order and agreement, litigation, or settlement with respect to Hazardous Substances is proposed, threatened, anticipated or in existence with respect to the Property, and (vi) the Property has not previously been used as a landfill, cemetery, or as a dump for garbage or refuse. Seller hereby indemnifies Purchaser and holds Purchaser harmless from and against any loss, cost, damage, liability or expense due to or arising out of the breach of any representation or warranty contained in this Paragraph.

20. Assignment. Purchaser's rights and duties under this Agreement shall not be assignable except to a party under the control of controlled by or under common control with Purchaser without the consent of Seller which consent shall not be unreasonably withheld.

21. Broker's Commission. Seller has by separate agreement agreed to pay a brokerage commission to The First Fidelity Companies (the "Broker"). Purchaser and Seller hereby represent each to the other that they have not discussed this Agreement or the subject matter hereof with any real estate broker or agent other than Broker so as to create any legal right in any such broker or agent to claim a real estate commission with respect to the conveyance of the Property contemplated by this Agreement. Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Seller, including any claim asserted by Brokers and any broker or agent claiming under Broker. Likewise, Purchaser shall and does hereby indemnify and hold harmless Seller from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Purchaser, except any such claim asserted by Broker and any broker or agent claiming under Brokers. This Paragraph 21 shall survive the Closing or any termination of this Agreement.

22. Notices. Wherever any notice or other communication is required or permitted hereunder, such notice or other communication shall be in writing and shall be delivered by overnight courier, by hand, or sent by facsimile (with confirmation of transmission) to the addresses and/or facsimile numbers set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

PURCHASER: c/o Wells Capital, Inc.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Attn: Mr. Michael C. Berndt
Facsimile: (770) 200-8199

with a copy to: O'Callaghan & Stumm LLP
127 Peachtree Street, N. E., Suite 1330
Atlanta, Georgia 30303
Attn: William L. O'Callaghan, Esq.

Facsimile: (404) 522-2002

SELLER: ADEVCO
3867 Holcomb Bridge Road
Suite 800
Norcross, GA 30097
Attn: Mr. David Kraxberger
Facsimile: (770) 441-7611

with a copy to: Foltz Martin LLC
5 Piedmont Center, Suite 750
Atlanta, GA 30305-1509
Attn: Joseph B. Foltz, Esq.
Facsimile: (404) 237-1659

Any notice or other communication mailed as herein above provided shall be deemed effectively given or received on the date of delivery, if delivered by hand, by overnight courier or facsimile, or otherwise on the third (3rd) business day following the postmark date of such notice or other communication.

23. Possession. Possession of the Property shall be granted by Seller to Purchaser on the date of Closing, subject only to the Lease and the Permitted Exceptions.

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

25. Survival of Provisions. All covenants, warranties, and agreements set forth in this Agreement shall survive the execution or delivery of any and all deeds and other documents at any time executed or delivered under, pursuant to, or by reason of this Agreement, and shall survive the payment of all monies made under, pursuant to, or by reason of this Agreement for a period of one (1) year from Closing except with respect to paragraph 19 which shall survive for an unlimited time.

26. Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules, and regulations. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby but rather shall be enforced to the greatest extent permitted by law.

27. Authorization. Purchaser represents to Seller that this Agreement has been duly authorized and executed on behalf of Purchaser and constitutes the valid and binding agreement of Purchaser, enforceable in

accordance with its terms, and all necessary action on the part of Purchaser to authorize the transactions herein contemplated has been taken, and no further action is necessary for such purpose.

28. General Provisions. No failure of either party to exercise any power given hereunder or to insist upon strict compliance with any obligation specified herein, and no custom or practice at variance with the terms hereof,

shall constitute a waiver of either party's right to demand exact compliance with the terms hereof. This Agreement contains the entire agreement of the parties hereto, and no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. Any amendment to this Agreement shall not be binding upon the parties hereto unless such amendment is in writing and executed by all parties hereto. The provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors, and assigns. Time is of the essence of this Agreement. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement. The headings inserted at the beginning of each paragraph are for convenience only, and do not add to or subtract from the meaning of the contents of each paragraph. This Agreement shall be construed and interpreted under the laws of the State of Georgia. Except as otherwise provided herein, all rights, powers, and privileges conferred hereunder upon the parties shall be cumulative but not restrictive to those given by law. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender shall include all genders, and all references herein to the singular shall include the plural and vice versa.

29. Effective Date. The "effective date" of this Agreement shall be deemed to be the date this Agreement is fully executed by both Purchaser and Seller and a fully executed original counterpart of this Agreement has been received by both Purchaser and Seller.

30. Duties as Escrow Agent. In performing its duties hereunder, Escrow Agent shall not incur any liability to anyone for any damages, losses or expenses, except for its gross negligence or willful misconduct, and it shall accordingly not incur any such liability with respect to any action taken or omitted in good faith upon advice of its counsel or in reliance upon any instrument, including any written notice or instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provision, but also as to the truth and accuracy of any information contained therein that Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person and to conform to the provisions of this Agreement. Seller and Purchaser hereby agree to indemnify and hold harmless Escrow Agent against any and all losses, claims, damages, liabilities and expenses, including reasonable costs of investigation and legal fees and disbursements, that may be imposed upon Escrow Agent or incurred by Escrow Agent in connection with its acceptance or performance of its duties hereunder as escrow agent, including without limitation, any litigation arising out of this Agreement. If any dispute shall arise between Seller and Purchaser sufficient in the discretion of Escrow Agent to justify its doing so, Escrow Agent shall be entitled to tender into the registry or custody of the clerk of the Court for the county in which the Property is located or the clerk for the United States District Court having jurisdiction over the county in which the Property is located, any or all money (less any sums required to pay Escrow Agent's attorneys' fees in filing such action), property or documents in its hands relating to this Agreement, together with such pleadings as it shall deem appropriate, and thereupon be discharged from all further duties under this Agreement. Seller and Purchaser shall bear all costs and expenses of any such legal proceedings.

31. Development Order. Purchaser acknowledges that the Property is part of the Fleming Island Development of Regional Impact, as described in that certain Development Order (herein so called) issued pursuant to Florida Statute Sec. 380.06, as evidenced by Clay County Ordinance 88-49, as amended by Clay County ordinances 88-61, 91-11, 93-12, 94-58, 98-12, 98-26 and 99-47.

32. Statutory Community Development District Notice. Section 190.048 of the Florida Statutes requires the seller of property that is subject to a Community Development District to provide notice to the purchaser in the form set forth below. Purchaser shall comply with the statute by including the

disclosure in each of its contracts to sell any of the Property.

190.048 Sale of real estate within a district; required disclosure to purchaser. Subsequent to the creation of a district under this chapter, each contract for the sale of real estate within the district shall include, immediately prior to the space reserved in the contract for the

signature of the purchaser, the following statement in boldfaced and conspicuous type which is larger than the type in the remaining text of the contract: "THE FLEMING ISLAND PLANTATION COMMUNITY DEVELOPMENT DISTRICT IMPOSES TAXES OR ASSESSMENTS, OR BOTH TAXES AND ASSESSMENTS, ON THIS PROPERTY THROUGH A SPECIAL TAXING DISTRICT. THESE TAXES AND ASSESSMENTS PAY THE CONSTRUCTION, OPERATION, AND MAINTENANCE COSTS OF CERTAIN PUBLIC FACILITIES OF THE DISTRICT AND ARE SET ANNUALLY BY THE GOVERNING BOARD OF THE DISTRICT. THESE TAXES AND ASSESSMENTS ARE IN ADDITION TO COUNTY AND ALL OTHER TAXES AND ASSESSMENTS PROVIDED FOR BY LAW."

33. Radon Gas Disclosure. The following notification is provided in accordance with Section 404.056 of the Florida Statutes: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective seals to be affixed hereunto as of the day, month and year first above written.

"SELLER":

ADEVCO CONTACT CENTERS JACKSONVILLE, L.L.C.,
a Georgia limited liability company

By: /s/ David M. Kraxberger
Its: Authorized Member

"PURCHASER":

WELLS CAPITAL, INC., a Georgia corporation

By: /s/ Leo F. Wells, III
Its: _____

"ESCROW AGENT":

STEWART TITLE GUARANTY COMPANY

By: _____

Its: _____

Schedule of Exhibits

Exhibit "A"	-	Description of Land
Exhibit "B"	-	List of Contracts
Exhibit "C"	-	Copy of Lease
Exhibit "D"	-	List of Plans and Specifications
Schedule 8(g)	-	List of Agreements, etc.
Exhibit "E"	-	Tenant Estoppel Certificate Form
Exhibit "F"	-	Schedule of Insurance Policies
Exhibit "G"	-	Bill of Sale Form
Exhibit "H"	-	Blanket Transfer and Assignment Form
Exhibit "I"	-	Assignment and Assumption of Lease Form

EXHIBIT 10.87

LEASE AGREEMENT FOR AMERICREDIT BUILDING

LEASE AGREEMENT

by and between

ADEVCO CONTACT CENTERS JACKSONVILLE, LLC
("Landlord")

and

AMERICREDIT FINANCIAL SERVICES, INC.
("Tenant")

dated as of

November 20, 2000

for

Premises

containing

85,000 square feet of Rentable Floor Area

Term: One Hundred Twenty (120) Months

TABLE OF CONTENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and entered into as of this 20 day of November, 2000 by and between Landlord and Tenant.

