As filed with the Securities and Exchange Commission on April 22, 2002

Registration No. 333-44900

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 6 TO
FORM S-11
REGISTRATION STATEMENT
Under
The Securities Act of 1933

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

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

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

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

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [_] _____

Approximate date of commencement of proposed sale to the public: As

soon as practicable following effectiveness of this Registration Statement.

[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, Supplement No. 3 dated July 20, 2001, Supplement No. 4 dated August 10, 2001, Supplement No. 5 dated October 15, 2001, Supplement No. 6 dated January 20, 2002, Supplement No. 7 dated March 30, 2002 and Supplement No. 8 dated April 15, 2002 (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. Supplement No. 4 includes descriptions of an acquisition of an office building in Quincy, Massachusetts, the initial transaction under the Section 1031 Exchange Program and certain other revisions to the prospectus. Supplement No. 5 includes descriptions of acquisitions of office buildings in Houston, Texas, Millington, Tennessee and Cary, North Carolina, the acquisition of a build-to-suit property in Irving, Texas, the declaration of fourth quarter dividends and certain other revisions to the prospectus. Supplement No. 6 includes descriptions of acquisitions of office buildings in Tamarac, Florida, Schaumburg, Illinois and Sarasota, Florida, the acquisition of an interest in an office and assembly building in Parker, Colorado, revisions to the "Suitability Standards" section, revisions to the "Plan of Distribution" section and certain other revisions to the prospectus. Supplement No. 7 includes updated financial statements, prior performance tables and certain other revisions to the prospectus. Supplement No. 8 includes descriptions of acquisitions of buildings in Houston, Texas, Atlanta, Georgia, Lakewood, Colorado, Farmington Hills, Michigan, Kalamazoo, Michigan, 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

TABLE OF CONTENTS

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:

	Annualized Percentage Return on an Investment

Quarter	Amount	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.

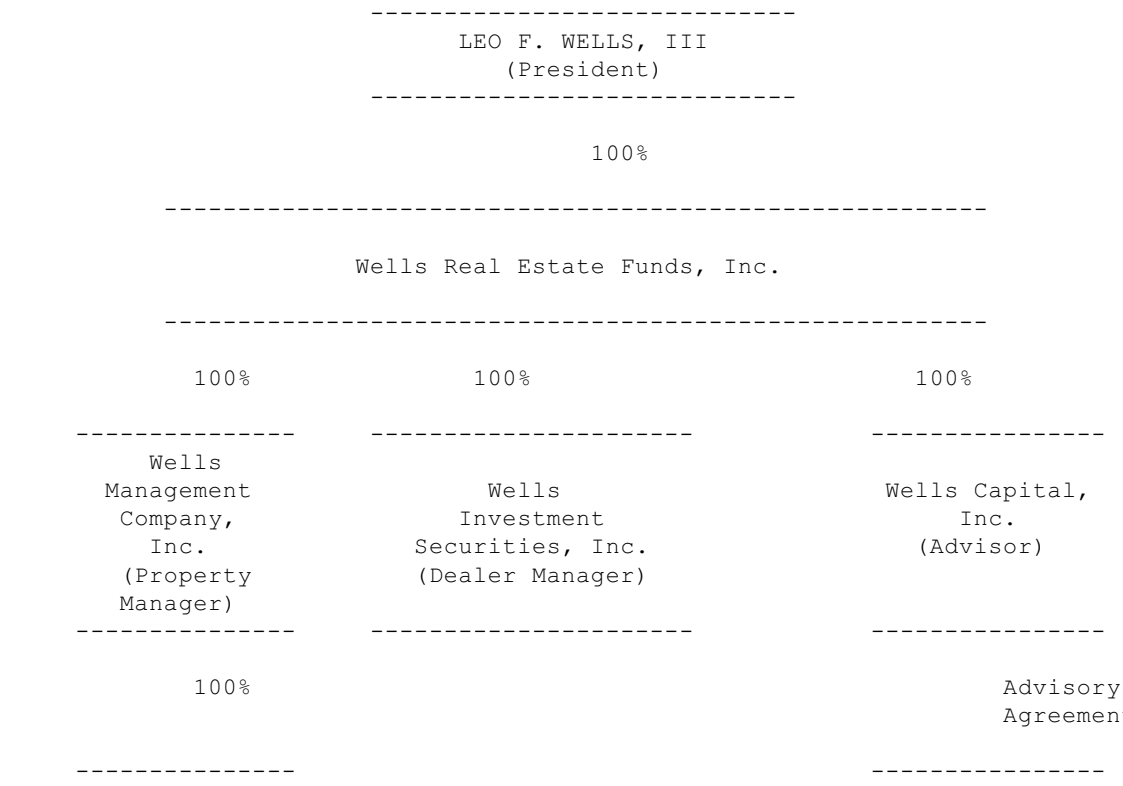
Conflicts of Interest

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.



Wells Development Corporation	Wells REIT

Prior Offering Summary

Wells Capital and its affiliates have previously sponsored 13 publicly offered real estate limited partnerships and the Wells REIT on an unspecified property or "blind pool" basis. As of September 30, 2000, they have raised approximately $567,927,422 from approximately 36,868 investors in these 14 public real estate programs. The "Prior Performance Summary" on page 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 Only if the Wells REIT is not Listed on an exchange)	10.0% of remaining amounts of net sale proceeds after return of capital plus payment to investors of an 8.0% cumulative non-compounded return on the capital contributed by investors	N/A
Subordinated Incentive Listing Fee (Payable only if the Wells REIT is listed on an exchange)	10.0% of the amount by which the adjusted market value of the Wells REIT exceeds the aggregate capital contributions contributed by investors	N/A

There are many additional conditions and restrictions on the amount of compensation Wells Capital 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	Actual amounts are dependent upon results of operations and therefore cannot be determined at

	property sold, subordinated to distributions to investors from sale proceeds of an amount which, together with prior distributions to the investors, will equal (1) 100% of their capital contributions plus (2) an 8.0% annual cumulative, noncompounded return on their net capital contributions.	the present time.
Subordinated Participation in Net Sale Proceeds - Wells Capital (3)	After investors have received a return of their net capital contributions and an 8.0% per year cumulative, noncompounded return, then Wells Capital is entitled to receive 10.0% of remaining net 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.

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

	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	Two Months	Nine Months

	Ended Sept. 30, 2000	Ended Sept. 30, 1999	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

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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

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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

(A Georgia Joint Venture)
Statement of Partners' Capital
for the Year Ended December 31, 1999

	Wells Real Estate Fund XI	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1998	$ 0	$ 0	$ 0	$ 0
Net income	240,031	124,542	488,500	853,073
Partnership contributions	8,470,160	5,520,835	18,376,267	32,367,262
Partnership distributions	(344,339)	(177,743)	(703,797)	(1,225,879)
Balance, December 31, 1999	$8,365,852	$5,467,634	$18,160,970	$31,994,456

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

Cash flows from operating activities:	
Net income	$ 853,073
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	506,582
Changes in assets and liabilities:	
Accounts receivable	(133,777)
Prepaid expenses and other assets	(26,486)
Accounts payable	112,457
Total adjustments	458,776
Net cash provided by operating activities	1,311,849
Cash flows from financing activities:	
Distributions to joint venture partners	(545,571)
Net increase in cash and cash equivalents	766,278
Cash and cash equivalents, beginning of year	0
Cash and cash equivalents, end of year	$ 766,278
Supplemental disclosure of noncash activities:	
Deferred project costs contributed to joint venture	$ 1,294,686
Contribution of real estate assets to joint venture	$31,072,562

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the years ended December 31, 1999 and 1998 are calculated as follows:

	1999	1998
Financial statement net income	$3,884,649	$ 334,034
Increase (decrease) in net income resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	949,631	82,618
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(789,599)	(35,427)
Expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	49,906	1,634
Income tax basis net income	$4,094,587	$ 382,859

The Operating Partnership's income tax basis partners' capital at December 31, 1999 and 1998 is computed as follows:

	1999	1998
Financial statement partners' capital	$116,015,595	$27,421,687
Increase (decrease) in partners' capital resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	1,032,249	82,618
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	12,896,312	3,942,545
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(825,026)	(35,427)
Accumulated expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	51,540	1,634
Dividends payable	2,166,701	408,176
Income tax basis partners' capital	$131,337,371	$31,821,233

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 11,737,408
2001	11,976,253
2002	12,714,291
2003	12,856,557
2004	12,581,882
Thereafter	54,304,092
	$116,170,483

Three tenants contributed 32%, 16%, and 15% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute 34%, 20%, 17%, and 11% of future minimum rental income.

The future minimum rental income due the Fund IX, X, XI, and REIT Joint Venture under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 3,666,570
2001	3,595,686
2002	3,179,827
2003	3,239,080
2004	3,048,152
Thereafter	5,181,003
	$21,910,318

Four tenants contributed 25%, 18%, 13%, and 12% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute 28%, 22%, 15%, and 10% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under

noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 758,964
2001	809,580
2002	834,888
2003	695,740
	$3,099,172

One tenant contributed 100% of rental income for the year ended December 31, 1999 and will contribute 100% of future minimum rental income.

The future minimum rental income due Wells/Fremont Associates under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 869,492
2001	895,577
2002	922,444
2003	950,118
2004	894,833
	$4,532,464

One tenant contributed 100% of rental income for the year ended December 31, 1999 and will contribute 100% of future minimum rental income.

The future minimum rental income due from XI, XII and REIT under noncancelable operating leases at December 31, 1999 is a follows:

Year ended December 31:	
2000	$ 3,085,362
2001	3,135,490
2002	3,273,814
2003	3,367,231
2004	3,440,259
Thereafter	9,708,895
	$26,011,051

Four tenants contributed approximately 34%, 22%, 22%, and 12% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute approximately 30%, 27%, 22%, and 18% of future minimum rental income.

8. NOTES PAYABLE

At December 31, 1999, the Operating Partnership had outstanding debt of $23,929,228. Of this amount, $11,430,696 was borrowed under a construction loan with Bank of America in order to finance the construction of a new building for Matsushita Avionics (the "Matsushita Project") and improvements for the AT&T Building. This loan is secured by the Matsushita Project and matures on May 10, 2001. The remaining $12,498,532 was borrowed against the revolving line of credit from SouthTrust Bank, which is collateralized by the PwC Building and matures on December 31, 2000. Interest is paid monthly and accrued at a variable rate based on LIBOR plus 200 basis points for both of these debt instruments. During 1999, the Company paid and capitalized interest costs of $847,451 and $463,873, respectively. The estimated fair value of these notes approximates their carrying value.

The Operating Partnership also has a $9,825,000 line of credit from Bank of

America, which bears interest at a variable rate based on LIBOR plus 200 basis points. No balance was outstanding at December 31, 1999 under this line of credit.

9. COMMITMENTS AND CONTINGENCIES

On February 18, 1999, the Operating Partnership entered into a rental income guaranty agreement with Fund VIII and IX Associates (the "joint venture"), whereby the Operating Partnership guaranteed that the joint venture would receive rental income on the existing Matsushita Building, equal to at least the rent and building expenses that the joint venture would have received from Matsushita Avionics over the remaining term of the existing lease. Matsushita Avionics vacated the building on January 3, 2000, while the existing lease term extends through September 2003. The Company paid approximately $61,000 to the joint venture related to the rental income and building expenses due from Matsushita Avionics for the remainder of January 2000. Such payments are made from the Company's operating cash flow and reduce cash available for dividends.

On July 22, 1999, the Operating Partnership purchased a 7.49 acre tract of land located in Midlothian, Chesterfield County, Virginia for the purpose of constructing a four-story, 100,000 rentable square foot office building (the "ABB Project"). The Operating Partnership entered into an office lease with ABB Power Generation, Inc. ("ABB"), pursuant to which ABB has agreed to lease the ABB Project upon its completion.

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

10. COMMON STOCK OPTION PLAN

The Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan ("the Plan") provides for grants of stock to be made to independent nonemployee directors of the Company. Options to purchase 2,500 shares of common stock at $12 per share are granted upon initially becoming an independent director of the Company. Of these shares, 20% are exercisable immediately on the date of grant. An additional 20% of these shares become exercisable on each anniversary following the date of grant for a period of four years. Effective on the date of each annual meeting of shareholders of the Company, beginning in 2000, each independent director will be granted an option to purchase 1,000 additional shares of common stock. These options vest at the rate of 500 shares per full year of service thereafter. All options granted under the Plan expire no later than the date immediately following the tenth anniversary of the date of grant and may expire sooner in the event of the disability or death of the optionee or if the optionee ceases to serve as a director.

The Company has adopted the disclosure provisions in SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by the provisions of SFAS No. 123, the Company applies Accounting Principles Board ("APB") Opinion No. 25 and the related interpretations in accounting for its stock option plans and, accordingly, does not recognize compensation cost.

A summary of the Company's stock option activity during 1999 is as follows:

	Number	Exercise Price
Outstanding at December 31, 1998	0	$ 0
Granted	27,500	12
Outstanding at December 31, 1999	27,500	$12

Outstanding options exercisable as of December 31, 1999	5,500	$12

The weighted average remaining contractual life of options outstanding at December 31, 1999 is approximately 9.5 years. Based on the terms of the options, the fair value of the options granted during 1999 is $0.

11. QUARTERLY RESULTS (UNAUDITED)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 1999 and 1998:

	1999 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$988,000	$1,204,938	$1,803,352	$2,499,105
Net income	393,438	601,975	1,277,019	1,612,217
Basic and diluted earnings per share	$ 0.10	$ 0.09	$ 0.18	$ 0.13
Dividends per share	0.17	0.17	0.18	0.18

	1998 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 0	$10,917	$73,292	$310,969
Net income	0	10,899	62,128	261,007
Basic and diluted earnings per share	$0.00	$ 0.16	$ 0.06	$ 0.18
Dividends per share	0.00	0.00	0.15	0.16

WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2000	December 31, 1999
REAL ESTATE, at cost:		
Land	$ 21,695,304	$ 14,500,822
Building and improvements, less accumulated depreciation of $6,810,792 in 2000 and $1,726,103 in 1999	188,671,038	81,507,040
Construction in progress	295,517	12,561,459
Total real estate	210,661,859	108,569,321
INVESTMENT IN JOINT VENTURES (NOTE 2)	36,708,242	29,431,176
DUE FROM AFFILIATES	859,515	648,354
CASH AND CASH EQUIVALENTS	12,257,161	2,929,804
DEFERRED PROJECT COSTS (Note 1)	471,005	28,093
DEFERRED OFFERING COSTS (Note 1)	1,108,206	964,941
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	1,280,601
Total assets	$268,410,893	$143,852,290

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:		
Accounts payable and accrued expenses	$ 975,821	$ 461,300
Notes payable (Note 3)	38,909,030	23,929,228
Due to affiliates (Note 4)	1,372,508	1,079,466
Dividends payable	4,475,982	2,166,701

Total liabilities	45,733,341	27,636,695
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 40,000,000 shares authorized, 26,174,825 shares issued and outstanding at September 30, 2000 and 13,471,085 shares issued and outstanding at December 31, 1999	261,748	134,710
Additional paid-in capital	222,215,804	115,880,885
Retained earnings	0	0
Total shareholders' equity	222,477,552	116,015,595
Total liabilities and shareholders' equity	$268,410,893	$143,852,290

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	September 30, 2000	September 30, 1999	September 30, 2000	September 30, 1999
REVENUES:				
Rental income	$5,819,968	$1,227,144	$13,712,371	$2,806,158
Equity in income of joint ventures	635,065	384,887	1,684,247	783,065
Interest income	131,578	191,321	338,020	407,067
	6,586,611	1,803,352	15,734,638	3,996,290
EXPENSES:				
Operating costs, net of reimbursements	289,140	(75,997)	631,407	(46,381)
Management and leasing fees	381,766	68,823	919,630	150,908
Depreciation	2,155,366	423,760	5,084,689	1,036,003
Administrative costs	41,626	21,076	273,484	91,016
Legal and accounting	32,883	22,187	130,603	78,637
Computer costs	2,353	2,119	8,846	8,182
Amortization of loan costs	64,016	2,433	150,143	6,488
Interest expense	1,094,233	61,932	2,798,299	399,005
	4,061,383	526,333	9,997,101	1,723,858
NET INCOME	$2,525,228	$1,277,019	$5,737,537	$2,272,432
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.11	$ 0.18	$ 0.30	$ 0.37

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1999

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	Common Stock	Additional 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: Prior Acquisitions	Pro Forma Adjustments: Motorola Plainfield	Pro Forma Total
REVENUES:				
Rental income	$4,735,184	$5,056,142(a)	$2,310,000(a)	$12,101,326
Equity in income of joint ventures	1,243,969	0	0	1,243,969
Interest income	502,993	0	0	502,993
Other income	13,249	0	0	13,249
	6,495,395	5,056,142	2,310,000	13,861,537
EXPENSES:				
Depreciation and amortization	1,726,103	1,842,818(b)	1,021,934(b) 23,706(c)	4,614,561
Interest	442,029	2,758,350(d) 450,000(e)	1,787,100(f)	5,437,479
Operating costs, net of reimbursements	(74,666)	(60,400)(g)	10,916(h)	(124,150)
Management and leasing fees	257,744	282,116(i)	138,600(i)	678,460
General and administrative	123,776	0	0	123,776
Legal and accounting	115,471	0	0	115,471
Computer costs	11,368	0	0	11,368
Amortization of organizational costs	8,921	0	0	8,921
	2,610,746	5,272,884	2,982,256	10,865,886
NET INCOME	$3,884,649	$ (216,742)	$ (672,256)	$ 2,995,651
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.50			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.11(j)

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

(b) Depreciation expense on the building using the straight-line method and a 25-year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 7.77% for the year ended December 31, 1999.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9%.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 7.77% for the year ended December 31, 1999.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 6% of rental income.

(j) As of the property acquisition date of November 1, 2000, Wells Real Estate Investment Trust, Inc. had 27,970,106 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire year ended December 31, 1999.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	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)	6,329,624
			17,780(c)	
Interest	2,798,299	777,450(d)	1,546,620(f)	5,234,869
		112,500(e)		
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
WELLS REAL ESTATE FUND XI, L.P.

	1999	1998	1997	1996	1995

Gross Revenues/(1)/	766,586	262,729	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	111,058	113,184			
Depreciation and Amortization/(3)/	25,000	6,250			
Net Income GAAP Basis/(4)/	$ 630,528	$ 143,295			
Taxable Income: Operations	$ 704,108	$ 177,692			
Cash Generated (Used By):					
Operations	40,906	(50,858)			
Joint Ventures	705,394	102,662			
	$ 746,300	$ 51,804			
Less Cash Distributions to Investors:					
Operating Cash Flow	746,300	51,804			
Return of Capital	49,761	48,070			
Undistributed Cash Flow From Prior Year Operations	--	--			
Cash Generated (Deficiency) after Cash Distributions	$ (49,761)	$ (48,070)			
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--			
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.

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				Pro Forma Total
		Prior Acquisition	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	
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

		Pro Forma Adjustments				
	Wells Real Estate Investment Trust, Inc.	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)(l)						$ (0.11)(l)
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.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 2 DATED APRIL 25, 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. 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.

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

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.

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, Supplement No. 2 dated April 25, 2001, and Supplement No. 3 dated July 20, 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 office building in Quincy, Massachusetts (State Street Building);

(3) The initial transaction under the Section 1031 Exchange Program;

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

(5) Financial statements relating to the State Street 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 July 31, 2001, we had received an additional $212,110,390 in gross offering proceeds from the sale of 21,211,039 shares in the third offering. Accordingly, as of July 31, 2001, we had received in the aggregate approximately $519,521,502 in gross offering proceeds from the sale of 51,952,150 shares of our common stock.

The State Street Building

Purchase of the State Street Building. On July 30, 2001, Wells Operating Partnership, L.P. (Wells OP), a Delaware limited partnership formed to acquire, own, lease and operate real properties on behalf of Wells REIT, purchased a seven-story office building with approximately 234,668 rentable square feet located at 1200 Crown Colony Drive, Norfolk County, Quincy, Massachusetts (State Street Building). Wells OP purchased this building from Crownview, LLC (Crownview) pursuant to that certain Agreement of Purchase and Sale of Property between Crownview and Wells OP. Crownview is not in any way affiliated with Wells REIT or Wells Capital, Inc., our Advisor.

The purchase price for the State Street Building was $49,563,000. Wells OP incurred acquisition expenses in connection with the purchase of the State Street Building, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $69,500. Wells OP also paid approximately $126,600 to reimburse the seller for its prorated share of real estate taxes and other operating expenses.

An independent appraisal of the State Street Building was prepared by Insignia/ESG, Inc., real estate appraisers, as of July 10, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the leases described below was estimated to be $52,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the State Street Building will continue operating at

a stabilized level with SSB Realty LLC, a Delaware limited liability company (SSB Realty), 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 State Street Building were satisfactory.

Description of the State Street Building and Site. The State Street Building, which was completed in 1990, is a seven-story office building containing approximately 234,668 rentable square feet located on an 11.22 acre tract of land. The building is constructed using a steel frame with a reinforced concrete foundation. The exterior walls are made of primarily precast concrete with insulated glass windows in aluminum frames. The interior walls consist of painted gypsum board. In addition, there are four elevators and approximately 854 parking spaces.

The State Street Building is located at 1200 Crown Colony Drive in Crown Colony Office Park in Quincy, Massachusetts, approximately 10 miles southwest of downtown Boston. Crown Colony Office Park contains high quality office buildings and is one of the most desirable parks in the south Boston market. The strength of the office market in this area is evidenced by the extensive office development near other interchanges along Route 128 in the Quincy/Braintree area. The property is well located in terms of proximity to Boston, and accessability to all of the other major highway systems that serve the city and the surrounding area because of its immediate access to a highway interchange and to public transportation. The State Street Building is leased entirely to SSB Realty.

The SSB Realty Lease. The entire 234,668 rentable square feet of the State Street Building is currently under a lease agreement with SSB Realty. The landlord's interest in the SSB Realty lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on February 1, 2001, and expires on March 31, 2011. SSB has the right to extend the term of this lease for one additional five year period at the then-current fair market rental rate. In addition, the base operating costs and the base taxes will be adjusted for the extended term to reflect the actual operating costs and taxes for the preceding calendar year.

SSB Realty is a wholly owned subsidiary of State Street Corporation, a Massachusetts corporation (State Street). State Street, a guarantor of the SSB Realty lease, is a world leader in providing financial services to investment managers, corporations, public pension funds, unions, not-for-profit organizations and individuals. State Street's capabilities range from investment research and professional investment management to trading and brokerage services to fund accounting and administration. With over 17,000 employees, offices in 23 countries, and serving clients in 55 different countries, State Street has over $6 trillion in assets under custody and $711 billion in assets under management. For the fiscal year ended December 31, 2000, State Street reported net income of approximately $595 million on revenues of approximately $3.6 billion, and a net worth, as of December 31, 2000, of approximately $3.26 billion.

The base rent payable for the remainder of the SSB Realty lease is as follows:

Lease Year	Annual Rent	Monthly Rent
April 1, 2001 - January 30, 2004	$6,922,706	$576,892
February 1, 2004 - January 30, 2007	$7,274,708	$606,226
February 1, 2007 - March 31, 2011	$7,861,378	$655,115

Pursuant to the SSB Realty lease, Wells OP is obligated to provide SSB Realty an allowance of up to approximately $2,112,000 for tenant, building and architectural improvements. Under the SSB Realty lease, SSB Realty is required to pay its proportionate share of taxes relating to the State Street Building and all operating costs incurred by the landlord in maintaining and operating the State Street Building, including, but not limited to, garbage and waste disposal, janitorial service and window cleaning, snow removal, 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, at tenant's expense, 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.

Property Management Fees. Wells Management Company, Inc. (Wells Management), an affiliate of Wells REIT and our Advisor, has been retained to manage and lease the State Street Building. Wells REIT shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the State Street Building, subject to certain limitations.