W I T N E S S E T H:

1. Certain Definitions. For purposes of this Lease, the following terms shall have the meanings hereinafter ascribed thereto:

(a) Landlord: ADEVCO CONTACT CENTERS JACKSONVILLE, LLC

(b) Landlord's Address:

c/o ADEVCO Corporation
3867 Holcomb Bridge Road
Norcross, Georgia 30092

(c) Tenant: AMERICREDIT FINANCIAL SERVICES, INC., a Delaware corporation

(d) Tenant's Address:

801 Cherry Street, Suite 3900
Fort Worth, Texas 76102
Attn: Senior Vice President, Facilities

With a copy to:

General Counsel
AmeriCredit Corp.
801 Cherry Street, Suite 3900
Fort Worth, Texas 76120

(e) Building Address:

____ Village Square Parkway
Orange Park, Florida 32003

(f) Suite Number: N/A

(g) Rentable Floor Area of the Building:

85,000 square feet (subject to the provisions of Article 2 of this Lease)

(h) Lease Term: One hundred twenty (120) months

(i) Base Rental Rate:

LEASE YEAR	RATE PER SQUARE FOOT OF RENTABLE FLOOR AREA OF BUILDING
Lease Year 1	$15.33
Lease Year 2	$15.72
Lease Year 3	$16.11
Lease Year 4	$16.51
Lease Year 5	$16.92
Lease Year 6	$17.35
Lease Year 7	$17.78
Lease Year 8	$18.23
Lease Year 9	$18.68
Lease Year 10	$19.15

(j) First Floor Rental Commencement Date: The later of (x) June 1, 2001, or (y) the earlier of (I) the date which is one (1) day after First Floor Substantial Completion (as defined in Paragraph 1[i] of Exhibit "D" attached hereto) or (II) the date upon which Tenant takes possession and occupies any portion of the first floor of the Building for business purposes.

(k) Second Floor Rental Commencement Date: The later of (x) June 1, 2001, or (y) the earlier of (I) the date which is one (1) day after Second Floor Substantial Completion (as defined in Paragraph 1[i] of Exhibit "D" attached hereto) or (II) the date upon which Tenant takes possession and occupies any portion of the second floor of the Building for business purposes.

(l) Construction Allowance for Building: $30.00 per square foot of Rentable Floor Area of the Building.

(m) Design Allowance for Building: $3.00 per square foot of Rentable Floor Area of the Building.

(n) Sign Allowance: Up to $25,000 (see Special Stipulation 4).

(o) Brokers: Arledge/Power Real Estate Group, Inc. (representing Tenant) and ADEVCO Realty Group, LLC (representing Landlord).

2. Lease of Premises.

(a) Landlord, in consideration of the covenants and agreements to be performed by Tenant, and upon the terms and conditions hereinafter stated, does hereby rent and lease unto Tenant, and Tenant does hereby rent and lease from Landlord, the building premises (the "Building") located or to be located on that certain tract of land (the "Land") more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof, which Building comprises 85,000 square feet of Rentable Floor Area (subject to the provisions of this Article 2) as outlined on the floor plans attached hereto as Exhibit "B" and by this reference made a part hereof, with no easement for light, view or air included or being granted hereunder. The "Project" is comprised of the Building, the Land, the Building's parking facilities, any

walkways, covered walkways or other means of access to the Building and the Building's parking facilities, any lobbies or plazas, and any other

improvements or landscaping on the Land. For purposes of this Lease, the Rentable Floor Area of the Building shall be the Rentable Area of the Building as defined and determined in accordance with the American National Standard Method of Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996 published by the Building Owners and Managers Association International and certified by Landlord's architect.

(b) Landlord acknowledges that Tenant is entering into this Lease on the condition that Tenant shall be granted certain tax abatements by Clay County, Florida (the "County"). Tenant shall, within three (3) days of the date of this Lease, make application to the County seeking such tax abatements for which Tenant may be qualified, and shall thereafter diligently seek a grant of the tax abatements from the County. Such diligence by Tenant shall include, but not be limited to, furnishing such information as may be requested by the County and attendance at any hearings before the County as may be required. In the event that the County does not, within thirty (30) days of the date on which Tenant submits its application, grant Tenant the tax abatements applied for by Tenant, then Tenant shall have the right to terminate this Lease by written notice to Landlord given prior to the date which is forty (40) days after the date of this Lease.

(c) So long as no uncured event of default by Tenant shall exist under this Lease, (i) Landlord will consult with Tenant regarding any issue as to which Landlord, as owner of the Land, is entitled to vote under the Fleming Island Plantation Owners' Association, and (ii) Landlord will comply with any written direction given by Tenant to Landlord with respect to such vote, provided that the written directions given by Tenant are commercially reasonable.

3. Term. The term of this Lease ("Lease Term") shall commence on the date first hereinabove set forth, and, unless sooner terminated as provided in this Lease, shall end on the expiration of the period designated in Article 1(h) above, which period shall commence on the last occurring Rental Commencement Date, unless the last occurring Rental Commencement Date shall be other than the first day of a calendar month, in which event such period shall commence on the first day of the calendar month following the month in which the last occurring Rental Commencement Date occurs. Promptly after the last occurring Rental Commencement Date, Landlord shall send to Tenant a Supplemental Notice in the form of Exhibit "C" attached hereto and by this reference made a part hereof, specifying the First Floor Rental Commencement Date, the Second Floor Rental Commencement Date, the date of expiration of the Lease Term in accordance with Article 1(h) above and this Article 3 and certain other matters as therein set forth.

4. Possession. The obligations of Landlord and Tenant with respect to the Building and the initial leasehold improvements are set forth in Exhibit "D" attached hereto and by this reference made a part hereof. Within thirty (30) days after the last occurring Rental Commencement Date, Tenant shall have the right to prepare and provide to Landlord a list of incomplete or defective Punch List Items, all of which shall be promptly repaired and/or completed by Landlord at its sole cost and expense, and, for a period of eleven (11) months following the date of Substantial Completion (as defined in Paragraph 1(i) of Exhibit "D" attached hereto), Tenant shall have the right to notify Landlord of its discovery of latent defects in the Building all of which shall be promptly repaired and/or completed by Landlord at its sole cost and expense. Except for such Punch List Items so specified by Tenant within said thirty (30) day period, and except for such latent defects specified by Tenant within such eleven (11) month period, the taking of possession by Tenant shall be deemed conclusively to establish that Landlord's construction obligations with respect to the Building have been completed in accordance with the plans and

specifications approved by Landlord and Tenant and that the Building, to the extent of Landlord's construction obligations with respect thereto, is in good and satisfactory condition.

5. Rental Payments.

(a) Commencing on the First Floor Rental Commencement Date with respect to the Rentable Floor Area on the first floor of the Building and commencing on the Second Floor Rental Commencement Date with respect to the Rentable Floor Area on the second floor of the Building, and continuing thereafter throughout the Lease Term, Tenant hereby agrees to pay all Rent due and payable under this Lease. As used in this Lease, the term "Rent" shall mean the Base Rental and any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including without limitation any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant. Base Rental shall be due and payable in twelve (12) equal installments on the first day of each calendar month, commencing on the applicable Rental Commencement Date and continuing thereafter throughout the Lease Term and any extensions or renewals thereof, and Tenant hereby agrees to pay such Rent to Landlord at Landlord's address as provided herein (or such other address as may be designated by Landlord from time to time) monthly in advance. Tenant shall pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord under this Lease at the times and in the manner provided in this Lease, without demand, set-off or counterclaim except as expressly otherwise permitted by the terms of this Lease.

(b) If the applicable Rental Commencement Date is other than the first day of a calendar month or if this Lease terminates on other than the last day of a calendar month, then the installments of Base Rental for such month or months shall be prorated on a daily basis and the installment or installments so prorated shall be paid in advance.

6. Base Rental. From and after the First Floor Rental Commencement Date Tenant shall pay to Landlord a base annual rental (herein called "Base Rental") for each Lease Year equal to the Base Rental Rate set forth for such Lease Year in Article 1(i) above multiplied by the Rentable Floor Area on the first floor of the Building. From and after the Second Floor Rental Commencement Date Tenant shall pay to Landlord Base Rental for each Lease Year equal to the Base Rental Rate set forth for such Lease Year in Article 1(i) above multiplied by the Rentable Floor Area on the second floor of the Building. The combined Rentable Floor Area on the first and second floors of the Building is set forth in Article 1(f) above. As used in this Lease, the term "Lease Year" shall mean each twelve month period during the Lease Term, provided, however, the first Lease Year shall commence on the applicable Rental Commencement Date first occurring and shall end on the last day of the twelfth (12th) full calendar month after the applicable Rental Commencement Date last occurring. Each subsequent Lease Year shall commence on the date immediately following the last day of the preceding Lease Year and shall continue for a period of twelve (12) months, except that the last Lease Year of the Lease Term shall terminate on the date this Lease expires or is otherwise terminated.

7. Net Lease. It is the purpose and intent of Landlord and Tenant that, except as expressly provided in Article 8(a) hereof, the Rent payable hereunder shall be absolutely and unconditionally net to the Landlord, so that this Lease shall yield, net to the Landlord, the Base Rental specified in Article 6 hereof in each Lease Year during the Lease Term of this Lease, as such Base Rental may be adjusted during the Extended Terms as provided in Special Stipulation 1 hereof. Except to the extent specifically provided in this Lease, no happening, event, occurrence or situation during the Lease Term of this Lease,

whether foreseen or unforeseen, and however extraordinary, shall permit Tenant to quit or surrender the Building or shall relieve Tenant from its liability to pay the Rent under this Lease, or shall relieve Tenant from any of its obligations under this Lease.