Initial Transaction under the Section 1031 Exchange Program

As described in Supplement No. 2 dated April 25, 2001 to the prospectus dated December 20, 2000, Wells Development Corporation, an affiliate of our Advisor, has developed a program (Section 1031 Exchange Program) involving the acquisition of income-producing commercial properties and the formation of a series of single member limited liabilities companies (Wells Exchange) for the purpose of facilitating the resale of co-tenancy interests in such real estate properties to persons (1031 Participants) who are looking to invest the proceeds from a sale of real estate held for investment into another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Code.

The initial transaction in the Section 1031 Exchange Program involves the acquisition by Wells Exchange and resale of co-tenancy interests in the Ford Motor Credit Complex. The Ford Motor Credit Complex consists of two connecting office buildings containing 167,434 rentable square feet located in Colorado Springs, Colorado currently under a triple-net lease with Ford Motor Credit Company, a wholly-owned subsidiary of Ford Motor Company, which is the world's largest automobile finance company with more than 10 million customers in 40 countries. Wells Exchange is currently engaged in the offer and sale of co-tenancy interests in the Ford Motor Credit Complex to 1031 Participants.

As a part of the initial transaction in the Section 1031 Exchange Program, in consideration for the payment of a Take Out Fee in the amount of $137,500, and following approval of the potential property acquisition by our board of directors, Wells OP entered into a Take Out Purchase and Escrow Agreement relating to the Ford Motor Credit Complex. Pursuant to the terms of the Take Out Purchase and Escrow Agreement, Wells OP is obligated to acquire, at Wells Exchange's cost ($839,694 in cash plus $832,060 of assumed debt for each 7.63358% co-tenancy interest), any co-tenancy interests in the Ford Motor Credit Complex which remain unsold on October 16, 2001.

The obligations of Wells OP under the Take Out Purchase and Escrow Agreement are secured by reserving against Wells OP's existing line of credit with Bank of America, N.A. (Interim Lender). If, for any reason, Wells OP fails to acquire any of the co-tenancy interests in the Ford Motor Credit Complex which remain unsold as of October 16, 2001, or if there is otherwise an uncured default under the interim loan between Wells Exchange and the Interim Lender or Well OP's line of credit documents, the Interim Lender is authorized to draw down on Wells OP's line of credit in the amount necessary to pay the outstanding

balance of the Interim Loan in full, in which event the appropriate amount of unsold co-tenancy interests in the Ford Motor Credit Complex would be deeded to Wells OP. Wells OP's maximum economic exposure in the transaction is $11,000,000, in which event Wells OP would acquire the Ford Motor Credit Complex for $11,000,000 in cash plus assumption of the first mortgage financing in the amount of $10,900,000. If Wells Exchange successfully sells 100% of the co-tenancy interests to

1031 Particpants, Wells OP will not acquire any interest in the Ford Motor Credit Complex. If some, but not all, of the co-tenancy interests are sold by Wells Exchange, Wells OP's exposure would be less, and it would end up owning an interest in the property in co-tenancy with 1031 Participants who had previously acquired co-tenancy interests in the Ford Motor Credit Complex from Wells Exchange. (See "Risk Factors - Section 1031 Exchange Program" contained in Supplement No. 2 dated April 25, 2001 to the prospectus dated December 20, 2000.)

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 July 31, 2001, we had received an additional $212,110,390 in gross offering proceeds from the sale of 21,211,039 shares in the third offering. As of July 31, 2001, we had raised in the aggregate a total of $519,521,502 in offering proceeds through the sale of 51,952,150 shares of common stock. As of July 31, 2001, we had paid a total of $18,078,430 in acquisition and advisory fees and acquisition expenses, had paid a total of $64,565,823 in selling commissions and organizational and offering expenses, had made capital contributions of $427,043,387 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,994,917 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $6,838,945 available for investment in additional properties.

Financial Statements

The statement of revenues over certain operating expenses of the State Street Building for the year ended December 31, 2000, included in this supplement and elsewhere in the registration statement, has been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and is included in this supplement in reliance upon the authority of said firm as experts in giving said reports.

The statement of revenues over certain operating expenses of the State Street Building for the six months ended June 30, 2001, included in this supplement and elsewhere in the registration statement, has not been audited.

The Pro Forma Balance Sheet of Wells REIT as of June 30, 2001, which is included in this supplement, has not been audited.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the State street bank 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 statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the State

Street Bank Building after acquisition by the Wells Operating Partnership, L.P., a subsidiary 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 State Street Bank 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 State Street Bank 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
August 1, 2001

STATE STREET BANK BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE SIX MONTHS ENDED JUNE 30, 2001

	2001	2000
	(Unaudited)	
RENTAL REVENUES	$3,617,688	$2,941,354
OPERATING EXPENSES, net of reimbursements	666,818	438,071
REVENUES OVER CERTAIN OPERATING EXPENSES	$2,950,870	$2,503,283

The accompanying notes are an integral part of these statements.

STATE STREET BANK BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE SIX MONTHS ENDED JUNE 30, 2001

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On July 30, 2001, the Wells Operating Partnership, L.P. ("Wells OP") acquired the State Street Bank Building from Crownview LLC ("Crownview"). Wells OP is 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. Crownview is not an affiliate of Wells OP.

Harvard Pilgrim Health Care ("HPHC") occupied the entire 234,668 rentable square feet of the seven-story office building under a net lease agreement (the "HPHC Lease") with Crownview. The HPHC Lease commenced on October 8, 1999 and expired on July 31, 2000. SSB Realty, LLC ("SSB") currently occupies the entire 234,668 rentable square feet of the seven-story office building under a net lease agreement (the "SSB Lease"). SSB is a wholly owned subsidiary of State Street Corporation, which is the guarantor of the SSB Lease. State Street Corporation is a public entity traded on the New York Stock Exchange. Crownview's interest in the SSB Lease was assigned to Wells OP at the closing. The initial term of the SSB Lease commenced on February 1, 2001 and expires on March 31, 2011. SSB has the right to extend the SSB Lease for one additional period of five years at a rate equal to the then current fair market rental rate. Under the SSB Lease, SSB is required to pay, as additional monthly rent, insurance costs, utility charges, personal property taxes, its pro rata share of increases in real estate taxes, and all operating costs with respect to the State Street Bank Building that exceed the base operating costs of $1,773,340 in any calendar year. In addition, SSB is responsible for all routine maintenance and repairs to the State Street Bank Building. Wells OP will be responsible, at SSB's expense, for the repair and replacement of the exterior surface walls, foundation, roof, plumbing, electrical, and mechanical systems of the State Street Bank Building.

Rental Revenues

Rental income is recognized on a straight-line basis over the terms of the respective leases.

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, this statement excludes certain historical expenses, such as depreciation, interest, and management fees. Therefore, this statement is not comparable to the operations of the State Street Bank Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

JUNE 30, 2001

The following unaudited pro forma balance sheet as of June 30, 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, LP ["Wells OP"]) and the acquisition of the State Street Bank Building by the Wells OP as if each acquisition occurred on June 30, 2001. The Comdata Building was acquired by Wells XII-REIT Joint Venture (a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP) on May 15, 2001.

The following unaudited pro forma statement of income for the six months ended June 30, 2001 has been prepared to give effect to the acquisitions of the Comdata Building, the AmeriCredit Building, and the State Street Bank Building as if the acquisitions occurred on January 1, 2000. The following unaudited pro forma statement of income for the year ended December 31, 2000 has been prepared to give effect to the acquisitions of the Comdata Building and the State Street Bank Building as if the acquisitions occurred on January 1, 2000. The AmeriCredit Building had no operations during 2000.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. Wells Real Estate Investment Trust, Inc. is the general partner of 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 of the Comdata Building, the AmeriCredit Building, and the State Street Bank Building been consummated at the beginning of the periods presented.

As of June 30, 2001, the date of the accompanying pro forma balance sheet, Wells OP held cash of $6,074,926. The additional cash used to purchase the State Street Bank Building, including deferred project costs paid to Wells Capital, Inc. (an affiliate of Wells OP), was raised through the issuance of additional shares subsequent to June 30, 2001. This balance is reflected as purchase consideration payable in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

JUNE 30, 2001

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		AmeriCredit Building	State Street Bank Building	
REAL ESTATE ASSETS, at cost:				
Land	$ 47,256,748	$ 0	$10,600,000 (d) 441,667 (e)	$ 58,298,415
Buildings, less accumulated depreciation of $15,863,470	285,964,597	0	39,159,098 (d) 1,631,629 (e)	326,755,324
Construction in progress	7,143,876	0	0	7,143,876
Total real estate assets	340,365,221	0	51,832,394	392,197,615
CASH AND CASH EQUIVALENTS	6,074,926	(150,000)(a)	(5,924,926)(d)	0
INVESTMENT IN JOINT VENTURES	60,261,895	11,343,750 (b)	0	71,605,645
ACCOUNTS RECEIVABLE	4,661,279	0	0	4,661,279

DEFERRED LEASE ACQUISITION COSTS	1,738,658	0	0	1,738,658
DEFERRED PROJECT COSTS	3,849	(3,849)(c)	0	0
DEFERRED OFFERING COSTS	731,574	0	0	731,574
DUE FROM AFFILIATES	1,242,469	0	0	1,242,469
PREPAID EXPENSES AND OTHER ASSETS	1,558,395	0	0	1,558,395
TOTAL ASSETS	$416,638,266	$11,189,901	$45,907,468	$473,735,635

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments AmeriCredit Building	Pro Forma Adjustments State Street Bank Building	Pro Forma Total
LIABILITIES:				
Accounts payable and accrued expenses	$ 2,592,211	$ 0	$ 0	$ 2,592,211
Notes payable	10,298,850	10,740,000(a)	38,700,000(d)	59,738,850
Dividends payable	1,071,657	0	0	1,071,657
Due to affiliate	1,508,539	449,901(c)	2,073,296(e)	4,031,736
Purchase consideration payable	0	0	5,134,172(d)	5,134,172
Deferred rental income	95,418	0	0	95,418
Total liabilities	15,566,675	11,189,901	45,907,468	72,664,044
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, 47,770,468 shares issued and 47,489,415 shares outstanding	477,705	0	0	477,705
Additional paid-in capital	403,204,416	0	0	403,204,416
Treasury stock, at cost, 281,053 shares	(2,810,530)	0	0	(2,810,530)
Total shareholders' equity	400,871,591	0	0	400,871,591
Total liabilities and shareholders' equity	$416,638,266	$11,189,901	$45,907,468	$473,735,635

(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 XIII-REIT Joint Venture.

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

(d) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the land and the building.

(e) Reflects deferred project costs applied to the land and building at approximately 4.17% of the purchase price.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE SIX MONTHS ENDED JUNE 30, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments			Pro Forma Total
		Comdata Building	AmeriCredit Building	State Street Bank Building	
REVENUES:					
Rental income	$19,711,252	$ 0	$ 0	$3,617,688 (f)	$23,328,940
Equity in income of joint ventures	1,519,194	513,944 (a)	(98,624)(d)	0	1,934,514
Interest income	193,007	(6,781)(b)	(8,135)(b)	(178,091)(b)	0
	21,423,453	507,163	(106,759)	3,439,597	25,263,454
EXPENSES:					
Depreciation and amortization	6,685,716	0	0	815,815 (g)	7,501,531
Interest	2,809,373	379,761 (c)	349,157 (e)	1,258,137 (h)	4,796,428
Operating costs, net of reimbursements	1,736,928	0	0	666,818 (i)	2,403,746
Management and leasing fees	1,117,902	0	0	162,796 (j)	1,280,698
General and administrative	635,632	0	0	0	635,632
Legal and accounting	117,331	0	0	0	117,331
Computer costs	6,328	0	0	0	6,328
	13,109,210	379,761	349,157	2,903,566	16,741,694
NET INCOME (LOSS)	$ 8,314,243	$127,402	$(455,916)	$ 536,031	$ 8,521,760
EARNINGS PER SHARE, basic and diluted	$ 0.22				$ 0.23
WEIGHTED AVERAGE SHARES, basic and diluted	37,792,014				37,792,014

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building from January 1, 2001 through May 14, 2001. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Represents forgone interest income related to cash utilized to purchase the Comdata Building, the AmeriCredit Building, and the State Street Bank Building.

(c) Represents interest expense 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 approximately 6.5% from January 1, 2001 through May 14, 2001.

(d) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the loss of the Wells Fund XIII-REIT Joint Venture related to the AmeriCredit Building. The pro forma adjustment results from rental revenues less operating expenses, management fees and deprecation.

(e) Represents interest expense on the $10,740,000 note payable to Bank of America, which bears interest at approximately 6.5% for the six months ended June 30, 2001.

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

(g) Depreciation expense on the building is recognized using the straight-line method and a 25-year life.

(h) Represents interest expense on the $38,700,000 note payable to Bank of America, which bears interest at approximately 6.5% for the six months ended June 30, 2001.

(i) Consists of nonreimbursable operating expenses.

(j) Management and leasing fees are calculated at 4.5% of rental income.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2000

(UNAUDITED)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		Comdata Building	State Street Bank Building	
REVENUES:				
Rental income	$20,505,000	$ 0	$ 2,941,354 (d)	$23,446,354
Equity in income of joint ventures	2,293,873	930,181 (a)	0	3,224,054
Interest income	520,924	(19,106)(b)	(501,818)(b)	0
Other income	53,409	0	0	53,409
	23,373,206	911,075	2,439,536	26,723,817
EXPENSES:				
Depreciation and amortization	7,743,551	0	1,631,629 (e)	9,375,180
Interest	4,199,461	1,284,495 (c)	3,191,473 (f)	8,675,429
Operating costs, net of reimbursements	888,091	0	438,071 (g)	1,326,162
Management and leasing fees	1,309,974	0	132,361 (h)	1,442,335
General and administrative	426,680	0	0	426,680
Legal and accounting	240,209	0	0	240,209
Computer costs	12,273	0	0	12,273
	14,820,239	1,284,495	5,393,534	21,498,268
NET INCOME (LOSS)	$ 8,552,967	$ (373,420)	$(2,953,998)	$ 5,225,549
EARNINGS PER SHARE, basic and diluted	$ 0.40			$ 0.24
WEIGHTED AVERAGE SHARES, basic and diluted	21,382,418			21,382,418

(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) Represents forgone interest income related to cash utilized to purchase the Comdata Building and the State Street Bank Building.

(c) Represents 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 approximately 8.2% for the year ended December 31, 2000.

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

(e) Depreciation expense on the building is recognized using the straight-line method and a 25-year life.

(f) Interest expense on the $38,700,000 note payable to Bank of America, N.A., which bears interest at approximately 8.2% for the year ended December 31, 2000.

(g) Consists of nonreimbursable operating expenses.

(h) Management and leasing fees are calculated at 4.5% of rental income.

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, Supplement No. 2 dated April 25, 2001, Supplement No. 3 dated July 20, 2001, and Supplement No. 4 dated August 10, 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 declaration of dividends for the fourth quarter of 2001;

(3) The acquisition of two one-story office buildings in Houston, Texas (IKON Buildings);

(4) The acquisition of a 14.87 acre tract of land in Irving, Texas and the development and construction of an office building thereon (Nissan Property);

(5) The acquisition of a ground leasehold interest in a one one-story office and distribution facility in Millington, Tennessee (Ingram Micro Distribution Facility);

(6) The acquisition of a four-story office building in Cary, North Carolina (Lucent Building);

(7) Revisions to the "Description of Properties" section of the prospectus relating to an amendment to the Matsushita lease;

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

(9) Revisions to the "Plan of Distribution" section of the prospectus; and

(10) Financial statements relating to the IKON Buildings, Ingram Micro Distribution Facility and Lucent 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 October 10, 2001, we had received an additional $330,794,345 in gross offering proceeds

from the sale of 33,079,435 shares in the third offering. Accordingly, as of October 10, 2001, we had received in the aggregate approximately $638,205,457 in gross offering proceeds from the sale of 63,820,546 shares of our common stock.

Declaration of Fourth Quarter Dividend

On September 12, 2001, our board of directors declared a dividend for the fourth quarter of 2001 in an amount equal to a 7.75% annualized percentage return on an investment of $10 per share to be paid in December 2001. The fourth quarter dividend will be calculated on a daily record basis of $0.00213 (.213 cents) per day per share on the outstanding shares of common stock payable to shareholders of record of such shares as shown on the books of the Wells REIT at the close of business on each day during the period, commencing on September 16, 2001, and continuing each day thereafter during the fourth quarter of 2001 through and including December 15, 2001.

The IKON Buildings

Purchase of the IKON Buildings. On September 7, 2001, Wells Operating Partnership, L.P. (Wells OP), a Delaware limited partnership formed to acquire, own, lease and operate real properties on behalf of the Wells REIT, purchased two one-story office buildings aggregating approximately 157,790 rentable square feet located at 810 and 820 Gears Road, Harris County, Houston, Texas (IKON Buildings) from SV Reserve, L.P. SV Reserve, L.P. is not in any way affiliated with the Wells REIT or Wells Capital, Inc., our Advisor.

The purchase price for the IKON Buildings was $20,650,000. Wells OP incurred acquisition expenses in connection with the purchase of the IKON Buildings, including commissions, attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $132,500.

An independent appraisal of the IKON Buildings was prepared by Gary Brown & Associates, Inc., real estate appraisers, as of August 30, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the leases described below was estimated to be $20,750,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the IKON Buildings will continue operating at a stabilized level with IKON Office Solutions, Inc, an Ohio corporation (IKON), 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 IKON Buildings was satisfactory.

Description of the IKON Buildings and Site. The IKON Buildings, which were completed in September 2000, consist of two one-story office buildings containing approximately 157,790 rentable square feet (78,895 square feet for each building) located on a 15.69 acre tract of land. The buildings are constructed using a steel frame with steel trusses and a reinforced concrete foundation. The exterior walls are made of primarily concrete masonry with concrete tilt wall panels with slightly recessed reflective blue-tinted windows. The interior walls consist of floated and painted gypsum board. In addition, the lighted parking lot contains approximately 785 parking spaces.

The IKON Buildings are located at 810 and 820 Gears Road in Houston, Texas, in the northern portion of Harris County approximately 12 to 16 miles north of Houston's central business district in the Greens Crossing development. The property is near North Freeway, which runs in a north-south direction to Dallas, and North Sam Houston Parkway. In addition, the IKON Buildings are located approximately five miles from the Houston Intercontinental Airport. North Harris County contains headquarters for several U.S. and international companies and offices for several other multinational companies, including Federal Express, Continental Airlines and Paine Webber.

The IKON Lease. The entire 157,790 rentable square feet of the IKON Buildings is

currently under a lease agreement with IKON. The landlord's interest in the IKON lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on May 1, 2000, and expires on April 30, 2010. IKON has the right to extend the term of this lease for two additional five-year periods at the then-current fair market rental rate, upon 12 months prior written notice.

IKON's world headquarters is located in Malvern, Pennsylvania. IKON provides business communication products such as copiers and printers, as well as services such as distributed printing, facilities management, network design, e-business development, and technology training. IKON's customers include various sized businesses, professional firms and government agencies. IKON distributes products manufactured by companies such as Microsoft, IBM, Canon, Novell and Hewlett-Packard. IKON has approximately 39,000 employees and approximately 900 locations worldwide. For the fiscal year ended September 30, 2000, IKON reported net income of approximately $29 million on revenues of approximately $5.4 billion and a net worth, as of September 30, 2000, of approximately $1.44 billion.

The base rent payable for the remainder of the IKON lease is as follows:

Lease Year	Annual Rent	Monthly Rent
2-5	$2,015,767	$167,981
6-10	$2,228,784	$185,732

Pursuant to the IKON lease, IKON is required to pay all taxes relating to the IKON Buildings and all operating costs incurred by the landlord in maintaining and operating the IKON Buildings, including, but not limited to, 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, repairs, replacements and general maintenance. Wells OP, as the landlord, will be responsible, for repairs related to insurable casualty and for maintaining the roof, foundation, exterior walls and windows, load bearing items and the electrical, mechanical and plumbing systems of the building, except for the HVAC system. IKON, as the tenant, is responsible for maintaining, repairing, and replacing the HVAC system. All tenant improvements or alterations costing in excess of $50,000 must receive prior written approval from Wells OP.

The Nissan Property

Purchase of the Nissan Property. On September 19, 2001, Wells OP purchased a 14.873 acre tract of land located in Irving, Dallas County, Texas (Nissan Property). Wells OP purchased the Nissan Property from The Ruth Ray and H.L. Hunt Foundation and The Ruth Foundation, each a Texas non-profit corporation and 50% owner in the Nissan Property (Foundations). Neither of the Foundations are in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the Nissan Property was approximately $5,545,700. Wells OP incurred acquisition expenses in connection with the purchase of the Nissan Property, including attorneys' fees, recording fees and environmental report fees, and other closing costs, of approximately $25,000.

Description of the Nissan Property and Site. Wells OP has entered into a development agreement, an architect agreement and a design and build agreement

(all described below) to construct a three-story office building containing 268,290 rentable square feet (Nissan Project) on the Nissan Property. The Nissan Project will be constructed of concrete tilt-up, high performance glass with parking for approximately 1,050 vehicles. The site consists of a 14.873 acre tract of land located in the Freeport Business Park, which is an office and industrial park strategically positioned near the Dallas-Ft. Worth International Airport. Wells OP obtained an environmental report prior to the closing evidencing that the condition of the land was satisfactory. The Nissan Property is located in the city of Irving, Texas, approximately 18 miles northwest of downtown Dallas. More than 400 multinational companies have offices in Irving including Exxon, GTE and TransAmerica, which have their headquarters in Irving. The Freeport Business Park itself contains tenants such as Xerox, Federal Express and Allstate Insurance. The city of Irving is accessible from six major highways.

Development Agreement. On September 19, 2001, Wells OP entered into a
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Development Agreement (Development Agreement) with Champion Partners, Ltd. a Texas limited partnership (Developer), as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the Nissan Project.

The Developer is a Dallas-based commercial real estate development firm with expertise in acquisition and disposition, debt and equity, financing, land and building development and project leasing and management. The Developer is a privately owned Texas limited partnership and the principals have an average experience level of approximately 20 years. The Developer has been involved with approximately 18 million square feet of office and industrial facilities valued at more than $900 million throughout the United States, including several million square feet of ongoing project developments in Dallas/Ft. Worth, Memphis, Atlanta and Houston. The Developer is not affiliated with Wells OP or our Advisor.

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

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

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

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

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

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

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the contractor of major subcontractors and reviewing all applicable building codes,

environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Nissan Project or any portion thereof. The Developer is required to advise Wells OP on a weekly basis as to the status of the Nissan Project and submit to Wells OP monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells OP before incurring and paying any costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then-prevailing status of the Nissan Project and will not adequately provide for the completion of the Nissan Project, the Developer will prepare and submit to Wells OP for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells OP. The Developer has agreed to indemnify Wells OP from any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the gross negligence, fraud or any willful act or omission by the Developer. Wells OP has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or authority, excluding negligence, fraud or willful acts of the Developer, and (2) the gross negligence, fraud or any willful act or omission on the part of Wells OP and its partners and their respective officers, directors and employees.

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

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells OP will pay a development fee of $1,250,000. The fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Nissan Project is completed.

It is anticipated that the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition of the Nissan Property, the planning, design, development, construction and completion of the Nissan Project will total approximately $42,259,000. Under the terms of the Development Agreement, the Developer has agreed that in the event that the total of all such costs and

expenses exceeds $42,258,600, subject to certain adjustments, the amount of fees payable to the Developer shall be reduced by the amount of any such excess.

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

Architect's Agreement. HKS, Inc., a Texas corporation (Architect), is the architect for the Nissan Project pursuant to an Architect's Agreement (Architect's Agreement) dated September 19, 2001 entered into with Wells OP. The Architect, which was founded in 1939, has a staff of over 500 employees, and specializes in architecture, planning, structural engineering, interior architecture and graphic design. The Architect has its principal office in Dallas and additional offices in Atlanta, Los Angeles, Orlando, Richmond, Salt Lake City and Tampa. The Architect has designed a wide variety of projects, with total values in excess of $26 billion, including facilities for corporate office space, sports facilities, healthcare facilities and hotels and resorts. The Architect is not affiliated with Wells OP or our Advisor.

The Architect's basic services under the Architect's Agreement include the schematic design phase, the design development phase, the construction documents phase, the construction procurement phase and the construction phase. During the schematic design phase, the Architect will prepare schematic design documents consisting of drawings and other documents illustrating the scale and relationship of the Nissan Project components. During the design development phase, the Architect will prepare design development documents consisting of drawings and other documents to fix and describe the size and character of the entire Nissan Project as to architectural, structural, civil mechanical, and electrical systems, materials and such other elements as may be appropriate. During the construction documents phase, the Architect will prepare construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the Nissan Project along with necessary bidding information. During the construction procurement phase, the Architect will assist Wells OP in obtaining bids or negotiated proposals and assist in awarding and preparing contracts for construction. During the construction phase, the Architect is to provide administration of the Construction Agreement (as described below) and advise and consult with the contractor and Wells OP concerning various matters relating to the construction of the Nissan Project. The Architect is required to visit the Nissan Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells OP informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the contractor based on observations of the site and evaluations of the contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Agreement. The Architect will also conduct inspections to determine the date of completion of the Nissan Project and shall issue a final certificate for payment.

Payments will be paid to the Architect under the Architect Agreement on a monthly basis in proportion to the services performed within each phase of service. Monthly invoices will be based on the work done by designers, writers, and draftsmen at various hourly rates.

Design and Build Construction Agreement. Wells OP entered into a Design and Build Construction Agreement (Construction Agreement) on September 19, 2001 with Thos. S. Byrne, Inc. (Contractor) for the construction of the Nissan Project. The Contractor is based in Ft. Worth, Texas and specializes in commercial, industrial and high-end residential buildings. The Contractor commenced operations in 1923 and has completed over 200 projects for a total of approximately 60 clients. The Contractor is presently

engaged in the construction of over 20 projects with a total construction value of in excess of $235 million. The Contractor is not affiliated with Wells OP or our Advisor.

The Contractor will begin construction of the Nissan Project in January 2002. The Nissan Project will consist of the construction of a three-story concrete tilt-up, high performance glass office building containing approximately 268,290 rentable square feet (Nissan Building). The land is currently zoned to permit the intended development and operation of the Nissan Project as a commercial office building and has access to all utilities necessary for the development and operation of the Nissan Project, including water, electricity, sanitary sewer and telephone.

The Construction Agreement provides that Wells OP will pay the Contractor a maximum of $25,326,017 for the construction of the Nissan Project which includes all estimated fees and costs including the architect fees. The Contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for completion of the Nissan Project. In addition, the Contractor will be required to secure and pay for any additional business licenses, tap fees and building permits which may be necessary for construction of the Nissan Project.

Wells OP will make monthly progress payments to the Contractor in an amount of 90% of the portion of the contract price properly allocable to labor, materials and equipment, less the aggregate of any previous payments made by Wells OP. When construction is substantially complete and the space is available for occupancy, Wells OP will make a semi-final payment in the amount of all of the unpaid balance, except that Wells OP may retain an amount in accordance with the terms of the Construction Contract which is necessary to protect its remaining interest until final completion of the Nissan Project. Wells OP will pay the entire unpaid balance when the Nissan Project has been fully completed in accordance with the terms and conditions of the Construction Contract. As a condition of final payment, the Contractor will be required to execute and deliver a release of all claims and liens against Wells OP.

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

The Contractor is required to work expeditiously and diligently to maintain progress in accordance with the construction schedule and to achieve substantial completion of the Nissan Project within the contract time. The Contractor is required to employ all such additional labor, services and supervision, including such extra shifts and overtime, as may be necessary to maintain progress in accordance with the construction schedule. It is anticipated that the Nissan Project will be substantially completed by February 2003. Wells OP shall obtain a completion and performance bond in an amount sufficient to complete construction and development of the Nissan Project to reduce the risk of non-performance and to assure compliance with approved plans and specifications.

The Nissan Lease. The entire 268,290 rentable square feet of the Nissan Building
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is currently under a lease agreement with Nissan Motor Acceptance Corporation (Nissan). The term of the lease began on September 19, 2001 and will extend 10 years beyond the rent commencement date. Construction on the building is scheduled to begin on or before February 1, 2002 and to be completed within 20

months from

its commencement. The rent commencement date will occur shortly after completion. Nissan has the right to extend the initial 10-year term of this lease for an additional two years, upon written notice. Nissan also has the right to extend the lease for two additional five-year periods at 95% of the then-current market rental rate, upon written notice.

Nissan is a California corporation with its corporate headquarters in Torrance, California. Nissan is a wholly owned subsidiary of Nissan North America, Inc. (NNA), a guarantor of Nissan's lease. NNA is a California corporation, with headquarters in Gardenia, California. NNA handles the North American business sector of its Japanese parent, Nissan Motor Company, Ltd. NNA's business activities include design, development, manufacturing and marketing of Nissan vehicles in North America. NNA employs approximately 2,400 people. As a subsidiary of NNA, Nissan purchases retail and lease contracts from, and provides wholesale inventory and mortgage loan financing to, Nissan and Infiniti retailers. Nissan Motor Company, Ltd., the parent company of NNA, reported fiscal year 2000 net income of $2.6 billion on revenues of $49.1 billion, and a net worth, as of March 31, 2001, of $7.7 billion.

The base rent payable for the Nissan lease beginning on the rent commencement date is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$4,225,860	$352,155
2	$4,325,168	$360,431
3	$4,426,809	$368,901
4	$4,530,839	$377,570
5	$4,637,314	$386,443
6	$4,746,291	$395,524
7	$4,857,829	$404,819
8	$4,971,988	$414,332
9	$5,088,829	$424,069
10	$5,208,417	$434,035
11*	$5,330,815	$444,235
12*	$5,456,089	$454,674

* If 2-year extension option is exercised.

Pursuant to the Nissan lease, Nissan is required to pay all taxes relating to the Nissan Building and all operating costs including, but not limited to, those associated with water, sewer, gas, electricity, light, heat, telephone, television cable, rubbish removal, power and other utilities and services used by Nissan. Nissan will also pay for repairs to the HVAC, mechanical, electrical, elevator, and plumbing systems, as well as repairs to the structural roof walls, foundations, paving, curbs, landscaping and fixtures. Wells OP, as the landlord, will be responsible for repairs resulting from defects in the initial construction of the building, as well as repairs to structural portions of the foundation, exterior walls, structural frame and roof. Nissan has an option to purchase the property if certain construction

related milestones are not met by Wells OP in the construction of the building. In addition, if Wells OP ever decides to sell or transfer the property, Nissan has a right of first refusal to purchase the property pursuant to the same proposed sale terms. In order to exercise this right, Nissan must inform Wells OP of its intent to purchase the property within 30 days of receiving notice that Wells OP intends to sell or transfer the property.

The Ingram Micro Distribution Facility

Purchase of a Ground Leasehold Interest in the Ingram Micro Distribution Facility. On September 27, 2001, Wells OP acquired a ground leasehold interest in a 701,819 square foot distribution facility located on a 39.223 acre tract of land at 3820 Micro Drive in the City of Millington, Shelby County, Tennessee (Ingram Micro Distribution Facility), pursuant to a Bond Real Property Lease dated as of December 20, 1995 (Bond Lease). The ground leasehold interest under the Bond Lease, along with the Bond and the Bond Deed of Trust described below, were purchased from Ingram Micro L.P. (Ingram) in a sale-lease back transaction for a purchase price of $21,050,000. Wells OP incurred acquisition expenses in connection with the purchase of the Ingram Micro Distribution Facility, including attorneys' fees, recording fees, property condition report fees, environmental report fees and other closing costs, of approximately $54,600. The Bond Lease expires on December 31, 2026.

Fee simple title to the land upon which the Ingram Micro Distribution Facility is located is held by the Industrial Development Board of the City of Millington, Tennessee (Industrial Development Board) which originally entered into the Bond Lease with Lease Plan North America, Inc. (Lease Plan). The Industrial Development Board issued an Industrial Development Revenue Note Ingram Micro L.P. Series 1995 (Bond) in a principal amount of $22,000,000 to Lease Plan in order to finance the construction of the Ingram Micro Distribution Facility. The Bond is secured by a Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases dated as of December 20, 1995 (Bond Deed of Trust) executed by the Industrial Development Board for the benefit of Lease Plan.

On December 20, 2000, Lease Plan assigned to Ingram its ground leasehold interest in the Ingram Micro Distribution Facility under the Bond Lease. On the same date, Lease Plan also assigned all of its rights and interest in the Bond and the Bond Deed of Trust of Ingram.

In addition to purchasing the Bond Lease, as set forth above, Wells OP also acquired the Bond and the Bond Deed of Trust from Ingram at closing. Beginning in 2006, Wells OP has the option under the Bond Lease to purchase the land underlying the Ingram Micro Distribution Facility from the Industrial Development Board for $100 plus satisfying the indebtedness evidenced by the Bond, which is currently held by Wells OP.

An independent appraisal of the ground leasehold interest in the Ingram Micro Distribution Facility was prepared by Douglas B. Hall & Associates, Inc., real estate appraisers, as of September 4, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $21,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Ingram Micro Distribution Facility will continue operating at a stabilized level with Ingram 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 Ingram Micro Distribution Facility were satisfactory.

Description of the Ingram Micro Distribution Facility and Site. The Ingram Micro

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Distribution Facility, which was completed in 1997, is a one-story office and warehouse building containing approximately 701,819 rentable square feet located on a 39.22 acre tract of land.

The site is located in the northern part of Shelby County, Tennessee approximately 16 miles north of the Memphis central business district. The site is on the west side of U.S. Highway 51 and the east side of Old Millington Road, less than one mile from the Millington Municipal Airport. The major development in Millington is the former Memphis Naval Air Station, which was one of the world's largest inland naval bases until the 1993 Base Realignment and Closure Commission approved a new mission for the base. Approximately 1,900 acres of land on the base is now known as the West

Tennessee Regional Business Center and is planned for development as a major employment center in the area.

The Ingram Lease. On September 27, 2001, Wells OP entered into a new lease with
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Ingram pursuant to which Ingram agreed to lease the entire Ingram Micro Distribution Facility from Wells OP. The Ingram lease has a term of 10 years with two successive options to extend for 10 years each at an annual rate equal to the greater of (i) 95% of the then-current fair market rental rate, or (ii) the annual rental payment effective for the final year of the term immediately prior to such extension. Annual rent, as determined for each extended term, is also increased by 15% beginning in the 61st month of each extended term.

Ingram Micro, Inc. (Micro) is the general partner of Ingram and a guarantor on the Ingram lease. Micro is traded on the New York Stock Exchange and has its corporate headquarters in Santa Ana, California. Micro provides technology products and supply chain management services through wholesale distribution. It targets three different market segments, including corporate resellers, direct and consumer marketers, and value-added resellers. Micro's worldwide business consists of approximately 14,000 associates and operations in 36 countries. In addition, Micro serves approximately 175,000 customers and partners with approximately 1,700 manufacturers. For fiscal year-ended December 31, 2000, Micro reported a net income of over $226 million on revenues of approximately $30.7 billion and a net worth, as of December 31, 2000, of approximately $1.8 billion.

The annual base rent for the Ingram Micro Distribution Facility is $2,035,275 for years one through five of the lease term and $2,340,566 for years six through 10 of the lease term. Ingram has also agreed to pay as additional rent all other amounts, liabilities and obligations relating to the Ingram Micro Distribution Facility, including all taxes, assessments, water rents, sewer rents and charges, duties, impositions, license and permit fees, charges for public utilities of any kind, payments and all other charges incurred as a result of the use and occupation of the premises by Ingram. Ingram is also responsible for maintenance of the premises, including without limitation the adjoining sidewalks and curbs, roof, generators and all operational building systems.

The Lucent Building

Purchase of the Lucent Building. On September 28, 2001, Wells OP purchased a
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four-story office building with approximately 120,000 rentable square feet located at 200 Lucent Lane, Cary, North Carolina (Lucent Building) from Lucent Technologies, Inc. (Lucent) in a sale-lease back transaction. Lucent is not in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the Lucent Building was $17,650,000. Wells OP incurred acquisition expenses in connection with the purchase of the Lucent Building, including commissions, attorneys' fees, recording fees, structural

report and environmental report fees, and other closing costs, of approximately $372,800.

An independent appraisal of the Lucent Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of October 1, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $18,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Lucent Building will continue operating at a stabilized level with Lucent 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 Lucent Building were satisfactory.

Description of the Lucent Building and Site. The Lucent Building, which was completed in 1999, is a four-story office building containing approximately 120,000 rentable square feet located on a 29.19 acre tract of land, which includes a 11.84 acre improved tract of land and a 17.34 acre undeveloped tract of land. The building is constructed using a steel frame with steel beams and a reinforced concrete foundation. The exterior walls are made of primarily glass and steel. The common area interior walls consist of textured and painted sheetrock with wood accent and trim. In addition, the building has multiple elevators and approximately 500 paved parking spaces.

The Lucent Building is located at 200 Lucent Lane in Regency Park office park in the "Research Triangle" in Cary, North Carolina. The site is approximately 10 miles west of downtown Raleigh and 15 miles south of Raleigh-Durham International Airport. Cary is a growing commercial and residential suburb of Raleigh. Some of Cary's major industries include computer software and technology, pharmaceuticals and communications. Regency Park contains tenants such as Hewlett-Packard, Nextel and Alltel and is located approximately three miles from Interstate 40, one of the major east-west highways in the United States.

The Lucent Lease. The entire 120,000 rentable square feet of the Lucent Building is currently under a lease agreement with Lucent, which does not include the 17.34 acre undeveloped tract of land described above. The current term of the lease is 10 years, which commenced on September 28, 2001, and expires on September 30, 2011. Lucent has the right to extend the term of this lease for three additional five-year periods at the then-current fair market rental rate, upon 12 months prior written notice.

Lucent is traded on the New York Stock Exchange and has its corporate headquarters in Murray Hill, New Jersey. Lucent designs, develops and manufactures communications systems, software and other products. As of June 30, 2001, Lucent employed approximately 87,000 people and had offices or distributors in over 65 countries. For fiscal year-ended September 30, 2000, Lucent reported a net income of over $1.2 billion on total revenues of approximately $34 billion and a net worth, as of September 30, 2000, of over $26 billion.

The base rent payable under the Lucent lease is as follows:

Lease Year	Anuual Rent	Monthly Rent
1	$1,800,000	$150,000
2	$1,854,000	$154,500

3	$1,909,620	$159,135
4	$1,966,908	$163,909
5	$2,025,915	$168,826
6	$2,086,693	$173,891
7	$2,149,294	$179,108
8	$2,213,773	$184,481
9	$2,280,186	$190,016
10	$2,348,592	$195,716

Pursuant to the Lucent lease, Lucent is required to pay all taxes relating to the Lucent Building and all operating costs, including, but not limited to, those associated with water, sewerage, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Lucent. Lucent is also required to pay for all repair and maintenance costs, including but not limited to, window cleaning, security personnel, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service, and landscaping maintenance. Wells OP, as the landlord, will be responsible for building repairs caused by fire or other insurable casualties.

Property Management Fees

Wells Management Company, Inc. (Wells Management), an affiliate of the Wells REIT and our Advisor, has been retained to manage and lease the IKON Buildings, the Nissan Building, the Ingram Micro Distribution Facility and the Lucent Building. The Wells REIT shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the IKON Buildings, the Nissan Building, the Ingram Micro Distribution Facility and the Lucent Building, subject to certain limitations.

Description of Properties - The Matsushita Building

The information contained on page 85 in the "Description of Properties - The Matsushita Building" section of the prospectus is revised as of the date of this supplement by the deletion of the first and fourth full paragraphs on that page and the insertion of the following paragraphs in lieu thereof:

> Wells OP and Matsushita Avionics Systems Corporation (Matsushita Avionics) entered into a Second Amendment to Office Lease (Amendment) relating to the two-story office building (Matsushita Building) located in the City of Lake Forest, Orange County, California. The Amendment confirms that the lease commencement date for the Matsushita lease is January 4, 2000, and that the amount of rentable square feet of the building is 144,906 square feet.
>
> The Matsushita lease terminates on January 31, 2007. Matsushita Avionics has the option to extend the lease for two additional five-year periods of time at an annual rate equal to 95% of the then-current fair market rental rate,. Wells OP and Matsushita Avionics agreed that the total project cost for the construction of the Matsushita Building upon which the base rent was calculated was $18,431,206. The base rent payable for the remainder of the Matsushita lease is as follows:

Lease Year	Annual Rent	Monthly Rent

2/1/01-1/31/02	$1,888,834.60	$157,361.97
2/1/02-1/31/04	$2,005,463.60	$167,121.97
2/1/04-1/31/06	$2,122,583.60	$176,881.97
2/1/06-1/31/07	$2,239,703.60	$186,641.97

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. 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 October 10, 2001, we had received an additional $330,794,345 in gross offering proceeds from the sale of 33,079,435 shares in the third offering. As of October 10, 2001, we had raised in the aggregate a total of $638,205,457 in offering proceeds through the sale of 63,820,546 shares of common stock. As of October 10, 2001, we had paid a total of $22,194,260 in acquisition and advisory fees and acquisition expenses, had paid a total of $77,857,869 in selling commissions and organizational and offering expenses, had made capital contributions of $523,731,851 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $4,083,734 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $10,337,743 available for investment in additional properties.

Plan of Distribution

The information contained on page 155 in the "Plan of Distribution" section of the prospectus is revised as of the date of this supplement by the deletion of the sixth and seventh full paragraphs on that page and the insertion of the following paragraphs in lieu thereof:

> In connection with sales of certain minimum numbers of shares to a "purchaser," as defined below, the registered representative and the investor may agree to reduce the amount of selling commissions payable with respect to such sales. Such reduction will be credited to the investor by reducing the purchase price per share payable by the investor. The following table illustrates the various discount levels available:

Number of Shares Purchased	Purchase Price per Incremental Share in Volume Discount Range	Commissions on Sales per Incremental Share in Volume Discount Range	
		Percent	Amount

1 to 50,000	$10.00	7.0%	$0.70
50,001 to 100,000	$ 9.80	5.0%	$0.50
100,001 and Over	$ 9.60	3.0%	$0.30

For example, if an investor purchases 200,000 shares, he could pay as little as $1,950,000 ($9.75 per share) rather than $2,000,000 for the shares, in which event the commission on the sale of such shares would be $90,000 ($0.45 per share) and, after payment of the dealer manager fee of $50,000 ($0.25 per share), we would receive net proceeds of $1,810,000 ($9.05 per share). The net proceeds to the Wells REIT will not be affected by volume discounts.

The information contained on page 157 in the "Plan of Distribution" section of the prospectus is revised as of the date of this supplement by the deletion of the second and third full paragraphs on that page and the insertion of the following paragraphs in lieu thereof:

Investors may agree with the participating broker-dealer selling them shares or with the Dealer Manager if no participating broker-dealer is involved in the transaction to reduce the amount of selling commissions payable to zero (i) in the event the investor has engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services, or (ii) in the event the investor is investing in a bank trust account with respect to which the investor has delegated the decision-making authority for investments made in the account to a bank trust department. The net proceeds to the Wells REIT will

not be affected by eliminating commissions payable in connection with sales to investors purchasing through such registered investment advisors or bank trust departments. 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 or a bank trust department by a potential investor as an inducement for such investment advisor or bank trust department to advise favorably for an investment in the Wells REIT.

Financial Statements

The Statements of Revenues Over Certain Operating Expenses of the IKON Buildings for the year ended December 31, 2000 and the Statements of Certain Operating Expenses in Excess of Revenues of the Ingram Micro Distribution Facility and Lucent 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 IKON Buildings for the six months ended June 30, 2001 and the Statements of Certain Operating Expenses in Excess of Revenues of the Ingram Micro Distribution Facility and Lucent Building for the six months ended June 30, 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 June 30, 2001, the Pro Forma Statement of Income for the six months ended June 30, 2001, and the Pro Forma Statement of Income (loss) for the year ended December 31, 2000, which are included in this supplement, have not been audited.

INDEX TO FINANCIAL STATEMENTS

[LOGO ANDERSEN]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the IKON BUILDINGS for the six months ended June 30, 2001 and 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 statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the IKON Buildings after acquisition by the Wells Operating Partnership, L.P., a subsidiary 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 IKON 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 IKON Buildings for the six months ended June 30, 2001 and the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
September 12, 2001

IKON BUILDINGS

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE SIX MONTHS ENDED JUNE 30, 2001

AND THE YEAR ENDED DECEMBER 31, 2000

	2001	2000
	(Unaudited)	
RENTAL REVENUES	$1,034,675	$1,379,567
OPERATING EXPENSES, net of reimbursements	0	115,276
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,034,675	$1,264,291

The accompanying notes are an integral part of these statements.

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE SIX MONTHS ENDED JUNE 30, 2001

AND THE YEAR ENDED DECEMBER 31, 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On September 7, 2001, the Wells Operating Partnership, L.P. ("Wells OP") acquired the IKON Buildings from SV Reserve, L.P. ("SV Reserve"). Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

IKON Office Solutions, Inc. ("IKON") currently occupies the entire 157,790 rentable square feet of the two single-story office buildings comprising the IKON Buildings under a net lease agreement (the "IKON Lease"). IKON is a public entity traded on the New York Stock Exchange. SV Reserve's interest in the IKON Lease was assigned to Wells OP at the closing. The initial term of the IKON Lease commenced on May 1, 2000 and expires on April 30, 2010. IKON has the right to extend the IKON Lease for two additional periods of five years at a rate equal to the then-current fair market rental rate. Under the IKON Lease, IKON is required to pay, as additional monthly rent, all operating costs, including but not limited to, water, power, heating, lighting, air conditioning and ventilation, security fees, landscaping, window cleaning, pest control, property management fees, taxes, assessments and governmental levies, insurance, amortization (together with reasonable financing charges) of capital items installed for the purpose of reducing operating expenses, as well as the cost of all supplies, wages and salaries incurred by the landlord in connection with the operations and maintenance of the premises. Wells OP will be responsible for all building repairs caused by fire, windstorm, or other insurable casualty.

Rental Revenues

Rental income is recognized on a straight-line basis over the term of the IKON 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 IKON Buildings after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of certain operating expenses in excess of revenues for the Ingram MICRO DISTRIBUTION FACILITY 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of certain operating expenses in excess of revenues is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of certain operating expenses in excess of revenues. 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 be comparable with those resulting from the operations of the Ingram Micro Distribution Facility after acquisition by Wells Operating Partnership, L.P., a subsidiary of Wells Real Estate Investment Trust, Inc. The accompanying statement of certain operating expenses in excess of revenues 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 Ingram Micro Distribution Facility's revenues and expenses.

In our opinion, the statement of certain operating expenses in excess of revenues presents fairly, in all material respects, certain operating expenses in excess of revenues for the Ingram Micro Distribution Facility for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
October 5, 2001

INGRAM MICRO DISTRIBUTION FACILITY

STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

	(Unaudited) 2001	2000
RENTAL REVENUES	$ 0	$ 0
OPERATING EXPENSES	945,910	2,083,598
CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES	$(945,910)	$(2,083,598)

The accompanying notes are an integral part of these statements.