8. Taxes.

(a) Commencing on the applicable Rental Commencement Date first occurring and thereafter during the Lease Term of this Lease, Tenant shall pay directly to the applicable taxing authority, at least ten (10) days prior to the date same shall become due and payable, all ad valorem taxes, Community Development District taxes, general and special assessments (including, without limitation, all assessments for public improvements or benefits commenced or completed during the Lease Term of this Lease), transit taxes, water and sewer taxes, rates and rent, excises, levies, license and permit fees and other fees, taxes, impositions and charges of every kind and nature whatsoever, general and special, foreseen and unforeseen, extraordinary as well as ordinary (hereinafter collectively referred to as "Taxes") which shall or may be charged, levied, laid, assessed, imposed, become due or payable, or liens upon or for, or with respect to (i) the Project or any part thereof, or any personal property, appurtenances or equipment owned by Tenant thereon or therein or any part thereof, (ii) the rent received for any use or occupancy of the Building (except that Landlord shall be responsible for the current seven percent (7%) Florida sales tax on rent as hereinafter provided), (iii) such franchise, licenses and permits as may pertain to the use of the Building, (iv) any documents to which Tenant is a party, creating or transferring an interest in the Building or this Lease, (v) this Lease, and (vi) the use or occupancy of the Building or any part thereof by Tenant or any subtenant, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of the federal, state and county governments and all other governmental authorities whatsoever (all of which shall also be included in the term "Taxes" as heretofore defined). The term "Taxes" shall not include the current seven percent (7%) Florida sales tax on rentals, it being agreed that Landlord shall be responsible for the payment of the current seven percent (7%) Florida sales tax on the Rent payable by Tenant under this Lease, but if the Florida sales tax shall ever be increased to an amount in excess of seven percent (7%), Tenant shall be responsible for the amount of the excess, and if the Florida sales tax shall ever be reduced to an amount less than seven percent (7%), the Base Rental payable by Tenant each month during the period of any such reduction of the Florida sales tax shall be decreased to the amount that will net to Landlord the same amount of Base Rental that would be retained by Landlord if the Florida sales tax remained at seven percent (7%). The term "Taxes" shall also not include excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal, state and local income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income from the Building). Landlord shall forward copies of all bills or statements for taxes to Tenant promptly upon receipt thereof by Landlord. In the event Landlord shall at any time receive a refund or rebate of any Taxes paid by Tenant hereunder or any economic development incentive grant based upon any Taxes paid by Tenant hereunder, Landlord shall promptly pay to Tenant the amount of such refund or rebate of Taxes or grant received by Landlord, provided that no event of default by Tenant has occurred and is continuing.

(b) In the event any special assessments may at the option of the taxpayer be paid in installments (whether or not interest accrues on the unpaid balance of the assessments), Tenant may exercise the option to pay such assessments (and any accrued interest on the unpaid balance of such assessments) in installments, and in that event, Tenant will pay to the applicable taxing authority the installments that become due after the

applicable Rental Commencement Date first

occurring and thereafter during the Lease Term of this Lease at least ten (10) days prior to the date that same become due.

(c) Tenant will have the right to contest the amount or validity, in whole or in part, of any Taxes by appropriate proceedings diligently conducted in good faith, only after paying the Taxes or posting such security as Landlord may reasonably require in order to protect the Building against loss or forfeiture. Upon the termination of those proceedings, Tenant will pay the amount of the Taxes or part of the Taxes as finally determined, the payment of which may have been deferred during the prosecution of the proceedings, together with any costs, fees, interest, penalties or other related liabilities. Landlord will not be required to join in any contest or proceedings unless the provisions of any law or regulations then in effect require the proceedings be brought by or in the name of Landlord. In that event, Landlord will join in the proceedings or permit them to be brought in its name; however, Landlord will not be subjected to any liability for the payment of any costs or expenses in connection with any contest or proceedings, and Tenant will indemnify Landlord against and save Landlord harmless from any of those costs and expenses.

(d) If the Second Floor Rental Commencement Date should occur before or after the First Floor Rental Commencement Date, Landlord and Tenant shall effect an appropriate proration of the Taxes attributable to the period between the first occurring Rental Commencement Date and the second occurring Rental Commencement Date based on a Rentable Floor Area basis.

9. Tenant Taxes. Tenant shall pay promptly when due all taxes directly or indirectly imposed or assessed upon Tenant's gross sales, business operations, machinery, equipment, trade fixtures and other personal property or assets, whether such taxes are assessed against Tenant, Landlord or the Building. In the event that such taxes are imposed or assessed against Landlord or the Building, Landlord shall furnish Tenant with all applicable tax bills, public charges and other assessments or impositions and Tenant shall forthwith pay the same either directly to the taxing authority.

10. Payments. All payments of Rent and other payments to be made to Landlord shall be made on a timely basis and shall be payable to Landlord or as Landlord may otherwise designate. All such payments shall be mailed or delivered to Landlord's Address designated in Article 1(b) above or at such other place as Landlord may designate from time to time in writing. If mailed, all payments shall be mailed in sufficient time and with adequate postage thereon to be received in Landlord's account by no later than the due date for such payment. Tenant agrees to pay to Landlord Fifty Dollars ($50.00) for each check presented to Landlord in payment of any obligation of Tenant which is not paid by the bank on which it is drawn, together with interest from and after the due date for such payment at the rate of twelve percent (12%) per annum on the amount due.

11. Late Charges. Any Rent or other amounts payable to Landlord under this Lease, if not paid by the seventh (7/th/) day of the month for which such Rent is due, or by the due date specified on any invoices from Landlord for any other amounts payable hereunder, shall incur a late charge of Five Hundred Dollars ($500.00) for Landlord's administrative expense in processing such delinquent payment and in addition thereto shall bear interest at the rate of twelve (12%) per annum from and after the due date for such payment. In no event shall the rate of interest payable on any late payment exceed the legal limits for such interest enforceable under applicable law.

12. Utilities and Services. Commencing on the First Floor Rental

Date with respect to the first floor of the Building and commencing on the Second Floor Rental Commencement Date with respect to the second floor of the Building and thereafter during the Lease Term of this Lease, Tenant shall be responsible for and shall pay the cost of all cleaning and janitorial services provided to the Building and the Project, and Tenant shall pay the appropriate suppliers for all water, sewer, gas, electricity, light, heat, telephone, television cable, rubbish removal, power, and other utilities and services used by Tenant at the Project, whether or not the services are billed directly to Tenant. Tenant shall also be responsible for all charges for such utilities and services used or consumed by Tenant at the Project prior to the applicable Rental Commencement Date. Commencing on the first occurring Rental Commencement Date and thereafter during the Lease Term of this Lease, Tenant will also pay the Fleming Island Plantation's Owners' Association dues payable by Landlord as owner of the Project, together with such other costs and expenses incurred by Landlord as "owner" of the Project under and pursuant to any private restrictive covenants applicable to the Property. The share of the foregoing costs which are applicable to the Project shall be determined in accordance with the applicable agreement or declarations encumbering the Property. The obligation of Tenant to pay for such services and utilities supplied or provided during the Lease Term of this Lease shall survive the expiration or earlier termination of this Lease.

13. Use Rules. The Building shall be used for executive, general administrative, office space, business service center and other similar purposes and no other purposes and in accordance with all applicable laws, ordinances, rules and regulations of governmental authorities, all private restrictive covenants applicable to the Project, all nationally recognized industry standards applicable to such uses and the Rules and Regulations attached hereto as Exhibit "F" and made a part hereof. Tenant covenants and agrees to abide by the Rules and Regulations in all respects as now set forth and attached hereto or as hereafter reasonably promulgated by Landlord. Landlord shall have the right at all times during the Lease Term to publish and promulgate and thereafter enforce such rules and regulations or reasonable changes in the existing Rules and Regulations as it may reasonably deem necessary to protect the tenantability, safety, operation, and welfare of the Building and the Project. Landlord shall enforce the Rules and Regulations in a nondiscriminatory manner.

14. Alterations. Except for any initial improvement of the Building pursuant to Exhibit "D", which shall be governed by the provisions of said Exhibit "D", and except for the installation of "Tenant's Equipment" (as hereinafter defined) pursuant to Exhibit "G", which shall be governed by the provisions of Exhibit "G", and except for "Permitted Alterations" (as hereinafter defined), Tenant shall not make, suffer or permit to be made any alterations, additions or improvements to or of the Building or any part thereof, or attach any fixtures or equipment thereto (collectively, an "Alteration") without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld. Except for Tenant's trade fixtures and personal property which are readily removable and Tenant's Equipment (as defined in Section 10 of Exhibit "G" attached hereto), all such alterations, additions and improvements shall become Landlord's property at the expiration or earlier termination of the Lease Term and shall remain with the Building without compensation to Tenant unless Landlord elects by notice to Tenant at the time of granting consent (or, with respect to Permitted Alterations, unless Landlord elects by notice to Tenant within thirty (30) days after Tenant's request for

such election by Landlord for the applicable Permitted Alterations; provided, however, that if such request is not made by Tenant within thirty (30) days after completion of the applicable Permitted Alteration, Landlord may elect by notice to Tenant at any time thereafter) to have Tenant remove such alterations, additions and improvements, in which event, notwithstanding any contrary provisions respecting such alterations, additions and improvements contained in Article 29 hereof, Tenant shall promptly restore, at its sole cost and expense, the Building to its condition prior to the installation of such alterations, additions and improvements, normal wear and tear excepted. The following alterations are referred to as "Permitted Alterations": any Alteration or related series of Alterations if such Alteration or related series of Alterations: (i) are nonstructural; (ii) do not cause any violation of and do not require any change in any certificate of occupancy applicable to the

Building; (iii) do not cause any change in the outside appearance of the Building, do not weaken or impair the structure of the Building and do not reduce the value of the Building or the Project; (iv) do not affect the proper functioning of the Building equipment; and (v) do not cost in excess of $50,000.00. Tenant shall give Landlord prior notice of any Permitted Alteration, and upon completion of any Permitted Alteration (other than decorations), Tenant shall deliver to Landlord three (3) copies of the "as-built" plans for such Permitted Alteration.