INGRAM MICRO DISTRIBUTION FACILITY

NOTES TO STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

1. Organization and significant accounting policies

Description of Real Estate Property Acquired

On September 27, 2001, Wells Operating Partnership, L.P. ("Wells OP") acquired the Ingram Micro Distribution Facility from Ingram Micro, L.P. ("Ingram"). Wells OP is a Delaware limited partnership organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

Ingram currently occupies 100% of the Ingram Micro Distribution Facility under a net lease agreement (the "Ingram Lease") with Wells OP. The Ingram Micro Distribution Facility is a one-story industrial building comprised of 701,819 rentable square feet. Ingram Micro, Inc. is the guarantor of the Ingram Lease and is a public entity traded on the New York Stock Exchange. Prior to September 27, 2001, Ingram owned and occupied the entire Ingram Micro Distribution Facility; therefore, no rental revenues were recognized for the year ended December 31, 2000 or for the six months ended June 30, 2001. The initial term of the Ingram Lease commenced on September 27, 2001 and expires on September 30, 2011. Ingram has the right to extend the Ingram Lease for two additional periods of ten years at an annual rate equal to the greater of (i) 95% of the then-current fair market rental rate, or (ii) the annual rental payment effective for the final year of the term immediately prior to such extension. Annual rent, as determined for each extended term, shall also be increased by 15% beginning in the 61st month of each extended term. Under the Ingram Lease, Ingram is required to pay, as additional monthly rent, all operating costs, including but not limited to insurance costs, utilities, taxes, assessments, water and sewer charges, license and permit fees. Ingram is also responsible for maintenance of the premises, including without limitation the adjoining sidewalks and curbs, roof, generators and all operational building systems.

2. Basis of Accounting

The accompanying statements of certain operating expenses in excess of revenues 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 Ingram Micro Distribution Facility after acquisition by Wells OP.

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of certain operating expenses in excess of revenues of the Lucent 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of certain operating expenses in excess of revenues is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of certain operating expenses in excess of revenues. 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 be comparable with those resulting from the operations of the Lucent Building after acquisition by Wells Operating Partnership, L.P., a subsidiary of Wells Real Estate Investment Trust, Inc. The accompanying statement of certain operating expenses in excess of revenues was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Lucent Building's revenues and expenses.

In our opinion, the statement of certain operating expenses in excess of revenues presents fairly, in all material respects, certain operating expenses in excess of revenues for the Lucent 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
October 5, 2001

LUCENT BUILDING

STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

	(Unaudited) 2001	2000
RENTAL REVENUES	$ 0	$ 0
OPERATING EXPENSES	246,503	465,726

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES	$(246,503)	$(465,726)

The accompanying notes are an integral part of these statements.

LUCENT BUILDING

NOTES TO STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On September 28, 2001, Wells Operating Partnership, L.P. ("Wells OP") acquired the Lucent Building from Lucent Technologies, Inc. ("Lucent"). Wells OP is a Delaware limited partnership organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

Lucent currently occupies 100% of the Lucent Building under a net lease agreement (the "Lucent Lease") with Wells OP. The Lucent Building is a four-story office building comprised of 120,000 rentable square feet. Lucent is a public entity traded on the New York Stock Exchange. Prior to September 28, 2001, Lucent owned and occupied the entire rentable square feet of the Lucent Building; therefore, no rental revenues were recognized for the year ended December 31, 2000 or for the six months ended June 30, 2001. The initial term of the Lucent Lease commenced on September 28, 2001 and expires on September 30, 2011. Lucent has the right to extend the Lucent Lease for three additional periods of five years at a rate equal to the then-current fair market rental rate. Under the Lucent Lease, Lucent is required to pay, as additional monthly rent, all operating costs including but not limited to electricity, gas, steam, water, sanitation, air conditioning, as well as other fuel and utilities for the property. Lucent is also responsible for maintaining all service and maintenance agreements for the building and equipment contained therein, including but not limited to window cleaning, security, elevator and HVAC maintenance, and janitorial and landscaping services. Wells OP will be responsible for all building repairs caused by fire or other insurable casualties.

2. Basis of Accounting

The accompanying statements of certain operating expenses in excess of revenues 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 Lucent Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

JUNE 30, 2001

The following unaudited pro forma balance sheet as of June 30, 2001 has been prepared to give effect to the acquisition of the AmeriCredit Building by 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"]), the acquisitions of the State Street Bank Building, and the IKON Buildings by Wells OP (collectively, the "Prior Acquisitions"), and the Ingram Micro Distribution Facility, the Lucent Building and the Nissan Property acquired by Wells OP as if each acquisition occurred on June 30, 2001. The Comdata Building was acquired by Wells XII-REIT Joint Venture (a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP) on May 15, 2001.

The following unaudited pro forma statement of income for the six months ended June 30, 2001 has been prepared to give effect to the acquisitions of the Comdata Building, the AmeriCredit Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building, and the Nissan Property as if the acquisitions occurred on January 1, 2001. The following unaudited pro forma statement of income (loss) for the year ended December 31, 2000 has been prepared to give effect to the acquisitions of the Comdata Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, and the Lucent Building as if the acquisitions occurred on January 1, 2000. The AmeriCredit Building had no operations during 2000. The Nissan Property had no operations during 2001 or 2000.

Wells OP is a Delaware limited partnership organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP. Accordingly, the accounts of Wells OP are consolidated with the accompanying pro forma financial statements of Wells Real Estate Investment Trust, Inc.

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 of the Comdata Building, the AmeriCredit Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building and the Nissan Property been consummated at the beginning of the periods presented.

As of June 30, 2001, the date of the accompanying pro forma balance sheet, Wells OP held cash of $6,074,926. The additional cash used to purchase the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building and the Nissan Property, including deferred project costs paid to Wells Capital, Inc. (an affiliate of Wells OP), was raised through the issuance of additional shares by Wells Real Estate Investment Trust, Inc. subsequent to June 30, 2001. This balance is reflected as purchase consideration payable in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

JUNE 30, 2001
(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: Ingram Micro Distribution Facility	Pro Forma Adjustments: Lucent Building	Pro Forma Adjustments: Nissan Property	Pro Forma Total
REAL ESTATE ASSETS, at cost:						
Land	$ 47,256,748	$13,335,000(a) 555,625(b)	320,000(a) 13,333(b)	$ 2,850,000(a) 118,750(b)	$ 5,498,162(a) 229,090(b)	$ 70,176,708
Buildings, less accumulated depreciation of $15,863,470	285,964,597	57,206,623(a) 2,383,609(b)	20,785,184(a) 866,050(b)	14,850,282(a) 618,762(b)	0 0	382,675,107
Construction in progress	7,143,876	0	0	0	0	7,143,876
Total real estate assets	340,365,221	73,480,857	21,984,567	18,437,794	5,727,252	459,995,691
CASH AND CASH EQUIVALENTS	6,074,926	(5,924,926)(a) (150,000)(c)	0	0	0	0
INVESTMENT IN BONDS	0	0	22,000,000(f)	0	0	22,000,000
INVESTMENT IN JOINT VENTURES	60,261,895	11,343,750(d)	0	0	0	71,605,645
ACCOUNTS RECEIVABLE	4,661,279	0	0	0	0	4,661,279
DEFERRED LEASE ACQUISITION COSTS	1,738,658	0	0	0	0	1,738,658
DEFERRED PROJECT COSTS	3,849	(3,849)(e)	0	0	0	0
DEFERRED OFFERING COSTS	731,574	0	0	0	0	731,574
DUE FROM AFFILIATES	1,242,469	0	0	0	0	1,242,469
PREPAID EXPENSES AND OTHER ASSETS	1,558,395	0	0	0	0	1,558,395
Total assets	$ 416,638,266	$78,745,832	$43,984,567	$18,437,794	$ 5,727,252	$ 563,533,711

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: Ingram Micro Distribution Facility	Pro Forma Adjustments: Lucent Building	Pro Forma Adjustments: Nissan Property	Pro Forma Total
LIABILITIES:						
Accounts payable and accrued expenses	$ 2,592,211	$ 0	$ 0	$ 0	$ 0	$ 2,592,211
Notes payable	10,298,850	48,300,000(a) 10,740,000(c)	8,850,000(a) 22,000,000(g)	12,800,000(a)	5,498,162(a)	118,487,012
Dividends payable	1,071,657	0	0	0	0	1,071,657
Due to affiliate	1,508,539	2,939,234(b) 449,901(e)	879,383(b)	737,512(b)	229,090(b)	6,743,659
Purchase consideration payable	0	16,316,697(a)	12,255,184(a)	4,900,282(a)	0	33,472,163
Deferred rental income	95,418	0	0	0	0	95,418
Total liabilities	15,566,675	78,745,832	43,984,567	18,437,794	5,727,252	162,462,120
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; 125,000,000 shares authorized, 47,770,468 shares issued and 47,489,415 shares outstanding	477,705	0	0	0	0	477,705
Additional paid-in capital	403,204,416	0	0	0	0	403,204,416
Treasury stock, at cost, 281,053 shares	(2,810,530)	0	0	0	0	(2,810,530)
Total shareholders' equity	400,871,591	0	0	0	0	400,871,591
Total liabilities and shareholders' equity	$ 416,638,266	$78,745,832	$43,984,567	$18,437,794	$ 5,727,252	$ 563,533,711

(a) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the land and the building.

(b) Reflects deferred project costs applied to the land and building at approximately 4.17% of the purchase price.

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

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

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

(f) Represents investments in bonds for which 100% of the principal balance becomes payable on December 31, 2026.

(g) Represents mortgage note secured by the Deed of Trust to the Ingram Micro Distribution Facility for which 100% of the principal balance becomes payable on December 31, 2026.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Prior Acquisitions	Ingram Micro Distribution Facility	Lucent Building	Pro Forma Total
REVENUES:					
Rental income	$ 19,711,252	$ 4,652,363(a)	$ 1,094,230(a)	$ 1,031,749(a)	$26,489,594
Equity in income (loss) of joint ventures	1,519,194	513,944(b) (98,624)(c)	0	0	1,934,514
Interest income	193,007	(193,007)(d)	880,000(j)	0	880,000
	21,423,453	4,874,676	1,974,230	1,031,749	29,304,108
EXPENSES:					
Depreciation and amortization	6,685,716	1,191,805(e)	433,025(e)	309,381(e)	8,619,927
Interest	2,809,373	379,761(f) 1,919,390(g)	287,714(k) 880,000(l)	416,128(m)	6,692,366
Operating costs, net of reimbursements	1,736,928	666,818(h)	0(h)	0(h)	2,403,746
Management and leasing fees	1,117,902	209,356(i)	49,240(i)	46,429(i)	1,422,927
General and administrative	635,632	0	0	0	635,632
Legal and accounting	117,331	0	0	0	117,331
Computer costs	6,328	0	0	0	6,328
	13,109,210	4,367,130	1,659,979	771,938	19,898,257
NET INCOME	$ 8,314,243	$ 507,546	$ 324,251	$ 259,811	$ 9,405,851
EARNINGS PER SHARE, basic and diluted	$ 0.22				$ 0.25
WEIGHTED AVERAGE SHARES, basic and diluted	37,792,014				37,792,014

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

(b) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the income of Wells XII-REIT Joint Venture related to the Comdata Building from January 1, 2001 through May 14, 2001. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(c) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the loss of

Wells XIII-REIT Joint Venture related to the AmeriCredit Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(d) Represents forgone interest income related to cash utilized to purchase the Comdata Building, the AmeriCredit Building, and the State Street Bank Building.

(e) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.

(f) Represents interest expense 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 approximately 6.5% per annum from January 1, 2001 through May 14, 2001.

(g) Represents interest expense on the $59,040,000 of notes payable to Bank of America, N.A., which bear interest at approximately 6.5% per annum for the six months ended June 30, 2001.

(h) Consists of nonreimbursable operating expenses.

(i) Management and leasing fees are calculated at 4.5% of rental income.

(j) Represents interest income on the $22,000,000 investment in bonds due from the Industrial Development Authority, which earns interest at 8% per annum.

(k) Represents interest expense on the $8,850,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 6.5% per annum for the six months ended June 30, 2001.

(l) Represents interest expense on the $22,000,000 mortgage note payable to the Industrial Development Authority, which bears interest at 8% per annum.

(m) Represents interest expense on the $12,800,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement Bank of America, N.A., which bears interest at approximately 6.5% per annum for the six months ended June 30, 2001.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Prior Acquisitions	Ingram Micro Distribution Facility	Lucent Building	Pro Forma Total
REVENUES:					
Rental income	$ 20,505,000	$ 4,320,921(a)	$ 2,188,461(a)	$ 2,063,498(a)	$29,077,880
Equity in income of joint ventures	2,293,873	930,181(b)	0	0	3,224,054
Interest income	520,924	(520,924)(c)	1,760,000(i)	0	1,760,000
Other income	53,409	0	0	0	53,409
	23,373,206	4,730,178	3,948,461	2,063,498	34,115,343
EXPENSES:					
Depreciation and amortization	7,743,551	2,383,609(d)	866,049(d)	618,762(d)	11,611,971

Interest	4,199,461	1,284,495(e) 3,983,156(f)	729,833(j) 1,760,000(k)	1,055,578(l)	13,012,523
Operating costs, net of reimbursements	888,091	553,347(g)	0(g)	0(g)	1,441,438
Management and leasing fees	1,309,974	194,442(h)	98,481(h)	92,857(h)	1,695,754
General and administrative	426,680	0	0	0	426,680
Legal and accounting	240,209	0	0	0	240,209
Computer costs	12,273	0	0	0	12,273
	14,820,239	8,399,049	3,454,363	1,767,197	28,440,848
NET INCOME (LOSS)	$ 8,552,967	$(3,668,871)	$ 494,098	$ 296,301	$ 5,674,495
EARNINGS PER SHARE, basic and diluted	$ 0.40				$ 0.27
WEIGHTED AVERAGE SHARES, basic and diluted	21,382,418				21,382,418

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

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

(c) Represents forgone interest income related to cash utilized to purchase the Comdata Building and the State Street Bank Building.

(d) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.

(e) Represents 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 approximately 8.3% for the year ended December 31, 2000.

(f) Represents interest expense on the $48,300,000 of notes payable to Bank of America, N.A., which bear interest at approximately 8.3% for the year ended December 31, 2000.

(g) Consists of nonreimbursable operating expenses.

(h) Management and leasing fees are calculated at 4.5% of rental income.

(i) Represents interest income on the $22,000,000 investment in bonds due from the Industrial Development Authority, which earns interest at 8%.

(j) Represents interest expense on the $8,850,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 8.3% for the six months ended June 30, 2001.

(k) Represents interest expense on the $22,000,000 mortgage note payable to the Industrial Development Authority, which bears interest at 8%.

(l) Represents interest expense on the $12,800,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 8.3% for the year ended December 31, 2000.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 6 DATED JANUARY 20, 2002 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,

Supplement No. 2 dated April 25, 2001, Supplement No. 3 dated July 20, 2001, Supplement No. 4 dated August 10, 2001 and Supplement No. 5 dated October 15, 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) Status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) Declaration of dividends for the first quarter of 2002;

(3) Revisions to the "Suitability Standards" section of the prospectus;

(4) Acquisition of a two-story office building in Tamarac, Florida (Convergys Building);

(5) Acquisition of an interest in two connected one-story office and assembly buildings in Parker, Colorado (ADIC Buildings);

(6) Acquisition of a seven-story office building and an eleven-story office building in Schaumburg, Illinois (Windy Point Buildings);

(7) Acquisition of a three-story office building in Sarasota, Florida (Arthur Andersen Building);

(8) Revisions to the "Plan of Distribution" section of the prospectus;

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

(10) Unaudited financial statements of Wells REIT as of September 30, 2001;

(11) Unaudited pro forma financial statements of Wells REIT reflecting the acquisition of the Convergys Building, ADIC Buildings, Windy Point Buildings and Arthur Andersen Building; and

(12) Audited financial statements relating to the Windy Point Buildings and Arthur Andersen 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 January 15, 2002, we had received an additional $564,207,445 in gross offering proceeds from the sale of 56,420,745 shares in the third offering. Accordingly, as of January 15, 2002, we had received in the aggregate approximately $871,618,557 in gross offering proceeds from the sale of 87,161,856 shares of our common stock.

Dividends

On December 6, 2001, our board of directors declared dividends for the first quarter of 2002 in an amount equal to a 7.75% annualized percentage rate return on an investment of $10 per share to be paid in April 2002. Our first quarter dividends are calculated on a daily record basis of $0.002153 (.2153 cents) per day per share on the outstanding shares of common stock payable to stockholders of record of such shares as shown on the books of the Wells REIT at the close of business on each day during the period, commencing on December 16, 2001, and continuing on each day thereafter through and including March 15, 2002. Below is a table reflecting the level of dividends declared and paid to date:

Quarter	Approximate Amount (Rounded)	Annualized Percentage Return on an Investment of $10 per Share
3/rd/ Qtr. 1998	$0.150 per share	6.00%
4/th/ Qtr. 1998	$0.163 per share	6.50%
1/st/ Qtr. 1999	$0.175 per share	7.00%
2/nd/ Qtr. 1999	$0.175 per share	7.00%
3/rd/ Qtr. 1999	$0.175 per share	7.00%
4/th/ Qtr. 1999	$0.175 per share	7.00%
1/st/ Qtr. 2000	$0.175 per share	7.00%
2/nd/ Qtr. 2000	$0.181 per share	7.25%
3/rd/ Qtr. 2000	$0.188 per share	7.50%
4/th/ Qtr. 2000	$0.188 per share	7.50%
1/st/ Qtr. 2001	$0.188 per share	7.50%
2/nd/ Qtr. 2001	$0.188 per share	7.50%
3/rd/ Qtr. 2001	$0.188 per share	7.50%
4/th/ Qtr. 2001	$0.194 per share	7.75%
1/st/ Qtr. 2002	$0.194 per share	7.75%

Suitability Standards

The information contained on page 26 in the "Suitability Standards" section of the prospectus is revised by the deletion of the special suitability standards relating to the States of Arizona, Michigan, Missouri, New Hampshire, North Carolina and Oregon on that page and the insertion of the following paragraphs relating to the suitability requirements for residents of those states:

Arizona, New Hampshire, North Carolina and Oregon - Investors must have either (1) a net worth of at least $150,000, or (2) gross annual income of $45,000 and a net worth of at least $45,000.

Michigan and Missouri - 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.

The Convergys Building

Purchase of the Convergys Building. On December 21, 2001, Wells Operating Partnership, L.P. (Wells OP), a Delaware limited partnership formed to acquire, own, lease and operate real properties on behalf of the Wells REIT, purchased a two-story office building on a 12.55 acre tract of land located at 5601 Hiatus Road in Tamarac, Broward County, Florida (Convergys Building). Wells OP purchased the Convergys Building from Westpoint Building No. 1, L.L.C., which is

not in any way affiliated with the Wells REIT or Wells Capital, Inc., our Advisor.

The purchase price for the Convergys Building was $13,255,000. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Convergys Building, including commissions, attorneys' fees, recording fees, structural report and environmental report fees and other closing costs, of approximately $242,400.

An independent appraisal of the Convergys Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of October 19, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $13,500,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Convergys Building will continue operating at a stabilized level with Convergys Customer Management Group, Inc. (Convergys) 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 Convergys Building were satisfactory.

Description of the Convergys Building and Site. The Convergys Building, which was completed in September 2001, is a two-story office building containing approximately 100,000 rentable square feet located on a 12.55 acre tract of land. The building is constructed using a concrete frame with pre-stressed concrete beams and a reinforced concrete foundation. The exterior walls are made of eight inch tilt-up concrete panels with a smooth stucco finish and tinted windows set in aluminum frames. The common area interior walls and ceiling consist of textured and painted sheetrock. In addition, the building has two elevators located in the main lobby area and approximately 965 paved parking spaces.

The Convergys Building is located at 5601 Hiatus Road within the Westpoint Business Center in southern Broward County, Florida, approximately 15 miles northwest of downtown Fort Lauderdale. The Convergys Building has direct access to the Sawgrass Expressway which leads to the I-75 and I-595 Expressways. The Broward County office market, which is comprised of approximately 24 million square feet, is located between Palm Beach County and Miami-Dade County on Florida's Gold Coast and serves many multi-national companies looking to service the tri-county area and overseas locations.

The Convergys Lease. The entire 100,000 rentable square feet of the Convergys Building is currently under a net lease agreement with Convergys. The current term of the lease is 10 years, which commenced on September 10, 2001 and expires on September 30, 2011. Convergys has the right to extend the initial 10-year term of this lease for three additional five-year periods at 95% of the then-current market rental rate.

The Convergys lease is guaranteed by Convergys' parent company, Convergys Corporation, which is an Ohio corporation traded on the New York Stock Exchange having its corporate headquarters in Cincinnati, Ohio. Convergys Corporation provides outsourced billing and customer care services in the United States, Canada, Latin America, Israel and Europe. Some of the major customers of Convergys Corporation include AT&T, Compaq, Palm Computing, Pfizer Pharmaceuticals, Sprint, Toys `R' Us and Deutsche Telekom. As of December 31, 2000, Convergys Corporation employed approximately 145,000 workers. For the fiscal year ended December 31, 2000, Convergys Corporation reported net income of approximately $194 million on total revenues of approximately $2.16 billion and a net worth, as of December 31, 2000, of approximately $1.11 billion.

The base rent payable under the Convergys lease is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$1,248,192	$104,016
2	$1,279,397	$106,616
3	$1,311,382	$109,282
4	$1,344,166	$112,014
5	$1,377,770	$114,814
6	$1,412,215	$117,685
7	$1,447,520	$120,627
8	$1,483,708	$123,642
9	$1,520,801	$126,733
10	$1,558,821	$129,902

Pursuant to the Convergys lease, Convergys is required to pay all taxes relating to the Convergys Building and all operating costs, including, but not limited to, those associated with water, gas, steam, electricity, air conditioning, telephone, garbage removal, snow removal, common area maintenance, landscaping, power and other utilities and services used by Convergys. Convergys is also required to pay for all repair and maintenance costs, including but not limited to, window cleaning, security personnel, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service and landscaping maintenance. Convergys may not make alterations to the Convergys Building in excess of $100,000 without Wells OP's prior written consent. Wells OP, as the landlord, will be responsible for building repairs to the structural elements, the building systems, exterior walls, windows and the roof of the Convergys Building.

Convergys may terminate the Convergys lease at the end of the seventh lease year (September 30, 2008) by providing 12 months prior written notice and paying Wells OP a termination fee of approximately $1,341,000. Convergys also has the option to purchase the Convergys Building for a purchase price of $13,290,935 by providing written notice to Wells OP of such exercise on or before March 10, 2002. In addition, in the event Convergys elects to purchase the Convergys Building, Wells OP will have the right to receive an additional $240,000, which was escrowed at closing and would be returned to Wells OP upon the exercise of such option.

The ADIC Buildings

Purchase of the ADIC Buildings. On December 21, 2001, Wells Fund XIII - REIT Joint Venture, a joint venture partnership between Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) and Wells OP, purchased two connected one-story office and assembly buildings on an 8.35 acre tract of land located at 8560 Upland Drive in Parker, Douglas County, Colorado (ADIC Buildings). Additionally, Wells Fund XIII - REIT Joint Venture purchased an undeveloped 3.43 acre tract of land adjacent to the ADIC Buildings

(ADIC Land). Wells Fund XIII - REIT Joint Venture purchased the ADIC Buildings and the ADIC Land from Opus Northwest, L.L.C., which is not in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the ADIC Buildings was $12,954,213. In addition, the Wells Fund XIII - REIT Joint Venture incurred acquisition expenses in connection with the purchase of the ADIC Buildings, including commissions, attorneys' fees, recording fees, structural report and environmental report fees and other closing costs, of approximately $216,862.

Wells OP contributed $6,671,075 and Wells Fund XIII contributed $6,500,000 to the Wells Fund XIII - REIT Joint Venture for their respective shares of the acquisition costs for the ADIC Buildings. As of January 1, 2002, Wells OP held an equity percentage interest in the Wells Fund XIII - REIT Joint Venture of approximately 68%, and Wells Fund XIII held an equity percentage interest in the Wells Fund XIII - REIT Joint Venture of approximately 32%.

An independent appraisal of the ADIC Buildings and ADIC Land was prepared by Integra Realty Resources, real estate appraisers, as of December 21, 2001, pursuant to which the market value of the real property containing the ADIC Buildings subject to the lease described below and the ADIC Land was estimated to be $13,150,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the ADIC Buildings will continue operating at a stabilized level with ADIC 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 Fund XIII - 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 ADIC Buildings were satisfactory.

Description of the ADIC Buildings and Site. The ADIC Buildings, which were completed in December 2001, consist of two connected one-story office and assembly buildings, containing approximately 148,200 rentable square feet located on an 11.78 acre tract of land, which includes an 8.35 acre improved tract of land and a 3.43 acre undeveloped tract of land. The buildings are constructed using a steel frame and a reinforced concrete foundation. The exterior walls are made of pre-cast concrete panels. The interior walls consist of painted gypsum board. The interior floors are carpeted, and the buildings contain suspended and recessed fluorescent and incandescent lighting. The buildings also contain an audio-visual presentation room, lunch room and several conference rooms. In addition, the site contains approximately 300 paved parking spaces with the potential to add up to an additional 400 parking spaces.

The ADIC Buildings are located in the Concord Business Center, a 100-acre mixed-use business park in the southeast portion of the greater Denver metropolitan area in Douglas County near the Centennial Airport. The site is within a couple of miles of I-25 and E-470 and within ten minutes of the Denver Technology Center. The ADIC Buildings are 12 miles from the Denver Central Business District and approximately 30 minutes from the Denver International Airport. Douglas County is one of the most affluent and fastest growing counties in the country.

The ADIC Lease. The entire 148,200 rentable square feet of the ADIC Buildings are currently under a net lease agreement with Advanced Digital Information Corporation (ADIC), which does not include the 3.43 acre undeveloped tract of land described above. The current term of the lease is 10 years, which commenced on December 15, 2001, and expires on December 31, 2011. ADIC has the right to extend the term of its lease for two additional five-year periods at the then-current fair market rental rate for the first year of each five-year extension. The annual base rent will increase 2.5% for each subsequent year of each five-year extension.

ADIC is a Washington corporation traded on NASDAQ having its corporate headquarters in Redmond, Washington and regional management centers in

Englewood, Colorado; Bohmenkirch, Germany; and Paris, France. ADIC manufactures data storage systems and specialized storage management software and distributes these products through its relationships with original equipment manufacturers such as IBM, Sony, Fujitsu, Siemens and Hewlett-Packard. For the fiscal year ending October 31, 2000, ADIC reported net income of approximately $88 million on net revenues of approximately $270 million and a net worth, as of October 31, 2000, of approximately $314 million.

The base rent payable under the ADIC lease is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$1,222,683	$101,890
2	$1,247,136	$103,928
3	$1,272,079	$106,007
4	$1,297,520	$108,127
5	$1,323,471	$110,289
6	$1,349,940	$112,495
7	$1,376,939	$114,745
8	$1,404,478	$117,040
9	$1,432,568	$119,381
10	$1,461,219	$121,768

Pursuant to the ADIC lease, ADIC is required to pay all taxes relating to the ADIC Buildings and all operating costs, including, but not limited to, those associated with water, sewage, heat, gas, steam, electricity, cable, air conditioning, telephone, garbage and rubbish removal, power and other utilities and services used by ADIC. ADIC is also required to pay for all repair and maintenance costs, including but not limited to, window cleaning, elevator maintenance, HVAC maintenance, plumbing, janitorial service, waste recycling service, landscaping maintenance and parking area maintenance. Wells Fund XIII - REIT Joint Venture, as the landlord, will be responsible for building repairs to the structural elements of the ADIC Buildings including the foundations and structural columns and beams. ADIC may not make alterations to the ADIC Buildings in excess of $25,000 without the landlord's prior written consent.

The Windy Point Buildings

Purchase of the Windy Point Buildings. On December 31, 2001, Wells OP purchased a seven-story office building with approximately 186,900 rentable square feet (Windy Point I) and an eleven-story office building with approximately 300,000 rentable square feet (Windy Point II) on an 18.73 acre tract of land located at 1500 and 1600 McConnor Parkway, Schaumburg, Cook County, Illinois (collectively, Windy Point Buildings). Wells OP purchased the Windy Point Buildings from Windy Point of Schaumburg, LLC, which is not in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the Windy Point Buildings was $89,275,000. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Windy Point Buildings, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $123,500.

An independent appraisal of the Windy Point Buildings was prepared by Real Estate Counselors International, Inc., real estate appraisers, as of December 31, 2001, pursuant to which the market value of the real property

containing the leased fee interests subject to the leases described below was estimated to be $90,200,000, in cash or terms equivalent to cash. This value estimate was based upon a number of

assumptions, including that the Windy Point Buildings will continue operating at a stabilized level with current 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. 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 Windy Point Buildings were satisfactory.

The Windy Point Buildings are subject to a 20-year annexation agreement with the Village of Schaumburg, Illinois originally executed on December 12, 1995 (Annexation Agreement). The Annexation Agreement covers a 235-acre tract of land which includes a portion of the site of the Windy Point Buildings' parking facilities. The purpose of this agreement was to allow for a potential construction of a new eastbound on-ramp interchange for I-90 at Meacham Road. Although the Illinois Department of Transportation has not yet decided whether it would be economically feasible to construct the interchange, the construction of such an interchange could have a significant financial impact on the owners of the Windy Point Buildings. At closing, Wells OP agreed to be added as an additional named surety on a $382,556 surety bond originally submitted by the seller, pursuant to the request of the Village of Schaumburg, Illinois, representing the estimated costs of demolition and restoration of constructed parking and landscaped areas and protecting pipelines in connection with the potential construction. The surety bond will remain in place until March 1, 2002. It is anticipated that at some time prior to March 1, 2002, Wells OP will replace the surety bond with a $382,556 letter of credit issued on Wells OP's behalf. The obligation to maintain the letter of credit will continue until the costs of demolition and restoration are paid if the project proceeds or until the Annexation Agreement expires in December 2015. If Wells OP is unable to restore the parking spaces due to structural issues related to the utilities underground, Wells OP would then be required to construct a new parking garage on the site to accommodate the parking needs of its tenants. The cost for this construction is currently estimated to be approximately $3,581,000. In addition, if the interchange is constructed, Wells OP will be required to pay for its share of the costs for widening Meacham Road as part of the project, which is currently estimated to be approximately $288,300. In January 1999, the Illinois State Toll Highway Authority performed an Interchange Feasibility Study and determined that this proposed interchange at Meacham Road should not be constructed at that time; however, there are no assurances that this determination will not be reversed prior to the expiration of the Annexation Agreement or that Wells OP will not be required to expend substantial sums to construct a new parking garage on this property, as described above.

Description of the Windy Point Buildings and Site. The Windy Point I building
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and the Windy Point II building, which were completed in 1999 and 2001, respectively, are a seven-story office building with approximately 186,900 rentable square feet and an eleven-story office building with 300,000 rentable square feet located on an 18.73 acre tract of land. The Windy Point Buildings are constructed using a concrete and steel frame and a concrete and metal foundation. The exterior walls of Windy Point I are made of primarily etched and sand blasted pre-cast panels with granite inlays and punched window openings above a two-story curtain wall of tinted and spandrel glass. The exterior walls of Windy Point II consist of concrete panels with black granite medallions at the base and the top of the building with seven foot high vision tinted glass panels. The common areas of the Windy Point Buildings contain marble, granite and stone flooring on the first floor lobby with carpeted corridors and painted gypsum board walls and recessed florescent lighting. Windy Point I contains three passenger elevators and one freight elevator and Windy Point II contains five passenger elevators and one freight elevator. In addition, the Windy Point Buildings have approximately 4.2 parking spaces per 1,000 rentable square feet

which includes a six level parking garage.

The Windy Point Buildings are located in the Northwest Suburban Office Market approximately 30 miles northwest of downtown Chicago in the Village of Schaumburg. The Windy Point Buildings include 500 feet of direct frontage to the Northwest Tollway (I-90) which leads directly into downtown Chicago. The Windy Point Buildings are one-half mile north of the 2.7 million square foot Woodfield

shopping mall and are in close proximity to Motorola's world headquarters and a site for a planned Schaumburg convention center and hotel development.

The TCI Lease. TCI Great Lakes, Inc. (TCI) occupies approximately 129,150 rentable square feet (69%) of the Windy Point I building. The TCI lease commenced on December 1, 1999 and expires on November 30, 2009. The current annual base rent payable under the TCI lease is $2,067,204. TCI has the right to extend the initial 10-year term of its lease for two additional five-year periods at 95% of the then-current market rental rate.

TCI is a wholly-owned subsidiary of AT&T Broadband. AT&T Broadband provides basic cable and digital television services, as well as high-speed Internet access and cable telephony, with video-on-demand and other advanced services. AT&T Broadband has its corporate headquarters in Denver, Colorado. As of December 31, 2000, AT&T Broadband served approximately 16 million cable customers. AT&T Broadband is a wholly-owned subsidiary of AT&T Corporation. AT&T Corporation is listed on the New York Stock Exchange and has its corporate headquarters in New York, New York.

The base rent payable under the remainder of the TCI lease is as follows:

Lease Year	Annual Rent	Monthly Rent
3	$2,067,204	$172,267
4	$2,128,503	$177,375
5	$2,192,267	$182,689
6	$2,258,214	$188,184
7	$2,325,852	$193,821
8	$2,395,957	$199,663
9	$2,467,753	$205,646
10	$2,541,850	$211,821

Pursuant to the TCI lease, TCI is required to pay its pro rata portion of all taxes relating to the Windy Point I building and all operating costs, including, but not limited to, those associated with water, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by TCI. Wells OP, as the landlord, will be responsible for maintenance of parking areas, walkways and landscaping and building repairs caused by fire or other insurable casualty.

In addition, TCI has the right to lease additional space on the fifth floor of the Windy Point I building within 15 months of the fifth lease year by providing Wells OP with 14 months prior written notice. TCI also has a right of first refusal on the fifth floor space and a right of first opportunity for the seventh floor of the Windy Point I building. TCI may terminate the TCI lease on

the last day of the seventh lease year by providing 12 months prior written notice and paying Wells OP a termination fee of approximately $4,119,500.

The Apollo Lease. The Apollo Group, Inc. (Apollo) has entered into a lease to occupy approximately 28,322 rentable square feet (15%) of the Windy Point I building. The Apollo lease is to commence on April 1, 2002, and expire on June 30, 2009. The initial annual base rent payable for the first nine months under the Apollo lease will be $357,919. Apollo has the right to extend the initial term of its lease for one additional five-year period at 95% of the then-current market rental rate.

Apollo is an Arizona corporation having its corporate headquarters in Phoenix, Arizona. Apollo provides higher education programs to working adults through its subsidiaries, the University of Phoenix, Inc., the Institute for Professional Development, the College for Financial Planning Institutes Corporation and Western International University, Inc. Apollo offers educational programs and services at 58

campuses and 102 learning centers in 36 states, Puerto Rico, and Vancouver, British Columbia. For the fiscal year ended August 31, 2001, Apollo reported assets of approximately $680 million and net income of approximately $107 million on revenues of approximately $769 million and a net worth, as of August 31, 2001, of approximately $481 million.

The base rent payable under the Apollo lease is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$357,919*	$39,769
2	$489,156	$40,763
3	$501,385	$41,782
4	$513,920	$42,827
5	$526,768	$43,897
6	$539,937	$44,995
7	$553,436	$46,120
8	$141,818**	$47,273

* Includes rent for only the last nine months.
** Includes rent for only three months.

Pursuant to the Apollo lease, Apollo is required to pay its pro rata portion of all taxes relating to the Windy Point I building and all operating costs, including, but not limited to, those associated with water, sewerage, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Apollo. Wells OP, as the landlord, will be responsible for building repairs caused by fire or other insurable casualties and maintenance of parking areas, walkways and landscaping.

The Global Lease. Global Knowledge Network, Inc. (Global) occupies approximately 22,028 rentable square feet (12%) of the Windy Point I building. The Global lease commenced on May 1, 2000, and expires on April 30, 2010. The current annual base rent payable under the Global lease is $382,307. Global has the right to extend the initial 10-year term of its lease for one additional five-year period at the then-current market rental rate. Wells OP has the right

to terminate the Global lease on December 31, 2005 by giving Global written notice on or before April 30, 2005.

Global is a privately held corporation with its corporate headquarters in Cary, North Carolina and international headquarters in Tokyo, London and Singapore. Global is owned by New York-based investment firm Welsh, Carson, Anderson and Stowe, a New York limited partnership which acts as a private equity investor in information services, telecommunications and healthcare. Global provides information technology education solutions and certification programs, offering more than 700 courses in more than 60 international locations and in 15 languages. Global employs more than 1,600 people worldwide. Global has posted a $100,000 letter of credit as security for the Global lease.

The base rent payable under the remainder of the Global lease is as follows:

Lease Year	Annual Rent	Monthly Rent
2	$382,307	$31,859
3	$393,776	$32,815
4	$405,589	$33,799
5	$417,757	$34,813
6	$430,290	$35,857
7	$443,199	$36,933
8	$456,495	$38,041
9	$470,189	$39,182
10	$484,295	$40,358

Pursuant to the Global lease, Global is required to pay its pro rata portion of all taxes relating to the Windy Point I building and all operating costs, including, but not limited to, those associated with water, sewerage, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Global. Wells OP, as the landlord, will be responsible for building repairs caused by fire or other insurable casualties and maintenance of parking areas, walkways and landscaping.

Together, TCI, Apollo and Global will occupy approximately 96% of the rentable square feet of the Windy Point I building accounting for an aggregate of $2,807,430 in annual base rent, and four other tenants will occupy the remaining approximately 4% of rentable square feet which will account for approximately $160,000 in annual base rent.

The Zurich Lease. The entire approximately 300,000 rentable square feet of the
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Windy Point II building is currently under a net lease agreement with Zurich American Insurance Company, Inc. (Zurich). The Zurich lease commenced on September 1, 2001, and expires on August 31, 2011. The initial annual base rent payable under the Zurich lease is $5,091,577. Zurich has the right to extend the initial 10-year term of its lease for two additional five-year periods at 95% of the then-current market rental rate.

Zurich is headquartered in Schaumburg, Illinois and is a wholly owned subsidiary of Zurich Financial Services Group (ZFSG). ZFSG, which has its corporate headquarters in Zurich, Switzerland, is a leading provider of

financial protection and wealth accumulation solutions for some 35 million customers in over 60 countries. Zurich provides commercial property-casualty insurance and serves the multinational, middle market and small business sectors in the United States and Canada. For the fiscal year ended December 31, 2000, Zurich reported a net income of approximately $718 million on revenues of approximately $3.1 billion, and a net worth, as of December 31, 2000, of approximately $2.4 billion. Zurich has approximately 11,650 employees and received a financial strength rating of A+ from A.M. Best and a rating of AA from Standard & Poor's.

The base rent payable under the Zurich lease is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$5,091,577	$424,298
2	$5,244,594	$437,050
3	$5,400,612	$450,051
4	$5,562,630	$463,553
5	$5,730,649	$477,554
6	$5,901,669	$491,806
7	$6,078,689	$506,557
8	$6,261,710	$521,809
9	$6,450,731	$537,561
10	$6,642,753	$553,563

Pursuant to the Zurich lease, Zurich is required to pay all taxes and operating costs relating to the Windy Point II building, including, but not limited to, those associated with water, sewerage, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Zurich. Reimbursements for taxes and certain operating expenses which are within the control of the landlord are subject to certain limitations. Wells OP, as the landlord, will be responsible for building repairs caused by fire or other insurable casualties and maintenance and repair of public common areas,

HVAC systems and plumbing systems. In addition, Wells OP is responsible for maintaining the landscaping, parking areas and walkways relating to the Windy Point II building.

Zurich has the right to terminate the Zurich lease for up to 25% of the rentable square feet leased by Zurich at the end of the fifth lease year. If Zurich terminates a portion of the Zurich lease, it will be required to pay a termination fee to Wells OP equal to three months of the current monthly rent for the terminated space plus additional costs related to the space leased by Zurich. In addition, Zurich may terminate the entire Zurich lease at the end of the seventh lease year by providing Wells OP 18 months prior written notice and paying Wells OP a termination fee of approximately $8,625,000. Zurich also has a right of second opportunity behind TCI to lease the seventh floor of the Windy Point I building should that floor become available.

The Arthur Andersen Building

Purchase of the Arthur Andersen Building. On January 11, 2002, Wells OP

purchased a three-story office building on a 9.8 acre tract of land located in Sarasota, Sarasota County, Florida (Arthur Andersen Building). Wells OP purchased the Arthur Andersen Building from Sarasota Haskell, LLC, which is not in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the Arthur Andersen Building was $21,400,000. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Arthur Andersen Building, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $31,212.

An independent appraisal of the Arthur Andersen Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of December 20, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $21,500,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Arthur Andersen Building will continue operating at a stabilized level with Arthur Andersen, LLP 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 Arthur Andersen Building were satisfactory.

Description of the Arthur Andersen Building and Site. The Arthur Andersen Building, which was completed in 1999, is a three-story office building containing approximately 157,700 rentable square feet located on a 9.8 acre tract of land. The building is constructed using a fireproof steel frame with steel beams and a reinforced concrete foundation. The exterior walls are made of concrete panels and a glass curtain wall. The common area interior walls consist of metal studs with textured and painted sheetrock. In addition, the building has two passenger elevators, one freight elevator and approximately 926 paved parking spaces.

The Arthur Andersen Building is located in the Sarasota Commerce Park at 101 Arthur Andersen Parkway in unincorporated Sarasota, Florida. The site is south of the Tampa-St. Petersburg metropolitan area and approximately five miles east of the Sarasota central business district with access to I-75. The Sarasota/Bradenton MSA has added over 15,000 new jobs to the area during the last three years.

The Andersen Lease. The entire approximately 157,700 rentable square feet of the Arthur Andersen Building is currently under a net lease agreement with Arthur Andersen LLP (Andersen). The current term of the lease is 10 years, which commenced on November 1, 1999 and expires on October 31, 2009.

Andersen has the right to extend the initial 10-year term of this lease for two additional five-year periods at 90% of the then-current market rental rate.

Andersen, with its corporate headquarters in Chicago, Illinois, is a global professional services organization consisting of over 100 member firms in 84 countries. Andersen focuses its services in four main areas: business advisory services, business consulting, global corporate finance and tax and business advisory services. In fiscal year 2001, Andersen reported net revenues of approximately $9.3 billion.

The base rent payable under the remainder of the Andersen lease is as follows:

Lease Year	Annual Rent	Monthly Rent

3	$1,988,454	$165,705
4	$2,067,992	$172,333
5	$2,067,992	$172,333
6	$2,150,712	$179,226
7	$2,150,712	$179,226
8	$2,236,740	$186,395
9	$2,236,740	$186,395
10	$2,326,210	$193,851

Pursuant to the Andersen lease, Andersen is required to pay all taxes relating to the Arthur Andersen Building and all operating costs, including, but not limited to, those associated with water, fuel, steam, electricity, air conditioning, telephone, painting, common area maintenance, power and other utilities and services used by Andersen. Andersen is also required to pay for all repair and maintenance costs, including but not limited to, security personnel, elevator maintenance and janitorial service. Andersen has the right to install a reception-only satellite dish antenna during the lease term and any extension term. Wells OP, as the landlord, will be responsible for maintaining the building's exterior walls, HVAC system, plumbing, elevators, fire protection, other mechanical systems, public areas, including parking lot, building structure, foundation and roof.

Andersen has the option to purchase the Arthur Andersen Building for a purchase price of $23,250,000 by providing at least six months written notice to Wells OP prior to the end of the fifth lease year. In addition, Andersen has the option to purchase the Arthur Andersen Building for a purchase price of $25,148,000 by providing at least six months written notice to Wells OP prior to the expiration of the initial lease term.

Property Management Fees

Wells Management Company, Inc. (Wells Management), an affiliate of the Wells REIT, Wells Fund XIII-REIT Joint Venture, and our Advisor, will manage and lease the Convergys Building, the ADIC Buildings, the Windy Point Buildings and the Arthur Andersen Building. Wells Management will be paid management and leasing fees in the amount of 4.5% of gross revenues from the Convergys Building, the ADIC Buildings, the Windy Point Buildings and the Arthur Andersen Building, subject to certain limitations.

Plan of Distribution

The second full paragraph on page 157 in the "Plan of Distribution" section of the prospectus and the information on page 13 of Supplement No. 5 previously revising such paragraph are revised as of the date of this supplement by the deletion of such information and the insertion of the following paragraph in lieu thereof:

> Investors may agree with their broker-dealer to reduce the amount of selling commissions payable with respect to the sale of their shares down to zero (i) in the event that the investor has engaged the services of a registered investment advisor or other financial advisor with whom the investor has agreed to pay compensation for investment advisory services or other financial or investment advice, or (ii) in the event that the investor is investing in a bank trust account with respect to which the investor has delegated the decision-making authority for investments made in the account to a bank trust

department. The net proceeds to the Wells REIT will not be affected by reducing the commissions payable in connection with such transactions. All such sales must be made through a registered broker-dealer.

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

The following information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section beginning on page 98 of the prospectus.

This section and other sections of the prospectus supplement 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, our ability to make cash dividend payments to stockholders in the future and the anticipated amount of such dividends and certain other matters. Readers of this supplement should be aware that there are various factors that could cause actual results to differ materially from any forward-looking statement made in this supplement, 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. 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. 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 September 30, 2001, we had received an additional $305,462,615 in gross offering proceeds from the sale of 30,546,262 shares in the third offering. As of January 15, 2002, we had raised in the aggregate a total of $871,618,557 in offering proceeds through the sale of 87,161,856 shares of common stock. As of January 15, 2002, we had paid a total of $30,263,772 in acquisition and

advisory fees and acquisition expenses, had paid a total of $101,527,821 in selling commissions and organizational and offering expenses, had expended a total of $655,340,258 for investments in real estate joint ventures and acquisitions of real property, had utilized $6,939,371 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $77,547,017 available for investment in additional properties.

Cash and cash equivalents at September 30, 2001 and 2000 were $11,132,382 and $12,257,161, respectively. The decrease in cash and cash equivalents resulted primarily from investments in real property acquisitions which were more than offset by additional capital raised. Operating cash flows are expected to increase as additional properties are added to the Wells REIT's investment portfolio. Dividends to be distributed to the stockholders 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. For a

description of our commitment and contingent liability as a result of the Take Out Purchase and Escrow Agreement relating to the Ford Motor Credit Complex, refer to Footnote 5 of the Condensed Notes to Consolidated Financial Statements included at the end of this Supplement. As of September 30, 2001, we had acquired interests in 36 real estate properties. These properties are generating sufficient cash flows to cover our operating expenses and pay quarterly dividends. Dividends declared for the third quarter of 2001 and the third quarter of 2000 were approximately $0.1938 and $0.188 per share, respectively. The dividends were declared on a daily record date basis to the stockholders of record at the close of each business day during the quarter.

Cash Flows from Operating Activities

Net cash provided by operating activities was $26,484,288 for the nine months ended September 30, 2001 and $6,979,295 for the nine months ended September 30, 2000. The increase in net cash provided by operating activities resulted primarily from additional rental revenues and equity income of joint ventures generated from the properties acquired during the nine months ended September 30, 2001.

Cash Flows from Investing Activities

Net cash used in investing activities was $155,704,215 for the nine months ended September 30, 2001 and $115,665,441 for the nine months ended September 30, 2000. The increase in net cash used in investing activities resulted primarily from our acquisition of a greater number of properties during the first three quarters of 2001 as compared to the same period in 2000.