15. Repairs.

(a) Landlord shall maintain in good order and repair, subject to normal wear and tear and subject to casualty and condemnation as provided in Articles 22 and 32, respectively, the roof, foundation, and structural portions of the interior structural columns and walls and the exterior structural walls, the exterior windows, the Building's parking lot, driveways, and light poles. Notwithstanding the foregoing obligation, the cost of any repairs or maintenance to the foregoing necessitated by the intentional acts or negligence of Tenant or its agents, contractors, employees, licensees, subtenants or assigns, shall be borne solely by Tenant and shall be deemed Rent hereunder and shall be reimbursed by Tenant to Landlord within thirty (30) days of notice of such demand. Except as expressly set forth above in this Article 15(a), Landlord shall not be required to make any repairs or improvements to the Building except for any initial improvements to the Building pursuant to the provisions of Exhibit "D" and except structural repairs necessary for safety and tenantability and except for the correction of punchlist items and latent defects pursuant to the provisions of Article 4 hereof.

(b) Tenant covenants and agrees that it will take good care of the Building and all alterations, additions and improvements thereto, including the mechanical, electrical, plumbing and fire safety systems within the Building, and will keep and maintain the same in good condition and repair, except for normal wear and tear, damage by fire or other casualty, and repairs which are the responsibility of Landlord under Article 15(a) above. Tenant shall also maintain the curbs, the sidewalks, the exterior lighting (excluding the light poles), landscaping, irrigation systems, fences, utility lines from the property line of the Land to and within the Building, and other exterior elements of the Project in good order, condition and repair. Tenant shall keep the landscaped areas planted, the lawns cut, shrubbery trimmed, and windows cleaned in an aesthetically pleasing manner. All lawn areas shall be timely mowed and edged at least once a week during the growing season of March through October and as needed to keep an even, well groomed appearance during the months of November through February. Lawn areas shall be watered and fertilized at such times and in such quantities as required to keep the grass alive and attractive and shall be kept reasonably free of weeds. All trees, plants and ground cover shall be timely and properly trimmed (including the removal of dead wood) according to their plant culture and the landscape design and shall be watered and fertilized at such times and in such

quantities as are required to keep them alive and attractive. All exterior areas of the Project shall be kept free at all times from debris and papers, and, except for natural areas, shall be kept free at all times from excessive leaves, branches and trash of all kinds. Tenant shall promptly report, in writing, to Landlord any defective or dangerous condition known to Tenant. Except for Tenant's rights as set forth in Article 19(e), to the fullest extent permitted by law, Tenant hereby waives all rights to make repairs at the expense of Landlord or in lieu thereof to vacate the Building as may be provided by any law, statute or ordinance now or hereafter in effect. Landlord has no obligation and has made no promise to alter, remodel, improve, repair, decorate or paint the Building or any part thereof, except as specifically and expressly herein set forth.

16. Landlord's Right of Entry. Landlord shall retain duplicate keys to all doors of the Building and Landlord and its agents, employees and independent contractors shall have the right to enter the Building at reasonable hours to inspect and examine same, to make repairs, additions, alterations, and improvements, to exhibit the Building to mortgagees, prospective mortgagees, purchasers or, within twelve (12) months prior to the end of the Lease Term, tenants, and to inspect the Building to ascertain that Tenant is complying with all of its covenants and obligations hereunder; provided, however, that Landlord shall, except in case of emergency, have the right to enter only with the prior knowledge of Tenant and such entry shall be during Tenant's normal business hours (unless Tenant otherwise consents to entry during other hours, which consent Tenant agrees not to unreasonably withhold or delay), and Tenant shall have the right in such case to have a representative of Tenant accompany Landlord and its agents, contractors and employees while they are within the Building. Landlord shall be allowed to take into and through the Building any and all materials that may be required to make such repairs, additions, alterations or improvements. During such time as such work is being carried on in or about the Building, the Rent provided herein shall not abate, and Tenant waives any claim or cause of action against Landlord for damages by reason of interruption of Tenant's business or loss of profits therefrom because of the prosecution of any such work or any part thereof; provided and on the condition that Landlord shall use all reasonable and diligent efforts to minimize the disruption of Tenant's business and to protect Tenant's property during such times.

17. Insurance.

(a) Tenant shall either self insure or procure at its expense and maintain throughout the Lease Term a policy or policies of all-risk insurance insuring the full replacement cost of its furniture, equipment, supplies, Tenant's Equipment, and other property owned, leased, held or possessed by it and contained in the Building or otherwise located within the Project. Tenant shall also shall procure at its expense and maintain throughout the Lease Term a policy or policies of worker's compensation insurance as required by applicable law. Tenant shall also procure at its expense and maintain throughout the Lease Term a policy or policies of insurance, insuring Tenant, Landlord, Landlord's managing agent and Landlord's mortgagee, if any, against any and all liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of any construction or installation work being done by Tenant or Tenant's contractors on the Building or elsewhere in the Project (including the installation of Tenant's Equipment), or arising out of the condition, use, or occupancy of the Building, or in any way occasioned by or arising out of the activities of Tenant, its agents, contractors or employees in the Building, or other portions of the Building or the Project, and of Tenant's guests and licensees while they are in the Building, the limits of such policy or policies to be in combined single limits for both damage to property and personal injury and in amounts not less than Five Million Dollars ($5,000,000) for each occurrence. Such insurance shall, in addition, extend to any liability of Tenant arising out

of the indemnities provided for in this Lease. All insurance policies procured and maintained by Tenant pursuant to this Article 17 shall name Landlord and any additional parties designated by Landlord as additional insured, shall be carried with companies licensed to do business in the State of Florida having a rating from Best's Insurance Reports of not less than A-/X, and shall be non-cancelable and not subject to material change except after at least twenty (20) days' written notice to Landlord. Duly executed certificates of insurance with respect to such policies shall be delivered to Landlord prior to the date Tenant enters the Building for the installation of its improvements, trade fixtures, furniture or Tenant's Equipment (as defined in Exhibit "G" attached hereto), and certificates
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evidencing renewals of such policies shall be delivered to Landlord at least thirty (30) days prior to the expiration of each respective policy term.

(b) Landlord shall procure at its expense (but with the expense to be reimbursed by Tenant as herein provided) and shall thereafter maintain throughout the Lease Term a policy or policies of all-risk (including rent loss coverage) real and personal property insurance with respect to the Building (including the leasehold improvements, but excluding the Tenant's Equipment and Tenant's other personal property and equipment), insuring against loss or damage by fire and such other risks as are from time to time included in a standard form of all-risk policy of insurance available in the State of Florida, subject to a reasonable deductible amount reasonably approved by Tenant (Tenant hereby acknowledging that a $25,000 deductible amount is reasonable). Said Building and improvements shall be insured for the benefit of Landlord in an amount not less than the full replacement costs thereof as determined from time to time by the insurance company (and such insurance may provide for a reasonable deductible). Landlord shall also procure at its expense (but with the expense to be reimbursed by Tenant as herein provided) and shall thereafter maintain throughout the Lease Term a policy or policies of commercial general liability insurance insuring against the liability of Landlord arising out of the maintenance, use and occupancy of the Project, with limits of such policy or policies to be in combined single limits for both damage to property and personal injury and in amounts not less than Five Million Dollars ($5,000,000.00) for each occurrence, subject to a reasonable deductible amount reasonably approved by Tenant (Tenant hereby acknowledging that a $25,000 deductible amount is reasonable). Such insurance required herein shall be issued by an insurance company licensed to do business in the State of Florida having a rating from Best Insurance Reports of not less than A-/X. Any insurance required to be carried by Landlord hereunder may be carried under blanket policies covering other properties of Landlord and/or its partners and/or their respective related or affiliated corporations so long as such blanket policies provide insurance at all times for the Project as required by this Lease. Upon reasonable request from Tenant, Landlord will provide a certificate of insurance evidencing the maintenance of the insurance required herein. Tenant agrees that Tenant shall reimburse Landlord for the costs of all insurance maintained by Landlord under this Article 17(b) attributable to the period from and after the first occurring Rental Commencement Date, and Tenant shall make payment of such costs of insurance to Landlord within fifteen (15) days after Tenant shall receive request for payment thereof from Landlord accompanied by copies of the invoices or premium statements evidencing the amount of such costs.

18. Waiver of Subrogation. Landlord and Tenant shall each have included in
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all policies of fire, extended coverage, business interruption and loss of rents insurance respectively obtained by them covering the Building and contents therein, a waiver by the insurer of all right of subrogation against the other in connection with any loss or damage thereby insured against. Any additional premium for such waiver shall be paid by the primary insured. To the full extent permitted by law, Landlord and Tenant each waives all right of recovery against

the other for, and agrees to release the other from liability for, loss or damage to the extent such loss or damage is covered by valid and collectible insurance in effect at the time of such loss or damage or would be covered by the insurance required to be maintained under this Lease by the party seeking recovery.