Cash Flows from Financing Activities

Net cash inflows generated through financing activities increased from $118,013,503 for the nine months ended September 30, 2000, to $136,054,008 for the nine months ended September 30, 2001, primarily due to our raising of additional capital. We received $297,774,927 in offering proceeds for the nine months ended September 30, 2001, as compared to $127,695,243 for the nine months ended September 30, 2000. In addition, we received loan proceeds of $107,587,012 and repaid notes payable in the amount of $208,102,037 during the first three quarters of 2001.

Results of Operations

As of September 30, 2001, the properties owned by the Wells REIT were 100% occupied. Gross revenues for the nine months ended September 30, 2001, as compared to the nine months ended September 30, 2000, increased to $34,068,857 from $15,734,638, respectively. This increase in gross revenues is primarily a result of additional rental revenues and equity in income of joint ventures generated from properties acquired during the prior twelve months. The purchase of interests in

additional properties also resulted in increases in operating expenses, management and leasing fees, depreciation expense, legal and accounting fees, financing costs and interest expense. Administrative costs increased from $282,330 for the nine months ended September 30, 2000 to $700,803 for the same period in 2001 due to a non-use fee on the unused balance of the Bank of America Note and additional taxes, license fees and postage and delivery costs associated with the purchase of additional properties. Net income increased to $14,423,380 for the nine months ended September 30, 2001, as compared to $5,737,537 for the nine months ended September 30, 2000. Net income per share was $0.11 for the quarters ended September 30, 2001 and 2000, respectively, and $0.33 per share for the nine months ended September 30, 2001, an increase from $0.30 per share for the nine months ended September 30, 2000.

Funds from Operations

Funds from Operations (FFO), as defined by the National Association of Real Estate Investment Trusts (NAREIT), generally means net income, computed in accordance with generally accepted accounting principles (GAAP) excluding extraordinary items (as defined by GAAP) and gains (or losses) from sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships, joint ventures and subsidiaries. We believe that FFO is helpful to investors as a measure of the performance of an equity REIT. However, our calculation of FFO, while consistent with NAREIT's definition, may not be comparable to similarly titled measures presented by other REITs. Adjusted Funds from Operations (AFFO) is defined as FFO adjusted to exclude the effects of straight-line rent, loan cost amortization and other non-cash and/or unusual items. Neither FFO nor AFFO represent cash generated from operating activities in accordance with GAAP and should not be considered as alternatives to net income as an indication of our performance or to cash flows as a measure of liquidity or ability to make distributions. The following table reflects the calculation of FFO and AFFO for the three and nine months ended September 30, 2001 and 2000, respectively:

	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
FUNDS FROM OPERATIONS:				
Net income	$ 6,109,137	$ 2,525,228	$ 14,423,380	$5,737,537
Add:				
Depreciation of real assets	3,947,425	2,155,366	10,341,242	5,084,689
Amortization of deferred leasing costs	75,837	101,598	227,510	269,482
Depreciation and amortization - unconsolidated partnerships	647,184	303,402	1,560,844	830,366
Funds from operations (FFO)	10,779,583	5,085,594	26,552,976	11,922,074
Adjustments:				
Loan cost amortization	236,816	64,016	528,715	150,143
Straight line rent	(707,581)	(468,487)	(1,930,297)	(1,132,052)
Straight line rent - unconsolidated partnerships	(100,432)	(78,851)	(232,678)	(191,748)
Lease acquisition fees paid	0	0	0	(152,500)
Lease acquisition fees paid- unconsolidated partnerships	0	(103)	(7,826)	(8,002)
Adjusted funds from operations	$ 10,208,386	$ 4,602,169	$ 24,910,890	$ 10,587,915
WEIGHTED AVERAGE SHARES:				
BASIC AND DILUTED	54,112,446	23,920,273	43,725,920	19,219,053

Financial Statements

The consolidated balance sheets of the Wells REIT as of September 30, 2001 and December 31, 2000, and the financial statements of the Wells REIT for the periods indicated, included in this supplement, have not been audited.

The Pro Forma Balance Sheet of the Wells REIT, as of September 30, 2001, the Pro Forma Statement of Income (Loss) for the nine months ended September 30, 2001, and the Pro Forma Statement of Income (Loss) for the year ended December 31, 2000, which are included in this supplement, have not been audited.

The Statements of Revenues Over Certain Operating Expenses of the Windy Point Buildings and the Arthur Andersen 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 Windy Point Buildings and the Arthur Andersen Building for the nine months ended

September 30, 2001, included in this supplement and elsewhere in the registration statement, have not been audited.

INDEX TO FINANCIAL STATEMENTS

for the year ended December 31, 2000 (audited) and
for the nine months ended September 30, 2001 (unaudited)

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	September 30, 2001	December 31, 2000
ASSETS		
REAL ESTATE, at cost:		
Land	$ 73,985,267	$ 46,237,812
Building and improvements, less accumulated depreciation of $19,810,895 in 2001 and $9,469,653 in 2000	381,590,591	287,862,655
Construction in progress	2,202,200	3,357,720
Total real estate	457,778,058	337,458,187
INVESTMENT IN JOINT VENTURES (Note 2)	71,060,872	44,236,597
INVESTMENT IN BONDS	22,000,000	0
DUE FROM AFFILIATES	1,649,205	734,286
CASH AND CASH EQUIVALENTS	11,132,382	4,298,301
ACCOUNTS RECEIVABLE	5,675,988	3,356,428
DEFERRED LEASE ACQUISITION COSTS, net	1,662,822	1,890,332
DEFERRED PROJECT COSTS (Note 1)	475,811	550,256
DEFERRED OFFERING COSTS (Note 1)	0	1,291,376
PREPAID EXPENSES AND OTHER ASSETS, net	994,809	4,734,583
Total assets	$ 572,429,947	$ 398,550,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 5,475,619	$ 2,166,387
Notes payable (Note 3)	49,148,162	127,663,187
Deferred rental income	0	381,194
Due to affiliates (Note 4)	247,131	1,772,956
Dividends payable	1,071,657	1,025,010
Total liabilities	55,942,569	133,008,734
COMMITMENTS AND CONTINGENCIES (Note 5)		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY		
Common shares, $.01 par value; 125,000,000 shares authorized, 61,287,300 shares issued and 60,932,270 shares outstanding at September 30, 2001, and 31,509,807 shares issued and 31,368,510 shares outstanding at December 31, 2000	612,872	315,097
Additional paid-in capital	519,224,798	266,439,484
Treasury stock, at cost, 355,029 shares at September 30, 2001, and 141,297 shares at December 31, 2000	(3,550,292)	(1,412,969)
Total shareholders' equity	516,287,378	265,341,612
Total liabilities and shareholders' equity	$ 572,429,947	$ 398,550,346

See accompanying condensed notes to consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended		Nine Months Ended	
September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000

REVENUES:				
Rental income	$11,316,960	$ 5,819,968	$31,028,212	$13,712,371
Equity in income of joint ventures	1,102,453	635,065	2,621,647	1,684,247
Interest and other income (Note 5)	88,491	131,578	418,998	338,020
	12,507,904	6,586,611	34,068,857	15,734,638
EXPENSES:				
Operating costs, net of reimbursements	1,293,845	289,140	3,168,273	631,407
Management and leasing fees	631,947	381,766	1,749,849	919,630
Depreciation	3,947,425	2,155,366	10,341,242	5,084,689
Administrative costs	58,843	43,979	700,803	282,330
Legal and accounting	82,002	32,883	199,333	130,603
Amortization of deferred financing costs	236,816	64,016	528,715	150,143
Interest expense	147,889	1,094,233	2,957,262	2,798,299
	6,398,767	4,061,383	19,645,477	9,997,101
NET INCOME	$ 6,109,137	$ 2,525,228	$14,423,380	$ 5,737,537
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.11	$ 0.11	$ 0.33	$ 0.30

See accompanying condensed notes to consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2000

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

	Common Stock		Additional Paid-In	Retained	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Earnings	Shares	Amount	Equity
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 and discounts	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
Issuance of common stock	29,777,493	297,775	297,477,152	0	0	0	297,774,927
Treasury stock purchased	0	0	0	0	(213,732)	(2,137,323)	(2,137,323)
Net income	0	0	0	14,423,380	0	0	14,423,380
Dividends ($.57 per share)	0	0	(9,125,583)	(14,423,380)	0	0	(23,548,963)
Sales commission	0	0	(28,085,572)	0	0	0	(28,085,572)
Other offering expenses	0	0	(7,480,683)	0	0	0	(7,480,683)
BALANCE, September 30, 2001	61,287,300	$612,872	$519,224,798	$ 0	(355,029)	$(3,550,292)	$516,287,378

See accompanying condensed notes to consolidated financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	September 30, 2001	September 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 14,423,380	$ 5,737,537
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,341,242	5,084,689
Amortization of deferred financing costs	528,715	150,143
Amortization of deferred leasing costs	227,510	269,482
Equity in income of joint ventures	(2,621,647)	(1,684,247)
Changes in assets and liabilities:		
Accounts receivable	(2,319,560)	(1,831,539)
Deferred rental income	(381,194)	(236,579)
Accounts payable	3,309,232	751,100
Prepaid expenses and other assets, net	3,211,059	(1,411,068)
Due to affiliates	(234,449)	149,777
Net cash provided by operating activities	26,484,288	6,979,295
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(121,366,009)	(103,469,511)
Investment in joint ventures	(27,017,957)	(7,612,005)
Deferred project costs	(10,347,316)	(4,446,307)
Deferred lease acquisition costs	0	(2,241,322)
Distributions received from joint ventures	3,027,067	2,103,704
Net cash used in investing activities	(155,704,215)	(115,665,441)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	107,587,012	67,883,130
Repayment of note payable	(208,102,037)	(52,903,328)
Dividends paid	(23,502,316)	(8,124,023)
Issuance of common stock	297,774,927	127,695,243
Sales commissions paid	(28,085,572)	(12,068,553)
Offering costs paid	(7,480,683)	(3,811,122)
Treasury stock purchased	(2,137,323)	(657,844)
Net cash provided by financing activities	136,054,008	118,013,503
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,834,081	9,327,357
CASH AND CASH EQUIVALENTS, beginning of year	4,298,301	2,929,804
CASH AND CASH EQUIVALENTS, end of period	$ 11,132,382	$ 12,257,161
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Deferred project costs applied to Joint Ventures	$ 1,126,657	$ 295,680
Deferred project costs applied to Real Estate	$ 9,295,104	$ 3,707,715
Decrease in deferred offering cost accrual	$ (1,291,376)	$ (143,265)
Assumption of mortgage	$ 22,000,000	$ 0
Investment in bonds	$ 22,000,000	$ 0

See accompanying condensed notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Wells Real Estate Investment Trust, Inc. (the "Company") 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 income-producing commercial properties for investment purposes.

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, 2001, the Company had received gross offering proceeds of approximately $305,462,615 from the sale of 30,546,262 shares from its third public offering. As of September 30, 2001, the Company had received aggregate gross offering proceeds of approximately $612,872,996 from the sale of 61,287,300 shares of its common stock. After payment of $21,326,295 in Acquisition and Advisory Fees and Acquisition Expenses, payment of $75,253,972 in selling commissions and organization and offering expenses, and capital contributions and acquisition expenditures by Wells OP of $504,065,814 in property acquisitions and common stock redemptions of $3,550,292 pursuant to the Company's share repurchase program, the Company was holding net offering proceeds of $8,676,623 available for investment in properties.

Wells OP owns interests in properties directly and through equity ownership in the following joint ventures: (i) a joint venture among Wells OP, 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) a joint venture among Wells OP, Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P. (the "Fund XI-XII-REIT Joint Venture"), (v) a joint venture between Wells OP and Wells Real Estate Fund XII, L.P. (the "Fund XII-REIT Joint Venture"), (vi) the Fund VIII-IX-REIT Joint Venture, a joint venture between Wells OP and the Fund VIII-IX Joint Venture, which is a joint venture between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., and (vii) a joint venture between Wells OP and Wells Real Estate Fund XIII, L.P. (the "Fund XIII-REIT Joint Venture").

As of September 30, 2001, Wells OP owned interests in the following properties either directly or through its interest in the foregoing joint ventures: (i) a three-story office building in Knoxville, Tennessee (the "Alstom Power-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 Technologies 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

Wells/ Fremont Joint Venture, (vii) a one-story warehouse and office building in Fountain Valley, California (the "Cort Building"), which is owned by the Wells/Orange County 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 Harrisburg 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 Building"), (xv) a four-story office building located 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-Arizona 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 Wells Fund XII-REIT Joint Venture Partnership, (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 Fund VIII-IX-REIT Joint Venture, (xxvi) a three-story office building in South Plainfield, New Jersey (the "Motorola-New Jersey Building"), (xxvii) a nine-story office building in Minnetonka, Minnesota (the "Metris Minnetonka Building"), (xxviii) a six-story office building in Houston, Texas (the "Stone and Webster Building"), all three of which are owned directly by Wells OP, (xxix) a one-story and a two-story office building in Oklahoma City, Oklahoma (the "AT&T-Oklahoma Buildings"), which are owned by the Fund XII-REIT Joint Venture, (xxx) a three-story office building in Brentwood, Tennessee (the "Comdata Building"), which is owned by the Fund XII-REIT Joint Venture, (xxxi) a two-story office building in Jacksonville, Florida (the "Amercredit Building"), which is owned by XIII-REIT Joint Venture, (xxxii) a seven-story office building in Quincy, Massachusetts (the "State Street Building"), (xxxiii) two one-story office buildings in Houston, Texas (the "IKON Buildings"), (xxxiv) a 14.873 acre tract of land in Irving, Texas (the "Nissan Property"), (xxxv) a one-story office and warehouse building in Millington, Tennessee (the "Ingram Building"), and (xxxvi) a four-story office building in Cary, North Carolina (the "Lucent-NC Building"), all five of which are owned directly by Wells OP.

(b) Deferred Project Costs

The Company pays a percentage of shareholder contributions to Wells Capital, Inc. (the "Advisor") for acquisition and advisory services. These payments, are stipulated in the prospectus. These payments may not exceed 3 1/2% of shareholders' capital contributions. Cumulative Acquisition and Advisory Fees and Acquisition Expenses paid as of September 30, 2001, amounted to $21,326,295 and represented approximately 3 1/2% of total shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased or developed and are capitalized with the real estate assets of the Company or of the joint venture invested in by the Company. Deferred project costs at September 30, 2001 and December 31, 2000, represent fees not yet applied to properties.

(c) Deferred Offering Costs

Offering expenses, to the extent that 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 certain legal and accounting fees, printing costs, and other offering expenses. As of September 30, 2001, the Advisor had paid offering expenses on behalf of the Company in an aggregate amount of $16,891,235, which did not exceed the 3% limitation.

(d) Employees

The Company has no direct employees. The employees of the 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 insurance with respect to all of the properties owned directly and indirectly by the Company. In the opinion of management, 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. On December 31, 1997, Wells OP issued 20,000 limited partner units to 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 balance sheet of the Company includes the amounts of the Company and Wells OP. The Advisor, a limited partner, is not currently receiving distributions from its investment in 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, 2000.

(h) Distribution Policy

The Company will make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 90% of its real estate investment trusts taxable income. The Company intends 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 monthly 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 of 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

As of September 30, 2001, the Company, through its ownership in Wells OP, which owns interests in seven joint ventures which, in turn own 16 properties. The Company does not have control over the operations of these joint ventures; however, it does exercise significant influence. Accordingly, investment in joint ventures is recorded using the equity method.

The following describes additional investments in joint ventures which the Company made during the three months ended September 30, 2001.

The 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 (the "Fund XIII-REIT Joint Venture").

The AmeriCredit Building

On July 16, 2001, the Fund XIII-REIT Joint Venture acquired a two-story office building containing approximately 85,000 rentable square feet on a 12.33 acre tract of land located in Clay County, Florida (the "AmeriCredit Building") from Adevco Contact Centers Jacksonville, L.L.C. pursuant to that certain Agreement for Purchase and Sale of Property between Adevco and Wells Capital, Inc., the Advisor. The rights under the agreement were assigned by Wells Capital, Inc., the original purchaser under the agreement, to the Fund XIII-REIT Joint Venture at closing. The purchase price paid for the AmeriCredit Building was $12,500,000, excluding closing costs.

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 Fund XIII-REIT Joint Venture at the closing. The initial

term of the AmeriCredit lease is 10 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.

For additional information regarding the acquisition of the AmeriCredit Building, refer to Supplement No. 3 dated July 20, 2001, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 3 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on July 23, 2001 (Commission File No. 333-44900).

SUMMARY OF OPERATIONS

The following information summarizes the operations of the unconsolidated joint ventures in which the Company, through Wells OP, had ownership interests as of September 30, 2001 and 2000, respectively.

	Total Revenues		Net Income		Wells OP's Share of Net Income	
	Three Months Ended		Three Months Ended		Three Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Fund IX-X-XI-REIT Joint Venture	$1,082,768	$1,087,126	$ 669,906	$ 678,125	$ 24,864	$ 25,178
Cort Joint Venture	203,812	198,885	149,477	137,099	65,272	59,866
Fremont Joint Venture	227,050	225,195	142,087	141,395	110,123	109,587
Fund XI-XII-REIT Joint Venture	843,962	844,121	520,011	532,905	295,173	302,492
Fund XII-REIT Joint Venture	1,409,716	376,457	814,542	252,825	447,634	126,413
Fund VIII-IX-REIT Joint Venture	313,536	259,148	155,976	196,497	24,629	11,529
Fund XIII-REIT Joint Venture	305,600	0	155,194	0	134,758	0
	$4,386,444	$2,990,932	$2,607,193	$1,938,846	$1,102,453	$ 635,065

	Total Revenues		Net Income		Wells OP's Share of Net Income	
	Nine Months Ended		Nine Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Fund IX-X-XI-REIT Joint Venture	$ 3,263,864	$3,297,516	$2,042,759	$1,992,374	$ 75,817	$ 74,057
Cort Joint Venture	602,280	596,656	414,603	422,477	181,046	184,484
Fremont Joint Venture	677,406	675,585	420,689	424,058	326,051	328,663
Fund XI-XII-REIT Joint Venture	2,533,153	2,506,049	1,534,247	1,557,772	870,883	884,236
Fund XII-REIT Joint Venture	3,305,911	599,032	1,847,726	402,556	967,079	201,278
Fund VIII-IX-REIT Joint Venture	894,460	259,148	416,328	196,497	66,013	11,529
Fund XIII-REIT Joint Venture	305,600	0	155,194	0	134,758	0
	$11,582,674	$7,933,986	$6,831,546	$4,995,734	$2,621,647	$1,684,247

3. INVESTMENTS IN REAL ESTATE

As of September 30, 2001, the Company, through its ownership in Wells OP, owns 20 properties directly. The following describes acquisitions made directly by Wells OP during the three months ended September 30, 2001.

The State Street Building

On July 30, 2001, Wells OP purchased a seven-story office building with approximately 234,668 rentable square feet located on an 11.22 acre tract of land at 1200 Crown Colony Drive, Norfolk County, Quincy, Massachusetts (the "State Street Building) from Crownview, LLC. Crownview is not affiliated with the Company or Wells Capital, Inc., our Advisor. The purchase price for the State Street Building was $49,563,000, excluding closing costs. The entire 234,668 rentable square feet of the State Street Building is currently under a lease agreement with SSB Realty. The landlord's interest in the SSB Realty Lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on February 1, 2001, and expires on March 31, 2011. SSB Realty has the right to extend the term of this lease for one additional five-year period at the then-current fair market rental rate.

Pursuant to the SSB Realty lease, SSB Realty is required to pay its proportionate share of taxes relating to the SSB Building and all operating costs incurred by the landlord in maintaining and operating the SSB Building. In addition, the base operating costs and the base taxes will be adjusted to reflect the actual operating costs and taxes for the preceding calendar year. 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.

For additional information regarding the acquisition of the State Street Building, refer to Supplement No. 4 dated August 10, 2001, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was contained in Post-Effective Amendment No. 4 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. which was filed with the Commission on October 23, 2001 (Commission File No. 333-44900).

The IKON Buildings

On September 7, 2001, Wells OP purchased two one-story office buildings with approximately 157,900 rentable square feet located at 810 and 820 Gears Road, Harris County, Houston, Texas (the "IKON Buildings") from SV Reserve, LP. Reserve, LP is not in any way affiliated with the Company or Wells Capital, Inc., our Advisor.

The purchase price for the IKON Buildings was $20,650,000, excluding closing costs. The entire 157,790 rentable square feet of the IKON Buildings is currently under a net lease agreement with IKON. The landlord's interest in the IKON lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on May 1, 2000 and expires on April 30, 2010. IKON has the right to extend the term of this lease for two additional five-year periods at the then-current fair market rental rate, upon 12 months prior written notice.

Pursuant to the IKON lease, IKON is required to pay all taxes relating to the IKON Buildings and all operating costs incurred by the landlord in maintaining and operating the IKON Buildings. Wells OP, as landlord, will be responsible for repairs related to insurable casualty and for maintaining the roof, foundation, exterior walls and windows, load bearing items and electrical, mechanical and plumbing systems.

For additional information regarding the acquisition of the IKON Buildings, refer to the Company's Form 8-K dated September 7, 2001, which was filed with the Commission on September 21, 2001 (Commission File No. 0-25739), and Supplement No. 5 dated October 15, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was contained in Post-Effective Amendment No. 4 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. which was filed with the Commission on October 23, 2001 (Commission File No. 333-44900).

The Nissan Property

On September 19, 2001, Wells OP purchased a 14.873 acre tract of land located in Irving, Dallas County, Texas (the "Nissan Property"). Wells OP purchased the Nissan Property from the Ruth Ray and H.L. Hunt Foundation and the Ruth Foundation, each a Texas non-profit corporation and 50% owner in the Nissan Property for a purchase price of $5,545,700, excluding closing costs.

Wells OP has entered into agreements to construct a three-story office building containing 268,290 rentable square feet (the "Nissan Project") on the Nissan Property. The Nissan Project will be a concrete tilt-up, high performance glass building. The site consists of a 14,873 acre tract of land located in the Freeport Business Park.

The entire 268,290 rentable square feet of the Nissan Building is currently under a lease agreement with Nissan Motor Acceptance Corporation ("Nissan"), a wholly owned subsidiary of Nissan North America, Inc. with its corporate headquarters in Torrance, California. The initial lease term began on September 19, 2001 and will extend 10 years beyond the rent commencement date. Construction on the building is scheduled to begin on or before February 1, 2001, and is scheduled to be completed within 20 months from its commencement. The rent commencement date will occur shortly thereafter. Nissan also has the right to extend the lease for two additional five-year periods at 95% of the then current market rental rate upon written notice. The initial annual base rent payable under the Nissan lease will be $4,225,860.

The Ingram Micro Building

On September 27, 2001, Wells OP acquired a ground leasehold interest in a 701,819 square foot distribution facility located at 3820 Micro Drive in the City of Millington, Shelby County, Tennessee (the "Ingram Micro Building") pursuant to a Bond Real Property Lease dated December 20, 1995 (the "Bond Lease"). The rights under the Bond Lease were purchased from Ingram Micro L.P. ("Ingram") in a sale lease-back transaction for a purchase price of $21,050,000, excluding closing costs. The Bond Lease expires on December 31, 2026. In addition, Wells OP purchased from Ingram all rights, title and interest in an Industrial Development Revenue Note Ingram Micro L.P. Series 1995 (the "Bond") issued by the Industrial Development Board of the City of Millington, Tennessee ("Board") to Lease Plan North America, Inc. ("Lease Plan") in a principal amount not to exceed $22,000,000. The Bond is secured by a Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases dated December 20, 1995 (the "Deed of Trust") executed by the Board for the benefit of Lease Plan. Beginning in 2006, Wells OP has the option under the Bond Lease to purchase the land underlying the Ingram Micro Distribution Facility for $100 plus satisfying the indebtedness evidenced by the Bond, which is currently held by Wells OP.