19. Default.

(a) The following events shall be deemed to be events of default by Tenant under this Lease: (i) Tenant shall fail to pay any installment of Rent or any other charge or assessment against Tenant pursuant to the terms hereof within ten (10) days after receipt by Tenant of notice in writing from Landlord; provided, however, such notice and such grace period shall be required to be provided by Landlord and shall be accorded Tenant if necessary, only two (2) times during any consecutive twelve (12) month period of the Lease Term, and in the event of default shall be

deemed to have immediately occurred upon the third failure by Tenant to make a timely payment as aforesaid within any consecutive twelve (12) month period of the Lease Term, it being intended by the parties hereto that such notice and such grace period shall protect against infrequent unforeseen clerical errors beyond the control of Tenant, and shall not protect against Tenant's lack of diligence of planning in connection with its obligation to make timely payment of rent and other amounts due hereunder; (ii) Tenant shall fail to comply with any term, provision, covenant or warranty made under this Lease by Tenant, other than the payment of the Rent or any other charge or assessment payable by Tenant, and shall not cure such failure within thirty (30) days after notice thereof to Tenant provided, however, in the case of a failure or breach which is capable of being remedied by Tenant but which cannot with due diligence be remedied by Tenant within a period of thirty (30) days, if Tenant proceeds as promptly as may be reasonably possible after the service of such notice and with all due diligence to remedy the failure or breach and thereafter to prosecute the remedying of such failure or breach with all due diligence, Tenant shall have an additional period of time, not to exceed ninety (90) days (for a total of one hundred twenty (120) days from the service of such notice), in which to effect such cure; (iii) Tenant or any guarantor of this Lease shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding; (iv) a proceeding is commenced against Tenant or any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed or discharged within sixty (60) days after the commencement thereof; (v) a receiver or trustee shall be appointed for the Building or for all or substantially all of the assets of Tenant or of any guarantor of this Lease; (vi) Tenant shall fail to take possession of the Building as provided in this Lease; (vii) Tenant shall do or permit to be done anything which creates a lien upon the Building or the Project and such lien is not removed or discharged by bond or otherwise (or by the posting of such security with Landlord as Landlord shall determine, in Landlord's reasonable discretion) within thirty (30) days after the filing thereof; (viii) Tenant shall fail to return a properly executed instrument to Landlord in accordance with the provisions of Article 25 hereof within the time period provided for such return following Landlord's request for same as provided in Article 25; or (ix) Tenant shall fail to return a properly executed estoppel certificate to Landlord in accordance with the provisions of Article 26 hereof within the time period provided for such return

following Landlord's request for same as provided in Article 26.

(b) Upon the occurrence of any of the aforesaid events of default (Landlord and Tenant acknowledging that certain events of default as defined in Article 19[a] cannot occur without the written notice from Landlord expressly provided for with respect to such events of default in Article 19[a]), Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever: (i) terminate this Lease, in which event Tenant shall immediately surrender the Building to Landlord and if Tenant fails to do so, Landlord may without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Building and expel or remove Tenant and any other person who may be occupying said Building or any part thereof without being liable for prosecution or any claim of damages therefor; Tenant hereby agreeing to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Building on satisfactory terms or

otherwise; (ii) terminate Tenant's right of possession (but not this Lease) and enter upon and take possession of the Building and expel or remove Tenant and any other person who may be occupying said Building or any part thereof, by entry, dispossessory suit or otherwise, without thereby releasing Tenant from any liability hereunder, without terminating this Lease, and without being liable for prosecution or any claim of damages therefor and, if Landlord so elects, make such alterations, redecorations and repairs as, in Landlord's judgment, may be necessary to relet the Building, and Landlord may, but shall be under no obligation to do so, relet the Building or any portion thereof in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be for a term extending beyond the Lease Term) and at such rental or rentals and upon such other terms as Landlord may reasonably deem advisable, with or without advertisement, and by private negotiations, and receive the rent therefor, Tenant hereby agreeing to pay to Landlord the deficiency, if any, between all Rent reserved hereunder and the total rental applicable to the Lease Term hereof obtained by Landlord re-letting, and Tenant shall be liable for Landlord's expenses in redecorating and restoring the Building and all costs incident to such re-letting, including broker's commissions and lease assumptions, and in no event shall Tenant be entitled to any rentals received by Landlord in excess of the amounts due by Tenant hereunder; or (iii) enter upon the Building without being liable for prosecution or any claim of damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses including, without limitation, reasonable attorneys' fees which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action, except for damage to property or injury to persons to the extent caused by the gross negligence or willful misconduct of Landlord. If Landlord shall reenter the Building and take possession from Tenant without terminating this Lease, provided that Tenant has vacated the Building and is not contesting Landlord's right to the possession of the Building, Landlord will use reasonable efforts to relet the Building and thereby mitigate the damages which Landlord shall incur. Tenant hereby agrees that Landlord's agreement to use reasonable efforts to relet the Building in order to mitigate Landlord's damages shall not be deemed to impose upon Landlord any obligation to relet the Building for any purpose other than the uses permitted under this Lease or to any tenant who is not financially capable of performing the duties and obligations imposed upon Tenant under this Lease with respect to the portion of the Building leased by such tenant. If this Lease is terminated by Landlord as a result of the occurrence of an event of default, Landlord may declare to be due and payable immediately, the present value (calculated with a discount factor of eight percent [8%] per annum) of the difference between (x) the entire amount of Rent and other charges and assessments which in Landlord's

reasonable determination would become due and payable during the remainder of the Lease Term determined as though this Lease had not been terminated (including, but not limited to, increases in Rent pursuant to this Lease), and (y) the then fair market rental value of the Building for the remainder of the Lease Term. Upon the acceleration of such amounts, Tenant agrees to pay the same at once, together with all Rent and other charges and assessments theretofore due, at Landlord's address as provided herein, it being agreed that such payment shall not constitute a penalty or forfeiture but shall constitute liquidated damages for Tenant's failure to comply with the terms and provisions of this Lease (Landlord and Tenant agreeing that Landlord's actual damages in such event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof).

(c) Pursuit of any of the foregoing remedies shall not preclude pursuit of any other remedy herein provided or any other remedy provided by law or at equity, nor shall pursuit of any remedy herein provided constitute an election of remedies thereby excluding the later election of an alternate remedy, or a forfeiture or waiver of any Rent or other charges and

assessments payable by Tenant and due to Landlord hereunder or of any damages accruing to Landlord by reason of violation of any of the terms, covenants, warranties and provisions herein contained. No reentry or taking possession of the Building by Landlord or any other action taken by or on behalf of Landlord shall be construed to be an acceptance of a surrender of this Lease or an election by Landlord to terminate this Lease unless written notice of such intention is given to Tenant. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. In determining the amount of loss or damage which Landlord may suffer by reason of termination of this Lease or the deficiency arising by reason of any reletting of the Building by Landlord as above provided, allowance shall be made for the expense of repossession. Tenant agrees to pay to Landlord all costs and expenses incurred by Landlord in the enforcement of this Lease, including, without limitation, the reasonable fees of Landlord's third party attorneys as provided in Article 23 hereof.

(d) The abandonment or vacation of the Building shall not be an event of default by Tenant under this Lease, but in the event Tenant shall abandon or vacate the Building for more than ninety (90) days, unless due to a casualty, condemnation or remodeling (which remodeling is being diligently prosecuted), Landlord may, at any time while such abandonment or vacation of the Building is continuing, notify Tenant of Landlord's election to terminate this Lease, in which event this Lease shall terminate on the date so selected by Landlord in Landlord's written election to terminate this Lease, and on the date so set forth in Landlord's written election, this Lease shall terminate and come to an end as though the date selected by Landlord were the last day of the natural expiration of the Lease Term; provided, however, that no such termination shall affect or limit any obligations or liabilities of Tenant arising or accruing under this Lease prior to the effective date of any such termination; and provided further that Tenant may rescind Landlord's election by (i) notifying Landlord in writing, within ten (10) days after receipt of Landlord's written election to terminate this Lease, that Tenant will reoccupy the Building for business purposes and (ii) in fact, so reoccupying the Building for business purposes within sixty (60) days thereafter.

(e) If Landlord shall default in the performance of any of its obligations under this Lease in a way which materially and adversely affects the use or tenantability of the Building (including but not limited to a failure to cure Punch List Items or latent defects within the applicable time periods set forth in Article 4 of this Lease), and such default shall continue for thirty (30) days after notice from Tenant specifying Landlord's default (except that if such default cannot be cured

within said thirty [30] day period, this period shall be extended for a reasonable additional time, provided that Landlord commences to cure such default within the thirty [30] day and proceeds diligently thereafter to effect such cure and completes such cure as promptly as reasonably possible under all the circumstances), Tenant may, without prejudice to any of its other rights under this Lease, correct or cure such default by Landlord and invoice Landlord the cost and expenses incurred by Tenant therefor, and Landlord shall reimburse Tenant within thirty (30) days following receipt of such invoice.

20. Waiver of Breach. No waiver of any breach of the covenants, warranties, agreements, provisions, or conditions contained in this Lease shall be construed as a waiver of said covenant, warranty, provision, agreement or condition or of any subsequent breach thereof, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred.

21. Assignment and Subletting. Tenant shall not, without the prior written consent of Landlord, assign this Lease or any interest herein or in the Building, or mortgage, pledge, encumber, hypothecate or otherwise transfer or sublet the Building or any part thereof or permit the use of the Building by any party other than Tenant. Consent to one or more such transfers or subleases shall not destroy or waive this provision, and all subsequent transfers and subleases shall likewise be made only upon obtaining the prior written consent of Landlord. Without limiting the foregoing prohibition, in no event shall Tenant assign this Lease or any interest herein, whether directly, indirectly or by operating of law, or sublet the Building or any part thereof or permit the use of the Building or any part thereof by any party (i) if the proposed assignee or subtenant is a party who would (or whose use would) detract from the character of the Building as a first-class building, such as, without limitation, a dental, medical or chiropractic office or a governmental office, (ii) if the proposed use of the Building shall involve an occupancy rate of more than one (1) person per 100 square feet of Rentable Floor Area within the Building, or (iii) if the proposed assignment or subletting shall be to a governmental subdivision or agency or any person or entity who enjoys diplomatic or sovereign immunity. Notwithstanding the foregoing prohibition, Tenant shall have the right, without the consent of Landlord but with prior notice to Landlord, to assign this Lease or sublet the entire Premises to an entity which is more than fifty percent (50%) owned, directly or indirectly, by Tenant, or to an entity which directly or indirectly owns more than fifty percent (50%) of Tenant, or to an entity which is more than fifty percent (50%) owned, directly or indirectly, by an entity which itself owns, directly or indirectly, more than fifty percent (50%) of Tenant. No assignment of this Lease or subletting of the Building shall relieve Tenant of any liability arising under this Lease. Sublessees or transferees of the Building for the balance of the Lease Term shall become directly liable to Landlord for all obligations of Tenant hereunder, without relieving Tenant (or any guarantor of Tenant's obligations hereunder) of any liability therefor, and Tenant shall remain obligated for all liability to Landlord arising under this Lease during the entire remaining Lease Term including any extensions thereof, whether or not authorized herein. If Tenant is a partnership, a withdrawal or change, whether voluntary, involuntary or by operation of law, of partners owning a controlling interest in the Tenant shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling interest in the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. Landlord may, as a prior condition to considering any request for consent to an assignment or sublease (when Landlord's consent is required), require Tenant to obtain and submit current financial statements of any proposed subtenant or assignee. In the event Landlord consents to an assignment or sublease, Tenant shall pay to Landlord a fee to cover Landlord's reasonable accounting costs plus any legal fees incurred by Landlord as a result of the assignment or sublease, not to

exceed $2,500.00. Any consideration, in excess of the Rent and other charges and sums due and payable by Tenant under this Lease, paid to Tenant by any assignee of this Lease for its assignment, or by any sublessee under or in connection with its sublease (when Landlord's consent is required), or otherwise paid to Tenant by another party for use and occupancy of the Building or any portion thereof, shall be retained by Tenant and Landlord shall have no right or claim thereto as against Tenant. No assignment of this Lease consented to by Landlord shall be effective unless and until Landlord shall receive an original assignment and assumption agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and Tenant's proposed assignee, whereby the assignee assumes due performance of this Lease to be done and performed for the balance of the then remaining Lease Term of this Lease. No subletting of the Building, or any part thereof, shall be effective unless and until there shall have been delivered to Landlord an agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and the proposed sublessee, whereby the sublessee acknowledges the right of Landlord to continue or terminate any sublease, in Landlord's sole discretion, upon termination of this Lease, and such sublessee agrees to recognize and attorn to Landlord in the event that Landlord elects under such circumstances to continue such sublease.

22. Destruction.

(a) If the Building are damaged by fire or other casualty, the same shall be repaired or rebuilt as speedily as practical under the circumstances at the expense of the Landlord (except that Tenant shall bear the cost of repairs and rebuilding to the extent of the deductibles under Landlord's insurance policy), unless this Lease is terminated as provided in this Article 21, and during the period required for restoration, a just and proportionate part of Base Rental shall be abated until the Building is repaired or rebuilt.

(b) If the Building is damaged or destroyed by fire or other casualty, Landlord shall give Tenant written notice (the "Repair Notice") within thirty (30) days after the date of the casualty specifying Landlord's reasonable estimate of the time period to complete the repairs of such damage or destruction. If the Building is (i) damaged to such an extent that repairs cannot, in Landlord's good faith judgment, be completed within one hundred eighty (180) days after the date of the casualty or (ii) damaged or destroyed as a result of a risk which is not insured under standard fire insurance policies with extended coverage endorsement, or (iii) damaged or destroyed during the last six (6) months of the Lease Term, or if the Building is damaged in whole or in part, to such an extent that the Building cannot, in Landlord's good faith judgment, be operated economically as an integral unit, then and in any such event Landlord may at its option terminate this Lease by notice in writing to the Tenant within thirty (30) days after the date of such occurrence. If the Building is damaged to such an extent that repairs cannot, in Landlord's good faith judgment, be completed within one hundred eighty (180) days after the date of the casualty or if the Building is substantially damaged during the last six (6) months of the Lease Term, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within ten (10) days after the date of the Repair Notice. Unless Landlord or Tenant elects to terminate this Lease as hereinabove provided, this Lease will remain in full force and effect and Landlord shall repair such damage at its expense to the extent required under this Article as expeditiously as possible under the circumstances. If Landlord, subject to force majeure and subject to delays caused by Tenant, does not restore the Premises as required in this Article 22(b) within the time period herein set forth, Tenant may terminate this Lease at any time thereafter [and Rent shall be accounted for as of the date of termination (as of the date of the fire or other casualty with respect to the damaged portion)], prior to the date such restoration is substantially completed, provided (i) Tenant gives Landlord not less than thirty (30) days prior written notice, and (ii) Landlord does not complete the restoration during such thirty (30) day

period.

(c) If Landlord should elect or be obligated pursuant to subparagraph (a) above to repair or rebuild because of any damage or destruction, Landlord's obligation shall be limited to the original Building and the leasehold improvements in the Building and shall not extend to Tenant's Equipment or any furniture, equipment, supplies or other personal property owned or leased by Tenant, its employees, contractors, invitees or licensees. If the cost of performing such repairs exceeds the actual proceeds of insurance paid or payable to Landlord (or which would have been payable to Landlord had Landlord maintained the insurance required by this Lease to be maintained by Landlord on account of such casualty), or if Landlord's mortgagee or the lessor under a ground or underlying lease shall require that any insurance proceeds from a casualty loss be paid to it, Landlord may terminate this Lease unless Tenant, within thirty (30) days after demand therefor, deposits with Landlord a sum of money sufficient to pay the difference between the cost of repair and the proceeds of the insurance available to Landlord for such purpose.

(d) In no event shall Landlord be liable for any loss or damage sustained by Tenant by reason of casualties mentioned hereinabove or any other accidental casualty.

23. Attorneys' Fees. In the event Landlord or Tenant defaults in the performance of any of the terms, agreements or conditions contained in this Lease and the non-defaulting party places the enforcement of this Lease, or any part thereof, or the collection of any Rent due or to become due hereunder, or recovery of the possession of the Building, in the hands of an attorney, or files suit upon the same, and should such non-defaulting party prevail in such suit, the defaulting party, to the extent permitted by applicable law, agrees to pay the non-defaulting party all reasonable attorney's fees actually incurred by the non-defaulting party.

24. Time. Time is of the essence of this Lease and whenever a certain day is stated for payment or performance of any obligation of Tenant or Landlord, the same enters into and becomes a part of the consideration hereof.

25. Subordination, Attornment and Non-Disturbance.

(a) Existing Security Deeds or Underlying Leases. Landlord represents and warrants to Tenant that (i) as of the date of this Lease, Landlord has a valid contract to acquire fee simple title to the Land, (ii) Landlord shall acquire fee simple title to the Land prior to the date Landlord shall commence construction of the Building on the Land, and (iii) as of the later of the date of this Lease or the date Landlord acquires fee simple title to the Land, the Land is (or will be) free and clear of any mortgages, deeds to secure debt, deeds of trust or other such financing instruments (each a "Security Deed") or any ground or underlying leases, except for Security Deeds as to which Landlord has obtained for the benefit of Tenant a non-disturbance agreement as provided in Article 25(b) below.

(b) Subordination. Tenant agrees that within ten (10) business days after receipt of a written request from the Landlord, from the holder or proposed holder of any Security Deed or from the lessor or proposed lessor under any underlying lease, Tenant shall execute a subordination, non-disturbance and attornment agreement ("non-disturbance agreement") subordinating this Lease to the interest of such holder or lessor and their respective heirs, successors and assigns. The holder of any such Security Deed or the lessor under any such underlying lease shall agree in such nondisturbance agreement that, so long as Tenant complies with all of the

terms and conditions of this Lease and is not in default hereunder beyond the period of cure of such default as provided herein, such holder or lessor or any person or entity acquiring the interest of the Landlord under this Lease as a result of the enforcement of such Security Deed or lease or deed in lieu thereof (the "Successor Landlord") shall not take any action to disturb Tenant's possession of the Building during the remainder of the Lease Term and any extension or renewal thereof and the Successor Landlord shall recognize all of Tenant's rights under this Lease, despite any foreclosure, lease termination or other action by such holder or lessor, including, without limitation, the taking of possession of the Building or any portion thereof by the Successor Landlord or the exercise of any assignment of rents by the holder or lessor. In any such non-disturbance agreement, Tenant shall agree to give the holder of the Security Deed (or, in the case of an underlying lease, the lessor thereunder) notice of defaults by Landlord hereunder (but only to the address previously supplied to Tenant in writing) at the same time as such notice is given to Landlord and time periods to cure such defaults which are the same as those granted to Landlord hereunder (which time period shall run from and after such notice is given to such holder or lessor), and Tenant shall further agree that any Successor

Landlord shall not be personally liable for any accrued obligation of the former landlord, or for any act or omission of the former landlord, whether prior to or after such enforcement proceedings, nor be subject to any counterclaims which shall have accrued to Tenant against the former landlord prior to the date upon which such Successor Landlord shall become the owner of the Building. Such non-disturbance agreement shall also provide for the attornment by Tenant to the Successor Landlord and shall provide that such Successor Landlord shall not be (a) subject to any offsets which the Tenant might have against the former landlord; or (b) bound by any Base Rental or any other payments which the Tenant under this Lease might have paid for more than one (1) month in advance to any former landlord under this Lease. Landlord will join in the signing of the non-disturbance agreement, and such non-disturbance agreement will be in the form suitable for recording in the deed records of Clay County, Florida.