The Board, as the fee simple owner of the Ingram Micro Building, had originally entered into the Bond Lease with Lease Plan. The proceeds from the issuance of the Bond were used to finance the construction of the Ingram Micro Building. On December 20, 2000, Ingram purchased the Bond, Deed of Trust and the ground leasehold interest in the Ingram Micro Building under the Bond Lease from Lease Plan.

At closing, Wells OP entered into a new lease with Ingram pursuant to which Ingram agreed to lease the entire Ingram Micro Building from Wells OP. The Ingram lease has a term of 10 years with two successive options to extend for 10 years each. The annual base rent for the Ingram Micro Building is $2,035,275 for years one through five of the lease term. Ingram is also required to pay as additional rent all other amounts, liabilities and

obligations relating to the Ingram Micro, including all taxes, assessments, water rents, sewer rents and charges, duties, impositions, license and permit fees, charges for public utilities and other charges of every kind and nature incurred as a result of the use and occupation of the premises by Ingram.

The Lucent Building

On September 28, 2001, Wells OP purchased a four-story office building with approximately 120,000 rentable square feet located at 200 Lucent Lane, Cary, North Carolina (the "Lucent Building"). Wells OP purchased this

building from Lucent Technologies, Inc. ("Lucent") pursuant to that certain Agreement for the Purchase and Sale of Property between Lucent and Wells OP for a purchase price of $17,650,000, excluding closing costs.

The Lucent Building, which was completed in 1999, is a four-story office building located on a 29.19 acre tract of land, which includes a 11.84 acre improved tract of land and a 17.34 acre undeveloped tract of land.

The Lucent Building is located at 200 Lucent Lane in Regency Park office part in the "Research Triangle" in Cary, North Carolina, approximately 10 miles west of downtown Raleigh and 15 miles south of Raleigh-Durham International Airport.

The entire Lucent Building is currently under a lease agreement with Lucent, which does not include the 17.34 acre undeveloped tract of land described above. The current term of the lease is 10 years, which commenced September 28, 2001, and expires on September 30, 2011. Lucent has the right to extend the term of this lease for three additional five-year periods at the then-current fair market rental rate, upon 12 months prior written notice. The current annual base rent payable under the Lucent lease is $1,800,000.

For additional information regarding the acquisitions of the Nissan property, the Ingram Micro Building and the Lucent Building, refer to the Company's Form 8-K dated September 27, 2001, which was filed with the Commission on October 10, 2001 (Commission File No. 0-25739), the Company's Form 8-K/A dated September 27, 2001, which was filed with the Commission on October 26, 2001 (Commission File No. 0-25739), and Supplement No. 5 dated October 15, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 4 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on October 23, 2001 (Commission File No. 333-44900).

4. NOTES PAYABLE

Notes payable consists of loans of (i) $21,650,000 due to Bank of America, N.A. secured by first mortgages against the ATT, Marconi, Matsushita, Motorola, NJ, Metris, MN, and Delphi Buildings, (the "Bank of America Note") (ii) $5,498,162 due to SouthTrust Bank collateralized by Wells OP's interest in the Cinemark, Dial, ASML, Alstom Power Richmond, Avaya Technologies, Motorola, and PWC Buildings, and (iii) $22,000,000 mortgage note secured by the Deed of Trust to the Ingram Micro Building. Cash paid for interest on the notes payable totaled $3,466,606 for the nine months ended September 30, 2001.

5. DUE TO AFFILIATES

Due to affiliates consists of amounts due to the Advisor for Acquisitions and Advisory Fees and Acquisition Expenses, deferred offering costs, and other operating expenses paid on behalf of the Company. Also included in due to affiliates is the amount due to the Fund VIII-IX Joint Venture

related to the Matsushita Rental Income Guaranty Agreement, which is explained in detail in the Company's Form 10-K for the year ended December 31, 2000. Aggregate payments of $601,963 have been made as of September 30, 2001 toward funding the obligation under the Matsushita Rental Income Guaranty Agreement.

6. COMMITMENTS AND CONTINGENCIES

Take Out Purchase and Escrow Agreement

An affiliate of the Advisor ("Wells Exchange") has developed a program (the "Wells Section 1031 Program") involving the acquisition by Wells Exchange of income-producing commercial properties and the formation of a series of single member limited liability companies for the purpose of facilitating the resale of co-tenancy interests in such 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 Code. Each of these properties will be financed by a combination of permanent first mortgage financing and interim loan financing obtained from institutional lenders.

Following the acquisition of each property, Wells Exchange will attempt to sell co-tenancy interests to 1031 Participants, the proceeds of which will be used to pay off the interim financing. In consideration for the payment of a Take Out Fee to the Company, and following approval of the potential property acquisition by the Company's Board of Directors, it is anticipated that 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 at the end of the offering period.

As a part of the initial transaction in the Wells Section 1031 Program, and in consideration for the payment of a Take Out Fee in the amount of $137,500 to the Company, Wells OP entered into a Take Out Purchase and Escrow Agreement dated April 16, 2001 providing, among other things, that Wells OP is obligated to acquire, at Wells Exchange's cost ($839,694 in cash plus $832,060 of assumed debt for each 7.63358% interest of co-tenancy interest unsold), any unsold co-tenancy interests in the building known as the Ford Motor Credit Complex which remain unsold at the expiration of the offering of Wells Exchange, which has been extended to February 28, 2002, which is also the maturity date of the interim loan relating to such property. The Ford Motor Credit Complex consists of two connecting office buildings containing 167,438 rentable square feet located in Colorado Springs, Colorado currently under a triple-net lease with Ford Motor Credit Company, a wholly owned subsidiary of Ford Motor Company, which is the world's largest automotive finance company with more than 10 million customers in 40 countries.

The obligations of Wells OP under the Take Out Purchase and Escrow Agreement are secured by reserving against Wells OP's existing line of credit with Bank of America, N.A. (the "Interim Lender"). If, for any reason, Wells OP fails to acquire any of the co-tenancy interests in the Ford Motor Credit Complex which remain unsold as of February 28, 2002, or there is otherwise an uncured default under the interim loan or the line of credit documents, the Interim Lender is authorized to draw down Wells OP's line of credit in the amount necessary to pay the outstanding balance of the interim loan in full, in which event the appropriate amount of co-tenancy interests in the Ford Motor Credit Complex would be deeded to Wells OP. Wells OP's maximum economic exposure in the transaction is $11,000,000, in which event Wells OP would acquire the Ford Motor Credit Complex for $11,000,000 in cash plus assumption of the first mortgage financing in the amount of $10,900,000. If some, but not all, of the

co-tenancy interests are sold, Wells OP's exposure would be less, and it would own an interest in the property in co-tenancy with the 1031 Participants who had previously acquired co-tenancy interests in the Ford Motor Credit Complex from Wells Exchange.

For further information regarding the Wells Section 1031 Program, refer to Supplement No. 2 dated April 25, 2001 to the Prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, which was filed with the Commission in Post-Effective Amendment No. 2 to the Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc. on April 25, 2001 (Commission File No. 333-44900).

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of September 30, 2001 has been prepared to give effect to the acquisition of the ADIC Buildings by 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 acquisitions of the Convergys Building, the Windy Point Buildings and the Arthur Andersen Building by Wells OP as if the acquisitions occurred on September 30, 2001.

The following unaudited pro forma statement of income (loss) for the nine months ended September 30, 2001 had been prepared to give effect to the acquisitions of the Comdata Building, the AmeriCredit Building, the State Street Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building, the Nissan Property (collectively, the "Prior Acquisitions"), the ADIC Buildings, the Convergys Building, the Windy Point Buildings and the Arthur Andersen Building as if the acquisitions occurred on January 1, 2001.

The following unaudited pro forma statement of income (loss) for the year ended December 31, 2000 has been prepared to give effect to the acquisitions of the Comdata Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building (collectively, the "Prior Acquisitions"), the Windy Point Buildings and the Arthur Andersen Building as if the acquisitions occurred on January 1, 2000. Operations commenced during 2001 for the following properties acquired: The AmeriCredit Building (June 2001), the Convergys Building (September 2001), and the ADIC Buildings (December 2001). The Nissan Property had no operations during 2001 or 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. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP. Accordingly, the accounts of Wells OP are consolidated with the accompanying pro forma financials statements of Wells Real Estate Investment Trust, Inc.

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 of the Comdata Building, the AmeriCredit Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building, the Nissan Property, the ADIC Buildings, the Convergys Building, the Windy Point Buildings and the Arthur Andersen Building been consummated at the beginning of the periods presented.

As of September 30, 2001, the date of the accompanying pro forma balance sheet, Wells OP held cash of $11,132,382. The additional cash used to purchase the Convergys Building, the Windy Point Buildings and the Arthur Andersen Building, 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, 2001. This balance is reflected as purchase consideration payable in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 2001

(Unaudited)

ASSETS

		Pro Forma Adjustments			
	Wells Real Estate Investment Trust, Inc.	ADIC Buildings	Convergys	Wendy Point Buildings	Arthur Andersen
REAL ESTATE ASSETS, at cost:					
Land	$ 73,985,267	$ 0	$ 3,500,000 (a) 145,833 (d)	$ 7,960,000 (a) 331,667 (d)	$ 1,700,000 (a) 70,833 (b)
Building, less accumulated depreciation of $19,810,895	381,590,591	0	9,997,361 (a) 416,557 (d)	79,755,625 (a) 3,323,151 (d)	19,444,911 (a) 810,205 (d)
Construction in progress	2,202,200	0		0	0
Total real estate assets	457,778,058	0	14,059,751	91,370,443	22,025,949
CASH AND CASH EQUIVALENTS	11,132,382	(6,671,075) (a)	(4,461,307) (a)	0	0
INVESTMENT IN JOINT VENTURES	71,060,872	6,949,036 (b)	0	0	0
INVESTMENT IN BONDS	22,000,000	0	0	0	0
ACCOUNTS RECEIVABLE	5,675,988	0	0	0	0
DEFERRED LEASE ACQUISITION COSTS	1,662,822	0	0	0	0
DEFERRED PROJECT COSTS	475,811	(277,961) (c)	(197,850) (d)	0	0
DEFERRED OFFERING COSTS	0	0	0	0	0
DUE FROM AFFILIATES	1,649,205	0	0	0	0
PREPAID EXPENSES AND OTHER ASSETS	994,809	0	0	0	0
Total assets	$572,429,947	$ 0	$ 9,400,594	$91,370,443	$22,025,949

	Pro Forma Total
REAL ESTATE ASSETS, at cost:	
Land	$ 87,693,600
Building, less accumulated depreciation of $19,810,895	495,338,401
Construction in progress	2,202,200
Total real estate assets	585,234,201
CASH AND CASH EQUIVALENTS	0
INVESTMENT IN JOINT VENTURES	78,009,908
INVESTMENT IN BONDS	22,000,000
ACCOUNTS RECEIVABLE	5,675,988
DEFERRED LEASE ACQUISITION COSTS	1,662,822
DEFERRED PROJECT COSTS	0
DEFERRED OFFERING COSTS	0
DUE FROM AFFILIATES	1,649,205
PREPAID EXPENSES AND OTHER ASSETS	994,809
Total assets	$695,226,933

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments				Pro Forma Total
		ADIC Buildings	Convergys	Wendy Point Buildings	Arthur Andersen	
LIABILITIES:						
Accounts payable and accrued expenses	$ 5,475,619	$ 0	$ 0	$ 0	0	$ 5,475,619
Notes payable	49,148,162	0	0	0	0	49,148,162
Purchase Consideration Payable	0	0	9,036,054 (a)	87,715,625 (a)	21,144,911 (a)	117,896,590
Dividends payable	1,071,657	0	0	0	0	1,071,657
Due to affiliate	247,131	0	364,540 (d)	3,654,818 (d)	881,038 (d)	5,147,527
Deferred rental income	0	0	0	0	0	0
Total liabilities	55,942,569	0	9,400,594	91,370,443	22,025,949	178,739,555
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; 125,000,000 shares authorized, 61,287,300 shares issued and 60,932,270 shares outstanding	612,872	0	0	0	0	612,872
Additional paid-in capital	519,224,798	0	0	0	0	519,224,798
Treasury stock, at cost, 355,029 shares	(3,550,292)	0	0	0	0	(3,550,292)
Total shareholders' equity	516,287,378	0	0	0	0	516,287,378
Total liabilities and shareholders' equity	$572,429,947	$ 0	$9,400,594	$91,370,443	$22,025,949	$695,226,933

(a) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the land and building.

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

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

(d) Reflects deferred project costs applied to the land and building at approximately 4.17% of the purchase price.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Convergys	Windy Point Buildings	Arthur Andersen	Pro Forma Total
REVENUES:						
Rental income	$31,028,212	$ 8,738,526 (a)	$116,533 (a)	$2,566,407 (a)	$1,577,125 (a)	$44,026,803
Equity in income of joint ventures	2,621,647	328,061 (b) 107,410 (c)	0	0	0	3,057,118
Interest income	418,998	(418,998)(d) 1,320,000 (e)	0	0	0	0 1,320,000
	34,068,857	10,074,999	116,533	2,566,407	1,577,125	48,403,921
EXPENSES:						
Depreciation and amortization	10,341,242	2,554,687 (f)	34,713 (f)	2,492,363 (f)	607,653 (f)	16,030,658
Interest	2,957,262	3,674,732 (g) 1,320,000 (h)	0	0	0	7,951,994
Operating costs, net of reimbursements	3,168,273	2,819,212 (i)	600 (i)	185,393 (i)	106,825 (i)	6,280,293
Management and leasing fees	1,749,849	393,234 (j)	5,244 (j)	115,488 (j)	70,971 (j)	2,334,786
General and administrative	700,803	0	0	0	0	700,803
Amortization of deferred financing costs	528,715	0	0	0	0	528,715
Legal and accounting	199,333	0	0	0	0	199,333
	19,645,477	10,761,865	40,557	2,793,234	785,449	34,026,582
NET INCOME (LOSS)	$14,423,380	$ (686,866)	$ 75,976	$ (226,827)	$ 791,676	$14,377,339
EARNINGS PER SHARE, basic and diluted	$ 0.33					$ 0.33
WEIGHTED AVERAGE SHARES, basic and diluted	43,707,212					$43,707,212

The accompanying notes are an integral part of these statements.

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

(b) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of Wells XII-REIT Joint Venture, a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP, related to the acquisition of the Comdata Building. The pro forma adjustment results from rental revenues

less operating expenses, management fees and depreciation.

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

(d) Represent forgone interest income related to cash utilized to purchase the prior acquisitions.

(e) Represents interest income on the $22,000,000 investment in bonds due from the Industrial Development Authority, which earns interest at 8% per annum.

(f) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.

(g) Represents interest expense on the $96,265,863 of cumulative borrowings due to Bank of America, N.A., which bears interest at approximately 6.5% during the period from January 1, 2001 through the respective acquisition dates.

(h) Represents interest expense on the $22,000,000 mortgage note payable to the Industrial Development Authority, which bears interest at 8%.

(i) Consists of nonreimbursable operating expenses.

(j) Management and leasing fees are calculated at 4.5% of rental income.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments			Pro Forma Total
		Prior Acquisitions	Windy Point Buildings	Arthur Andersen	
REVENUES:					
Rental income	$20,505,000	$ 8,572,880 (a)	$ 2,576,653 (a)	$2,102,834 (a)	$33,757,367
Equity in income of joint ventures	2,293,873	930,181 (b)	0	0	3,224,054
Interest income	520,924	(520,924)(c)	0	0	0
	0	1,760,000 (d)	0	0	1,760,000
Other income	53,409	0	0	0	53,409
	23,373,206	10,742,137	2,576,653	2,102,834	38,794,830
EXPENSES:					
Depreciation and amortization	7,743,551	3,868,420 (e)	3,323,151 (e)	810,205 (e)	15,745,327
Interest	4,199,461	7,053,062 (f)	0	0	13,012,523
		1,760,000 (g)			
Operating costs, net of reimbursements	888,091	553,347 (h)	144,790 (h)	122,704 (h)	1,708,932
Management and leasing fees	1,309,974	385,780 (i)	115,488 (i)	94,628 (i)	1,905,870
General and administrative	426,680	0	0	0	426,680
Legal and accounting	240,209	0	0	0	240,209
Computer costs	12,273	0	0	0	12,273
	14,820,239	13,620,609	3,583,429	1,027,537	33,051,814
NET INCOME (LOSS)	$ 8,552,967	$(2,878,472)	$(1,006,776)	$1,075,297	$ 5,743,016
EARNINGS PER SHARE, basic and diluted	$0.40				$0.27
WEIGHTED AVERAGE SHARES, basic and diluted	21,382,418				21,382,418

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

(b) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of Wells XII-REIT Joint Venture, a joint venture partnership between Wells

Real Estate Fund XII, L.P. and Wells OP, related to the acquisition of the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees and depreciation.

(c) Represent forgone interest income related to cash utilized to purchase the prior acquisitions.

(d) Represents interest income on the $22,000,000 investment in bonds due from the Industrial Development Authority, which earns interest at 8%.

(e) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.

(f) Represents interest expense on the $85,525,863 of cumulative borrowings due to Bank of America, N.A., which bears interest at approximately 8.3% during the year ended December 31, 2000.

(g) Represents interest expense on the $22,000,000 mortgage note payable to the Industrial Development Authority, which bears interest at 8%.

(h) Consists of nonreimbursable operating expenses.

(i) Management and leasing fees are calculated at 4.5% of rental income.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the WINDY POINT BUILDINGS 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 statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would be comparable with those resulting from the operations of the Windy Point Buildings after acquisition by the Wells Operating Partnership, L.P., a subsidiary 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 Windy Point 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 Windy Point Buildings for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 11, 2002

WINDY POINT BUILDINGS

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000 (AUDITED)

	2001	2000
	(Unaudited)	
RENTAL REVENUES	$2,566,407	$2,576,653
OPERATING EXPENSES, net of reimbursements	185,383	144,790
REVENUES OVER CERTAIN OPERATING EXPENSES	$2,381,024	$2,431,863

The accompanying notes are an integral part of these statements.

WINDY POINT BUILDINGS

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000 (AUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On December 31, 2001, the Wells Operating Partnership, L.P. ("Wells OP") acquired the Windy Point Buildings from Windy Point of Schaumburg, LLC (the "Seller"). Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP. The Seller is not in anyway affiliated with Wells OP.

Zurich American Insurance, Inc. ("Zurich") and TCI Great Lakes, Inc. ("TCI") currently occupy 300,034 square feet and 129,157 square feet,

respectively, of the total 486,956 rentable square feet of the two multi-story office buildings comprising the Windy Point Buildings under net lease agreements (the "Zurich Lease" and the "TCI Lease", respectively). The Seller's interests in the Zurich Lease and the TCI Lease were assigned to Wells OP at the closing. The initial term of the Zurich Lease commenced on September 1, 2001 and expires on August 31, 2011. The initial term of the TCI Lease commenced on December 1, 1999 and expires on November 30, 2009. Zurich and TCI have the right to extend their respective leases for two additional periods of five years each at the corresponding then current fair market rental rates.

Under the Zurich lease, Zurich is required to pay, as additional monthly rent, its proportionate share of all controllable costs including, but not limited to, costs for electricity, fuel, insurance, snow removal and the wages for union employees. Beginning with the third lease year, controllable expenses for any lease year shall not exceed an amount equal to the product of total actual controllable expenses for the preceding lease year multiplied by 1.04. Zurich is also required to pay its proportionate share of property taxes not to exceed (a) for calendar year 2001: $1.63 per rentable square foot, and (b) for calendar year 2002 and thereafter: the sum of $3.17, plus the amount which $1.63 exceeded actual controllable costs during calendar year 2001, per rentable square foot. Under the TCI lease, TCI is required to pay, as additional monthly rent, its proportionate share of operating expenses and property taxes subject to the following limitations: (a) for the first lease year: not to exceed $7.36 per rentable square foot, (b) for the second lease year: not to exceed $9.14 per rentable square foot, (c) for the third lease year: no limitations, and (d) for the fourth lease year and thereafter: not to exceed more than 5% of controllable costs for the immediately preceding lease year, including cleaning and landscaping services. Under the TCI lease, the following items are specifically excluded from the definition of controllable costs: electricity, fuels, insurance, snow-plowing, and wages of union employees. Wells OP will be responsible for repairing and maintaining all structural elements of the premises including the roof, exterior walls and windows, parking areas, walkways, internal common areas, building systems including plumbing, heating, ventilating and air conditioning, and providing landscaping services.

The remaining rentable square footage of the Windy Point Buildings is occupied by the following tenants: Global Knowledge Network, Inc. (22,028 square feet), National SemiConductor Corporation (6,294 square feet), Cushman & Wakefield (1,121 square feet), and G&R Service Management II, Inc. (1,469 square feet). Additionally, SprintCom, Inc. leases an antenna on the roof of the Windy Point Buildings, which is not included in the property's total rentable square footage.

Rental Revenues

Rental income is recognized on a straight-line basis over the terms of respective leases.

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 Windy Point Buildings after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the ARTHUR ANDERSEN 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 statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would be comparable with those resulting from the operations of the Arthur Andersen Building after acquisition by the Wells Operating Partnership, L.P., a subsidiary 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 Arthur Andersen 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 Arthur Andersen Building for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 14, 2002

ARTHUR ANDERSEN BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000 (AUDITED)

	2001	2000
	(Unaudited)	

RENTAL REVENUES	$1,577,125	$2,102,834
OPERATING EXPENSES, net of reimbursements	106,825	122,704
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,470,300	$1,980,130

The accompanying notes are an integral part of these statements.

ARTHUR ANDERSEN BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2001 (AUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On January 11, 2002, the Wells Operating Partnership, L.P. ("Wells OP") acquired the Arthur Andersen Building from Sarasota Haskell, LLC ("Haskell"). Wells OP is 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. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP. The Seller is not in anyway affiliated with Wells OP.

Arthur Andersen, LLP ("Andersen") currently occupies the entire 157,704 rentable square feet of the three-story office building under a net lease agreement (the "Andersen Lease"). Haskell's interest in the Andersen Lease was assigned to Wells OP at the closing. The initial term of the Andersen Lease commenced on November 1, 1999 and expires on October 31, 2009. Andersen has the right to extend the Andersen Lease for two additional periods of five years at a rate equal to 90% of the then current fair market rental rates. Under the Andersen Lease, Andersen is required to pay, as additional monthly rent, all operating costs, including but not limited to electricity, water, heating, air cooling, property and personal insurance and property taxes. In addition, Andersen is responsible for all routine maintenance and repairs to the interior of the Arthur Andersen Building. Wells OP is responsible for the repair and replacement of the exterior walls, foundation, roof, plumbing, elevators, HVAC systems, fire protection systems and other mechanical systems of the Arthur Andersen Building.

Rental Revenues

Rental income is recognized on a straight-line basis over the term of the Andersen 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 Arthur Andersen Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 7 DATED MARCH 30, 2002 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, Supplement No. 2 dated April 25, 2001, Supplement No. 3 dated July 20, 2001, Supplement No. 4 dated August 10, 2001, Supplement No. 5 dated October 15, 2001 and Supplement No. 6 dated January 20, 2002. 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) Status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) Declaration of dividends for the second quarter of 2002;

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

(4) Updated audited financial statements of the Wells REIT, and unaudited Schedule III-Real Estate Investments and Accumulated Depreciation; and

(5) 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 our 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 March 25, 2002, we had received an additional $771,748,412 in gross offering proceeds from the sale of 77,174,841 shares in the third offering. Accordingly, as of March 25, 2002, we had received in the aggregate approximately $1,079,159,524 in gross offering proceeds from the sale of 107,915,952 shares of our common stock.