(c) Election by Mortgagee. If the holder of any Security Deed or any lessor under a ground or underlying lease elects to have this Lease superior to its Security Deed or lease and signifies its election in the instrument creating its lien or lease or by separate instrument recorded in connection with or prior to a foreclosure, or in the foreclosure deed itself, then this Lease shall be superior to such Security Deed or lease.

26. Estoppel Certificates. Within thirty (30) days after request therefor by Landlord, Tenant agrees to execute and deliver to Landlord in recordable form an estoppel certificate addressed to Landlord, any mortgagee or assignee of Landlord's interest in, or purchaser of, the Building or any part thereof, certifying (if such be the case) that this Lease is unmodified and is in full force and effect (and if there have been modifications, that the same is in full force and effect as modified and stating said modifications); that there are no defenses or offsets against the enforcement thereof or stating those claimed by Tenant; and stating the date to which Rent and other charges have been paid. Such certificate shall also include such other information as may reasonably be required by such mortgagee, proposed mortgagee, assignee, purchaser or Landlord. Any such certificate may be relied upon by Landlord, any mortgagee, proposed mortgagee, assignee, purchaser and any other party to whom such certificate is addressed. Tenant shall not be required to provide any such certificate more than twice per calendar year.

27. Cumulative Rights. All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative to, but not restrictive of, or in lieu of those conferred by law.

28. Holding Over. If Tenant remains in possession after expiration or termination of the Lease Term with or without Landlord's written consent, Tenant shall become a tenant-at-sufferance, and there shall be no renewal of this Lease by operation of law. During the period of any such holding over, all provisions of this Lease shall be and remain in effect except that the monthly rental shall be one hundred fifty percent (150%) of the amount of Rent (including any adjustments as provided herein) payable for the last full calendar month of the Lease Term including renewals and extensions. The inclusion of the preceding provisions of this Article 28 in this Lease shall not be construed as Landlord's consent for Tenant to hold over except as expressly set forth in this Article 28.

29. Surrender of Premises. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Building and every part thereof and all alterations, additions and improvements thereto, broom clean and in good condition and state of repair, except only reasonable wear and tear, damage by fire or other casualty, and repairs which are the responsibility of Landlord. Tenant shall remove Tenant's trade fixtures, Tenant's Equipment, and all personalty and other equipment not attached to the Building which it has placed upon the Building, and Tenant shall repair all damage to the Building, Building or Project caused by the removal of such property. If Tenant shall fail or refuse to

remove all of Tenant's effects, personalty, Tenant's Equipment, and other equipment from the Building upon the expiration or termination of this Lease for any cause whatsoever or upon the Tenant being dispossessed by process of law or otherwise, such effects, personalty, Tenant's Equipment, and other equipment shall be deemed conclusively to be abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without obligation to account for them. Tenant shall pay Landlord on demand any and all expenses incurred by Landlord in the removal of such property, including, without limitation, the cost of repairing any damage to the Building or Project caused by the removal of such property and storage charges (if Landlord elects to store such property). The covenants and conditions of this Article 29 shall survive any expiration or termination of this Lease.

30. Notices. All notices required or permitted to be given hereunder shall be in writing and may be delivered in person to either party or may be sent by courier or by United States Mail, certified, return receipt requested, postage prepaid. Any such notice shall be deemed received by the party to whom it was sent (i) in the case of personal delivery or courier delivery, on the date of delivery to such party, and (ii) in the case of certified mail, the date receipt is acknowledged on the return receipt for such notice or, if delivery is rejected or refused or the U.S. Postal Service is unable to deliver same because of changed address of which no notice was given pursuant hereto, the first date of such rejection, refusal or inability to deliver. All such notices shall be addressed to Landlord or Tenant at their respective address set forth hereinabove or at such other address as either party shall have theretofore given to the other by notice as herein provided.

31. Damage or Theft of Personal Property. All Tenant's Equipment, trade fixtures, personal property, and other equipment brought into Building by Tenant, or Tenant's employees or business visitors, shall be at the risk of Tenant only, and Landlord shall not be liable for theft thereof or any damage thereto occasioned by any act of invitees or other users of the Building or any other person, unless such theft or damage is the result of the act of Landlord or its employees and Landlord is not relieved therefrom by Article 18 hereof. Unless caused by the negligence of Landlord or its employees, Landlord shall not at any time be liable for damage to any such property in or upon the Building or Project which results from power surges or other deviations from the constancy

of the electrical service or from gas, smoke, water, rain, ice or snow which issues or leaks from or forms upon any part of the Building or from the pipes or plumbing work of the same, or from any other place whatsoever.

32. Eminent Domain.

(a) If all or part of the Building shall be taken for any public or quasi-public use by virtue of the exercise of the power of eminent domain or by private purchase in lieu thereof, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Building by written notice to the other within thirty (30) days after such date.

(b) If this Lease is terminated under the provisions of this Article 32, Rent shall be apportioned and adjusted as of the date of termination. Tenant shall have no claim against Landlord or against the condemning authority for the value of any leasehold estate or for the value of the unexpired Lease Term provided that the foregoing shall not preclude any claim that Tenant may have against the condemning authority for the unamortized cost of leasehold improvements, to the extent the same were installed at Tenant's expense (and not with the proceeds of the Construction Allowance), or for loss of business, moving expenses or other consequential damages, in accordance with subparagraph (d) below.

(c) If there is a partial taking of the Building and this Lease is not thereupon terminated under the provisions of this Article 32, then this Lease shall remain in full force and effect, and Landlord shall, within a reasonable time thereafter, repair or reconstruct the remaining portion of the Building to the extent necessary to make the same a complete architectural unit; provided that in complying with its obligations hereunder Landlord shall not be required to expend more than the net proceeds of the condemnation award which are paid to Landlord.

(d) All compensation awarded or paid to Landlord upon a total or partial taking of the Building shall belong to and be the property of Landlord without any participation by Tenant. Nothing herein shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority for loss of business, for damage to, and cost of removal of, Tenant's Equipment, trade fixtures, furniture and other personal property belonging to Tenant, and for the unamortized cost of leasehold improvements to the extent same were installed at Tenant's expense (and not with the proceeds of the Construction Allowance or Sign Allowance). In no event shall Tenant have or assert a claim for the value of any unexpired term of this Lease. Subject to the foregoing provisions of this subparagraph (d), Tenant hereby assigns to Landlord any and all of its right, title and interest in or to any compensation awarded or paid as a result of any such taking.

33. Parties. The term "Landlord", as used in this Lease, shall include Landlord and its assigns and successors. It is hereby covenanted and agreed by Tenant that should Landlord's interest in the Building cease to exist for any reason during the Lease Term, then notwithstanding the happening of such event, this Lease nevertheless shall remain in full force and effect, and Tenant hereby agrees to attorn to the then owner of the Building. The term "Tenant" shall include Tenant and its heirs, legal representatives and successors, and shall also include Tenant's assignees and sublessees, if this Lease shall be validly assigned or the Building sublet for the balance of the Lease Term or any renewals or extensions thereof. In addition, Landlord and Tenant covenant and agree that Landlord's right to transfer or assign Landlord's interest in and to the Building, or any part or parts thereof, shall be unrestricted, and that in the event of any such transfer or assignment by Landlord which includes the Building, Landlord's obligations to Tenant thereafter arising hereunder shall

cease and terminate, and Tenant shall look only and solely to Landlord's assignee or transferee for performance thereof.

34. Indemnification. Tenant hereby indemnifies Landlord from and agrees to hold Landlord harmless against, any and all liability, loss, cost, damage or expense, including, without limitation, court costs and reasonable attorney's fees, imposed on Landlord by any person whomsoever, caused in whole or in part by any negligent act or omission of Tenant, or any of its employees, contractors, servants, agents, subtenants or assignees, or of Tenant's invitees while such invitees are within the Project, except for such matters as are caused by the gross negligence or willful misconduct of Landlord, its employees, agents, contractors and subcontractors. Landlord hereby indemnifies Tenant from and agrees to hold Tenant harmless against, any and all liability, loss, cost, damage or expense, including, without limitation, court costs and reasonable attorney's fees, imposed on Tenant by any person whomsoever, caused in whole or in part by any negligent act or omission of Landlord, or any of its employees, contractors, servants, agents, subtenants or assignees, or of Landlord's invitees while such invitees are within the Project, except for such matters as are caused by the gross negligence or willful misconduct of Tenant, its employees, agents, contractors and subcontractors. The provisions of this Article 34 shall survive any termination of this Lease.

35. Force Majeure. In the event of strike, lockout, labor trouble, civil commotion, act of God, or any other cause beyond a party's control (collectively "force majeure") resulting in the

Landlord's inability to supply the services or perform the other obligations required of Landlord hereunder, then, except for the express rights of termination granted to Tenant elsewhere in this Lease, this Lease shall not terminate and Tenant's obligation to pay Rent and all other charges and sums due and payable by Tenant shall not be affected or excused and Landlord shall not be considered to be in default under this Lease. If, as a result of force majeure, Tenant is delayed in performing any of its obligations under this Lease, other than Tenant's obligation to pay Rent and all other charges and sums payable by Tenant hereunder, Tenant's performance shall be excused for a period equal to such delay and Tenant shall not during such period be considered to be in default under this Lease with respect to the obligation, performance of which has thus been delayed.

36. Landlord's Liability. Landlord shall have no personal liability with respect to any of the provisions of this Lease. If Landlord is in default with respect to its obligations under this Lease, Tenant shall look for satisfaction of Tenant's remedies, if any, solely to the equity of Landlord in and to the Building and the Land described in Exhibit "A" hereto and to the proceeds of Landlord's insurance policy or policies actually paid to Landlord and not applied by Landlord by the applicable claim or to the restoration of the Building as required by the terms of this Lease (unless same are not so applied because such proceeds are required by the holder of a mortgage to be paid to it to reduce the debt secured by such mortgage). It is expressly understood and agreed that Landlord's liability under the terms of this Lease shall in no event exceed the amount of its interest in and to said Land and Building and the aforedescribed proceeds of insurance. In no event shall any partner of Landlord nor any joint venturer in Landlord, nor any officer, director or shareholder of Landlord or any such partner or joint venturer of Landlord be personally liable with respect to any of the provisions of this Lease.

37. Landlord's Covenant of Quiet Enjoyment. Provided Tenant performs the terms, conditions and covenants of this Lease, and subject to the terms and provisions hereof, Landlord covenants and agrees to take all necessary steps to secure and to maintain for the benefit of Tenant the quiet and peaceful

possession, occupancy and use of the Building, for the Lease Term, without hindrance, claim or molestation by Landlord or any other person lawfully claiming under Landlord.

38. Hazardous Substances.

(a) Tenant hereby covenants and agrees that Tenant shall not cause or permit any "Hazardous Substances" (as hereinafter defined) to be generated, placed, held, stored, used, located or disposed of at the Project or any part thereof, except for Hazardous Substances as are commonly and legally used or stored as a consequence of using the Building for general office and administrative purposes, but only so long as the quantities thereof do not pose a threat to public health or to the environment or would necessitate a "response action", as that term is defined in CERCLA (as hereinafter defined), and so long as Tenant strictly complies or causes compliance with all applicable governmental rules and regulations concerning the use, storage, production, transportation and disposal of such Hazardous Substances. For purposes of this Article 38, "Hazardous Substances" shall mean and include those elements or compounds which are contained in the list of Hazardous Substances adopted by the United States Environmental Protection Agency (EPA) or in any list of toxic pollutants designated by Congress or the EPA or which are defined as hazardous, toxic, pollutant, infectious or radioactive by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including, without limitation, strict liability) or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter in effect (collectively "Environmental Laws"). Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs

of settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, Landlord by any person, entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence in, or the escape, leakage, spillage, discharge, emission or release from, the Building of any Hazardous Substances (including, without limitation, any losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of any settlement or judgment or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act ["CERCLA"], any so-called federal, state or local "Superfund" or "Superlien" laws or any other Environmental Law); provided, however, that the foregoing indemnity is limited to matters arising solely from Tenant's violation of the covenant contained in this Article. The obligations of Tenant under this Article shall survive any expiration or termination of this Lease.

(b) Landlord warrants and represents to Tenant that, to the best knowledge of Landlord after the conduct of reasonable diligence by Landlord, the Land is, and as of the first occurring Rental Commencement Date shall be, free of any contamination by Hazardous Substances, and there is no reason to believe that there are any conditions concerning the Land that would constitute a violation of any Environmental Laws. Landlord shall furnish to Tenant copies of any and all environmental assessments prepared for or furnished to Landlord in connection with Landlord's purchase and/or financing of its purchase of the Land.

39. Submission of Lease. The submission of this Lease for examination does not constitute an offer to lease and this Lease shall be effective only upon execution hereof by Landlord and Tenant.

40. Severability. If any clause or provision of the Lease is illegal,

invalid or unenforceable under present or future laws, the remainder of this Lease shall not be affected thereby, and in lieu of each clause or provision of this Lease which is illegal, invalid or unenforceable, there shall be added as a part of this Lease a clause or provision as nearly identical to the said clause or provision as may be legal, valid and enforceable.

41. Entire Agreement. This Lease contains the entire agreement of the parties and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. No failure of Landlord to exercise any power given Landlord hereunder, or to insist upon strict compliance by Tenant with any obligation of Tenant hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. No failure of Tenant to exercise any power given Tenant hereunder, or to insist upon strict compliance by Landlord with any obligation of Landlord hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Tenant's right to demand exact compliance with the terms hereof. This Lease may not be altered, waived, amended or extended except by an instrument in writing signed by Landlord and Tenant. This Lease is not in recordable form, and Tenant agrees not to record or cause to be recorded this Lease or any short form or memorandum thereof.

42. Headings. The use of headings herein is solely for the convenience of indexing the various paragraphs hereof and shall in no event be considered in construing or interpreting any provision of this Lease.

43. Brokers. Tenant represents and warrants to Landlord that (except with respect to any Brokers identified in Article 1[o] hereinabove) no broker, agent, commission salesperson, or other person has represented Tenant in the negotiations for and procurement of this Lease and of the Building and that (except with respect to any Brokers identified in Article 1[o] hereinabove) no commissions, fees, or compensation of any kind are due and payable in connection herewith to any broker, agent, commission salesperson, or other person as a result of any act or agreement of Tenant. Tenant agrees to indemnify and hold Landlord harmless from all loss, liability, damage, claim, judgment, cost or expense (including reasonable attorneys' fees and court costs) suffered or incurred by Landlord as a result of a breach by Tenant of the representation and warranty contained in the immediately preceding sentence or as a result of Tenant's failure to pay commissions, fees,or

compensation due to any broker who represented Tenant, whether or not disclosed, or as a result of any claim for any fee, commission or similar compensation with respect to this Lease made by any broker, agent or finder (other than the Brokers identified in Article 1[o] hereinabove) claiming to have dealt with Tenant. Tenant shall use reasonable efforts to cause any agent or broker representing Tenant to execute a lien waiver to and for the benefit of Landlord, waiving any and all lien rights with respect to the Building and Land which such agent or broker has or might have under Florida law. Landlord agrees to indemnify and hold Tenant harmless from all loss, liability, damage, claim, judgment, cost or expense, (including reasonable attorney's fees and court costs) suffered or incurred by Tenant as a result of Landlord's failure to pay commissions, fees or compensation due to any broker who represented Landlord, whether or not disclosed, with respect to this Lease, including any Brokers identified in Article 1(o).

44. Governing Law. The laws of the State of Florida shall govern the validity, performance and enforcement of this Lease. Tenant hereby submits to the non-exclusive personal jurisdiction in the State of Florida, the courts thereof and the United States District Courts sitting therein, for the enforcement of this Lease, and Tenant hereby waives any and all personal rights

under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Florida for the purpose of litigation to enforce this Lease.

45. Special Stipulations. The special stipulations attached hereto as Exhibit "E" are hereby incorporated herein by this reference as though fully set forth.

46. Authority. Each of the persons executing this Lease on behalf of Tenant does hereby personally represent and warrant that each person signing on behalf of the corporation is an officer of the corporation and is authorized to sign on behalf of the corporation. Tenant does hereby represent and warrant that Tenant is a duly incorporated and validly existing corporation and is fully authorized and qualified to do business in the State of Florida, that the corporation has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is an officer of the corporation and is authorized to sign on behalf of the corporation. Upon the request of Landlord, Tenant shall deliver to Landlord documentation satisfactory to Landlord evidencing Tenant's compliance with this Article, and Tenant agrees to promptly execute all necessary and reasonable applications or documents as reasonably requested by Landlord, required by the jurisdiction in which the Building is located, to permit the issuance of necessary permits and certificates for Tenant's use and occupancy of the Building. Each of the persons executing this Lease on behalf of Landlord does hereby personally represent and warrant that each person signing on behalf of the corporate member of Landlord is an officer of such corporation and is authorized to sign on behalf of such corporation as member of Landlord. Landlord does hereby represent and warrant that Landlord is a duly formed and validly existing limited liability company and is fully authorized and qualified to do business in the State of Florida, that the limited liability company has full right and authority to enter into this Lease, and that each person signing on behalf of the corporate member of Landlord is an officer of such corporation and is authorized to sign on behalf of such corporation as member of Landlord.

47. Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida.

Additional information regarding radon testing may be obtained from public health units. Florida Statute 404.036(a).

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

ADEVCO CONTACT CENTERS JACKSONVILLE, LLC, a Georgia limited liability company

By: ADEVCO Corporation, a Georgia corporation, authorized member

By: /s/ David M. Kraxberger

Name: David M. Kraxberger

Title: President

"TENANT":

AMERICREDIT FINANCIAL SERVICES, INC.,
a Delaware corporation

By: /s/ [ILLEGIBLE]

Its: Sr. Vice President - Facilities

Attest: Michael May

Its: Assistant Secretary

(CORPORATE SEAL)

EXHIBIT 23.2

CONSENT OF ARTHUR ANDERSEN LLP

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
July 18, 2001

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.

Signature	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
---------- Director
Walter W. Sessoms

/s/ Neil H. Strickland
---------- Director
Neil H. Strickland