Dividends

On March 6, 2002, our board of directors declared dividends for the second quarter of 2002 in the amount of $0.19375 per share, or a 7.75% annualized percentage return on an investment of $10.00 per share, payable to our stockholders on a daily record basis. Below is a table reflecting the level of dividends declared and paid to date:

Quarter	Approximate Amount (Rounded)	Annualized Percentage Return on an Investment of $10 per Share
3/rd/ Qtr. 1998	$0.150 per share	6.00%
4/th/ Qtr. 1998	$0.163 per share	6.50%
1/st/ Qtr. 1999	$0.175 per share	7.00%
2/nd/ Qtr. 1999	$0.175 per share	7.00%
3/rd/ Qtr. 1999	$0.175 per share	7.00%
4/th/ Qtr. 1999	$0.175 per share	7.00%
1/st/ Qtr. 2000	$0.175 per share	7.00%
2/nd/ Qtr. 2000	$0.181 per share	7.25%
3/rd/ Qtr. 2000	$0.188 per share	7.50%
4/th/ Qtr. 2000	$0.188 per share	7.50%
1/st/ Qtr. 2001	$0.188 per share	7.50%
2/nd/ Qtr. 2001	$0.188 per share	7.50%
3/rd/ Qtr. 2001	$0.188 per share	7.50%
4/th/ Qtr. 2001	$0.194 per share	7.75%
1/st/ Qtr. 2002	$0.194 per share	7.75%
2/nd/ Qtr. 2002	$0.194 per share	7.75%

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

The following information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section beginning on page 98 of the prospectus. The following discussion and analysis should also be read in conjunction with our accompanying financial statements and notes thereto.

Forward Looking Statements

This section and other sections in 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 anticipated cash distributions to stockholders 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 statements 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, and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

We have made an election under Section 856 (c) of the Internal Revenue Code (Code) to be taxed as a REIT under the Code beginning with its taxable year ended December 31, 1999. As a REIT for federal income tax purposes, we generally will not be subject to Federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our 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 in which our qualification is lost. Such an event could materially,

adversely affect our net income. However, we believe that we are organized and operate in a manner, which has enabled us to qualify for treatment as a REIT for federal income tax purposes during the year ended December 31, 2001. In addition, we intend to continue to operate the Wells REIT so as to remain qualified as a REIT for federal income tax purposes.

Liquidity and Capital Resources

General

During the fiscal year ended December 31, 2001, we received aggregate gross offering proceeds of $522,516,620 from the sale of 52,251,662 shares of our common stock. After payment of $18,143,307 in acquisition and advisory fees and acquisition expenses, payment of $58,387,809 in selling commissions and organization and offering expenses, and common stock redemptions of $4,137,427 pursuant to our share redemption program, we raised net offering proceeds available for investment in properties of $441,848,077 during 2001.

As of December 31, 2001, we had received aggregate gross offering proceeds of approximately $837,614,690 from the sale of 83,761,469 shares of our common stock to 84,002 investors. After payment of $29,122,286 in acquisition and advisory fees and acquisition expenses, payment of $98,125,735 in selling commissions and organization and offering expenses, capital contributions to joint ventures and acquisitions expenditures by Wells OP of $642,106,041 in property acquisitions, and common stock redemptions of $5,550,396 pursuant to our share redemption program, we held net offering proceeds of $62,711,000 available for investment in properties, as of December 31, 2001. As of March 25, 2002, we had received aggregate gross offering proceeds of approximately $1,079,159,524 from the sale of 107,915,952 shares of our common stock to 27,809 investors.

The net increase in cash and cash equivalents during 2001, as compared to 2000, is primarily the result of raising $522,516,620 in capital contributions from the sale of 52,251,662 shares of common stock, offset by the acquisition of nine properties during 2001, and the payment of acquisition and advisory fees and acquisition expenses, commissions, organization and offering costs and capital contributions to joint ventures.

As of December 31, 2001, we owned interests in 39 real estate properties either directly or through interests in joint ventures. These properties are generating operating cash flow sufficient to cover our operating expenses and pay dividends to our stockholders. We pay dividends on a quarterly basis regardless of the frequency with which such distributions are declared. Dividends will be paid to investors who are stockholders as of the record dates selected by our board of directors. We currently calculate quarterly dividends based on the daily record and dividend declaration dates; thus, stockholders are entitled to receive dividends immediately upon the purchase of shares. Dividends declared during 2001 and 2000 totaled $.76 per share and $.73 per share, respectively. Although we can make no assurance, we anticipate that dividend distributions to stockholders will continue in 2002 at a level at least comparable with 2001 dividend distributions.

Dividends to be distributed to the stockholders are determined by our board of directors and are dependent on a number of factors, 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. Operating cash flows are expected to increase as additional properties are added to our investment portfolio.

Cash Flows From Operating Activities

Our net cash provided by operating activities was $42,349,342 for 2001, $7,319,639 for 2000 and $4,008,275 for 1999. The increase in net cash provided

by operating activities was due primarily to the net income generated by properties acquired during 2000 and 2001.

Cash Flows Used In Investing Activities

Our net cash used in investing activities was $274,605,735 for 2001, $249,316,460 for 2000 and $105,394,956 for 1999. The increase in net cash used in investing activities was due primarily to investments in properties, directly and through contributions to joint ventures, and the payment of related deferred project costs.

Cash Flows From Financing Activities

Our net cash provided by financing activities was $303,544,260 for 2001, $243,365,318 for 2000, and $96,337,082 for 1999. The increase in net cash provided by financing activities was due primarily to the raising of additional capital offset by the repayment of notes payable. We raised $522,516,620 in offering proceeds for fiscal year ended December 31, 2001, as compared to $180,387,220 for fiscal year ended December 31, 2000, and $103,169,490 for fiscal year ended December 31, 1999. In addition, we received loan proceeds from financing secured by properties of $110,243,145 and repaid notes payable in the amount of $229,781,888 for fiscal year ended December 31, 2001.

Results of Operations

As of December 31, 2001, our real estate properties were 100% leased to tenants. Gross revenues were $49,308,802 for the fiscal year ended December 31, 2001, $23,373,206 for fiscal year ended December 31, 2000 and $6,495,395 for fiscal year ended December 31, 1999. Gross revenues for the year ended December 31, 2001, 2000 and 1999 were attributable to rental income, interest income earned on funds we held prior to the investment in properties, and income earned from joint ventures. The increase in revenues in 2001 was primarily attributable to the purchase of additional properties during 2000 and 2001. The purchase of additional properties also resulted in an increase in expenses which totaled $27,584,835 for the year ended December 31, 2001, $14,820,239 for the year ended December 31, 2000 and $2,610,746 for the year ended December 31, 1999. Expenses in 2001, 2000 and 1999 consisted primarily of depreciation, interest expense and management and leasing fees. Our net income also increased from $3,884,649 for fiscal year ended December 31, 1999 to $8,552,967 for fiscal year ended December 31, 2000 to $21,723,967 for the year ended December 31, 2001.

Property Operations

The following table summarizes the operations of the joint ventures in which we owned an interest as of December 31, 2001, 2000 and 1999:

	Total Revenue For Years Ended December 31			Net Income For Years Ended December 31			Well REIT's Share of Net Income For Years Ended December 31		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
Fund IX-X-XI-REIT Joint Venture	$ 4,344,209	$ 4,388,193	$4,053,042	$2,684,837	$2,669,143	$2,172,244	$ 99,649	$ 99,177	$ 81,501
Orange County Joint Venture	797,937	795,545	795,545	546,171	568,961	550,952	238,542	248,449	240,585
Fremont Joint Venture	907,673	902,946	902,946	562,893	563,133	559,174	436,265	436,452	433,383
Fund XI-XII-REIT Joint Venture	3,371,067	3,349,186	1,443,503	2,064,911	2,078,556	853,073	1,172,103	1,179,848	488,500
Fund XII-REIT Joint Venture	4,708,467	976,865	N/A	2,611,522	614,250	N/A	1,386,877	305,060	N/A
Fund VIII-IX-REIT Joint Venture	1,208,724	563,049	N/A	566,840	309,893	N/A	89,779	24,887	N/A
Fund XIII-REIT	706,373	N/A	N/A	356,355	N/A	N/A	297,745	N/A	N/A

Joint Venture								
$16,044,450	$10,975,784	$7,195,036	$8,977,529	$6,803,936	$4,135,443	$3,720,960	$2,293,873	$1,243,969

Subsequent Events

As described in Supplement No. 6 to our prospectus dated January 20, 2002, on January 11, 2002, Wells OP purchased a three-story office building containing approximately 157,700 rentable square feet (Arthur Andersen Building) on a 9.8 acre tract of land located in Sarasota County, Florida for a purchase price of $21,400,000. The Arthur Andersen Building is leased to Arthur Andersen LLP (Andersen). The current term of the Andersen lease is 10 years, which commenced on November 11, 1998 and expires on October 31, 2009. Andersen has the right to extend the initial 10-year term of its lease for two additional five-year periods at 90% of the ten-current market rental rate. The current annual base rent payable under the Andersen lease is $1,988,454. Andersen has the option to purchase the Arthur Andersen Building prior to the end of the fifth lease year for $23,250,000 and again at the expiration of the initial lease term for $25,148,000.

On March 6, 2002, our board of directors declared dividends for the second quarter of 2002 in the amount of $0.19375 per share, or a 7.75% annualized percentage return on an investment of $10.00 per share, payable to our stockholders on a daily record basis.

Funds from Operations

Funds from Operations (FFO), as defined by the National Association of Real Estate Investment Trusts (NAREIT), generally means net income, computed in accordance with GAAP excluding extraordinary items (as defined by GAAP) and gains (or losses) from sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships, joint ventures and subsidiaries. We believe that FFO is helpful to investors as a measure of the performance of an equity REIT. However, our calculation of FFO, while consistent with NAREIT's definition, may not be comparable to similarly titled measures presented by other REITs. Adjusted Funds from Operations (AFFO) is defined as FFO adjusted to exclude the effects of straight-line rent adjustments, deferred loan cost amortization and other non-cash and/or unusual items. Neither FFO nor AFFO represent cash

generated from operating activities in accordance with GAAP and should not be considered as alternatives to net income as an indication of our performance or to cash flows as a measure of liquidity or ability to make distributions.

The following table reflects the calculation of FFO and AFFO for the three years ended December 31, 2001, 2000, and 1999, respectively:

	December 31, 2001	December 31, 2000	December 31, 1999
FUNDS FROM OPERATIONS:			
Net income	$ 21,723,967	$ 8,552,967	$ 3,884,649
Add:			
Depreciation of real assets	15,344,801	7,743,550	1,726,103
Amortization of deferred leasing costs	303,347	350,991	0
Depreciation and amortization - unconsolidated partnerships	3,211,828	852,968	652,167
Funds from operations (FFO)	40,583,943	17,500,476	6,262,919
Adjustments:			
Loan cost amortization	770,192	232,559	8,921
Straight line rent	(2,754,877)	(1,650,791)	(847,814)
Straight line rent - unconsolidated			

partnerships	(543,039)	(245,288)	(140,076)
Lease acquisition fees paid	0	(152,500)	0
Lease acquisition fees paid-unconsolidated partnerships	0	(8,002)	(512)
Adjusted funds from operations	$ 38,056,219	$ 15,676,454	$ 5,283,438
WEIGHTED AVERAGE SHARES: BASIC AND DILUTED	51,081,867	21,616,051	7,769,298

Inflation

The real estate market has not been affected significantly by inflation in the past three years due to the relatively low inflation rate. However, there are provisions in the majority of tenant leases which would protect us from the impact of inflation. These provisions include reimbursement billings for common area maintenance charges (CAM), 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.

Critical Accounting Policies

Our accounting policies have been established and conform with generally accepted accounting principles in the United States (GAAP). The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied; thus, resulting in a different presentation of our financial statements. Below is a discussion of the accounting policies that we consider to be critical in that they may require complex judgment in their application or require estimates about matters which are inherently uncertain.

Straight-Lined Rental Revenues

We recognize rental income generated from all leases on real estate assets in which we have an ownership interest, either directly or through investments in joint ventures, on a straight-line basis over the terms of the respective leases. If a tenant was to encounter financial difficulties in future periods, the amount recorded as a receivable may not be realized.

Operating Cost Reimbursements

We generally bill tenants for operating cost reimbursements, either directly or through investments in joint ventures, on a monthly basis at amounts estimated largely based on actual prior period activity and the respective lease terms. Such billings are generally adjusted on an annual basis to reflect reimbursements owed to the landlord based on the actual costs incurred during the period and the respective lease terms. Financial difficulties encountered by tenants may result in receivables not being realized.

Real Estate

We continually monitor events and changes in circumstances indicating that the carrying amounts of the real estate assets in which we have an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When such events or changes in circumstances are present, we assess the potential impairment by comparing the fair market value of the asset, estimated at an amount equal to the future undiscounted operating

cash flows expected to be generated from tenants over the life of the asset and from its eventual disposition, to the carrying value of the asset. In the event that the carrying amount exceeds the estimated fair market value, we would recognize an impairment loss in the amount required to adjust the carrying amount of the asset to its estimated fair market value. Neither the Wells REIT nor our joint ventures have recognized impairment losses on real estate assets in 2001, 2000 or 1999.

Deferred Project Costs

Wells Capital, Inc., our advisor, expects to continue to fund 100% of the acquisition and advisory fees and acquisition expenses and recognize related expenses, to the extent that such costs exceed 3.5% of cumulative capital raised (subject to certain overall limitations described in this prospectus) on our behalf. We record acquisition and advisory fees and acquisition expenses by capitalizing deferred project costs and reimbursing our advisor in an amount equal to 3.5% of cumulative capital raised to date. As we invest our capital proceeds, deferred project costs are applied to real estate assets, either directly or through contributions to joint ventures, at an amount equal to 3.5% of each investment and depreciated over the useful lives of the respective real estate assets.

Deferred Offering Costs

Our advisor expects to continue to fund 100% of the organization and offering costs and recognize related expenses, to the extent that such costs exceed 3% of cumulative capital raised, on our behalf. Organization and offering costs include items such as legal and accounting fees, marketing and promotional costs, and printing costs, and specifically exclude sales costs and underwriting commissions. We record offering costs by accruing deferred offering costs, with an offsetting liability included in due to affiliates, at an amount equal to the lesser of 3% of cumulative capital raised to date or actual costs incurred from third-parties less reimbursements paid to our advisor. As the actual equity is raised, we reverse the deferred offering costs accrual and recognize a charge to stockholders' equity upon reimbursing our advisor.

Financial Statements

The consolidated balance sheets of the Wells REIT, as of December 31, 2001 and 2000, and the financial statements of the Wells REIT for each of the years in the three year period ended December 31, 2001, 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.

Schedule III-Real Estate Investments and Accumulated Depreciation, as of December 31, 2001, which is included in this supplement, has not been audited.

Prior Performance Tables

The prior performance tables dated as of December 31, 2001, 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, 2001 and 2000 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with 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 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, 2001 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule III--Real Estate Investments and

Accumulated Depreciation as of December 31, 2001 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 25, 2002

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

ASSETS

	2001	2000
REAL ESTATE ASSETS, at cost:		
Land	$ 86,246,985	$ 46,237,812
Building, less accumulated depreciation of $24,814,454 and $9,469,653 at December 31, 2001 and 2000, respectively	472,383,102	287,862,655
Construction in progress	5,738,573	3,357,720
Total real estate assets	564,368,660	337,458,187
INVESTMENT IN JOINT VENTURES	77,409,980	44,236,597
CASH AND CASH EQUIVALENTS	75,586,168	4,298,301
INVESTMENT IN BONDS	22,000,000	0
ACCOUNTS RECEIVABLE	6,003,179	3,781,034
DEFERRED PROJECT COSTS	2,977,110	550,256
DUE FROM AFFILIATES	1,692,727	309,680
DEFERRED LEASE ACQUISITION COSTS	1,525,199	1,890,332
DEFERRED OFFERING COSTS	0	1,291,376
PREPAID EXPENSES AND OTHER ASSETS, net	718,389	4,734,583
Total assets	$ 752,281,412	$ 398,550,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Notes payable	$ 8,124,444	$ 127,663,187
Obligation under capital lease	22,000,000	0
Accounts payable and accrued expenses	8,727,473	2,166,387
Due to affiliate	2,166,161	1,772,956
Dividends payable	1,059,026	1,025,010
Deferred rental income	661,657	381,194
Total liabilities	$ 42,738,761	$ 133,008,734
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, 83,761,469 shares issued and 83,206,429 shares outstanding at December 31, 2001; 125,000,000 shares authorized, 31,509,807 shares issued, and 31,368,510 shares outstanding at December 31, 2000	837,614	315,097
Additional paid-in capital	738,236,525	275,573,339
Cumulative distributions in excess of earnings	(24,181,092)	(9,133,855)
Treasury stock, at cost, 555,040 shares at December 31, 2001 and 141,297		

shares at December 31, 2000	(5,550,396)	(1,412,969)
Total shareholders' equity	709,342,651	265,341,612
Total liabilities and shareholders' equity	$ 752,281,412	$ 398,550,346

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, 2001, 2000, AND 1999

	2001	2000	1999
REVENUES:			
Rental income	$ 44,204,279	$ 20,505,000	$ 4,735,184
Equity in income of joint ventures	3,720,959	2,293,873	1,243,969
Take out fee (Note 9)	137,500	0	0
Interest and other income	1,246,064	574,333	516,242
	49,308,802	23,373,206	6,495,395
EXPENSES:			
Depreciation	15,344,801	7,743,551	1,726,103
Interest expense	3,411,210	3,966,902	442,029
Amortization of deferred financing costs	770,192	232,559	8,921
Operating costs, net of reimbursements	4,128,883	888,091	(74,666)
Management and leasing fees	2,507,188	1,309,974	257,744
General and administrative	973,785	438,953	135,144
Legal and accounting	448,776	240,209	115,471
	27,584,835	14,820,239	2,610,746
NET INCOME	$ 21,723,967	$ 8,552,967	$ 3,884,649
EARNINGS PER SHARE:			
Basic and diluted	$0.43	$0.40	$0.50

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, 2001, 2000, AND 1999

	Common Stock		Additional Paid-In	Cumulative Distributions in Excess	Retained	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	of Earnings	Earnings	Shares	Amount	Equity
BALANCE, December 31, 1998	3,154,136	$ 31,541	$ 27,567,275	$ (511,163)	$ 334,034	0	0	$ 27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	0	0	0	103,169,490
Net income	0	0	0	0	3,884,649	0	0	3,884,649
Dividends ($.70 per share)	0	0	0	(1,346,240)	(4,218,683)	0	0	(5,564,923)
Sales commissions and discounts	0	0	(9,801,197)	0	0	0	0	(9,801,197)

Other offering expenses	0	0	(3,094,111)	0	0	0	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	134,710	117,738,288	(1,857,403)	0	0	0	116,015,595
Issuance of common stock	18,038,722	180,387	180,206,833	0	0	0	0	180,387,220
Treasury stock purchased	0	0	0	0	0	(141,297)	(1,412,969)	(1,412,969)
Net income	0	0	0	0	8,552,967	0	0	8,552,967
Dividends ($.73 per share)	0	0	0	(7,276,452)	(8,552,967)	0	0	(15,829,419)
Sales commissions and discounts	0	0	(17,002,554)	0	0	0	0	(17,002,554)
Other offering expenses	0	0	(5,369,228)	0	0	0	0	(5,369,228)
BALANCE, December 31, 2000	31,509,807	315,097	275,573,339	(9,133,855)	0	(141,297)	(1,412,969)	265,341,612
Issuance of common stock	52,251,662	522,517	521,994,103	0	0	0	0	522,516,620
Treasury stock purchased	0	0	0	0	0	(413,743)	(4,137,427)	(4,137,427)
Net income	0	0	0	0	21,723,967	0	0	21,723,967
Dividends ($.76 per share)	0	0	0	(15,047,237)	(21,723,967)	0	0	(36,771,204)
Sales commissions and discounts	0	0	(49,246,118)	0	0	0	0	(49,246,118)
Other offering expenses	0	0	(10,084,799)		0	0	0	(10,084,799)
BALANCE, December 31, 2001	83,761,469	$ 837,614	$ 738,236,525	$(24,181,092)	$ 0	(555,040)	$(5,550,396)	$ 709,342,651

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, 2001, 2000, AND 1999

	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 21,723,967	$ 8,552,967	$ 3,884,649
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in income of joint ventures	(3,720,959)	(2,293,873)	(1,243,969)
Depreciation	15,344,801	7,743,551	1,726,103
Amortization of deferred financing costs	770,192	232,559	8,921
Amortization of deferred leasing costs	303,347	350,991	0
Write-off of deferred lease acquisition fees	61,786	0	0
Changes in assets and liabilities:			
Accounts receivable	(2,222,145)	(2,457,724)	(898,704)
Due from affiliates	10,995	(435,600)	0
Prepaid expenses and other assets, net	3,246,002	(6,826,568)	149,501
Accounts payable and accrued expenses	6,561,086	1,941,666	36,894
Deferred rental income	280,463	144,615	236,579
Due to affiliates	(10,193)	367,055	108,301
Total adjustments	20,625,375	(1,233,328)	123,626
Net cash provided by operating activities	42,349,342	7,319,639	4,008,275
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in real estate	(227,933,858)	(231,518,138)	(85,514,506)
Investment in joint ventures	(33,690,862)	(15,063,625)	(17,641,211)
Deferred project costs paid	(17,220,446)	(6,264,098)	(3,610,967)
Distributions received from joint ventures	4,239,431	3,529,401	1,371,728
Net cash used in investing activities	(274,605,735)	(249,316,460)	(105,394,956)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	110,243,145	187,633,130	40,594,463
Repayments of notes payable	(229,781,888)	(83,899,171)	(30,725,165)
Dividends paid to shareholders	(36,737,188)	(16,971,110)	(3,806,398)
Issuance of common stock	522,516,620	180,387,220	103,169,490
Treasury stock purchased	(4,137,427)	(1,412,969)	0
Sales commissions paid	(49,246,118)	(17,002,554)	(9,801,197)
Offering costs paid	(9,312,884)	(5,369,228)	(3,094,111)
Net cash provided by financing activities	303,544,260	243,365,318	96,337,082
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,287,867	1,368,497	(5,049,599)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,298,301	2,929,804	7,979,403
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 75,586,168	$ 4,298,301	$ 2,929,804

SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:			
Deferred project costs applied to real estate assets	$ 14,321,416	$ 5,114,279	$ 3,183,239
Deferred project costs contributed to joint ventures	$ 1,395,035	$ 627,656	$ 735,056
Deferred project costs due to affiliate	$ 1,114,140	$ 191,281	$ 191,783
Deferred offering costs due to affiliate	$ 0	$ 1,291,376	$ 964,941
Reversal of deferred offering costs due to affiliate	$ 964,941	$ 0	$ 0
Other offering expenses due to affiliate	$ 943,107	$ 0	$ 0
Assumption of obligation under capital lease	$ 22,000,000	$ 0	$ 0
Investment in bonds	$ 22,000,000	$ 0	$ 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, 2001, 2000, AND 1999

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 program) 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 therewith, 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 accounts of the Operating Partnership. All significant intercompany balances have been eliminated in consolidation.

The Company owns interests in the following properties directly through its ownership in the Operating Partnership: (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, assembly, and manufacturing building located in Wood Dale, Illinois; (iv) the Cinemark Property (the "Cinemark Building"), a five-story office building located in Plano, Texas; (v) the Matsushita Property (the "Matsushita Building"), a two-story office building located in Lake Forest, California; (vi) the ASML Property (the "ASML Building"), a two-story office and warehouse building located in Tempe, Arizona; (vii) the Motorola Property (the "Motorola Tempe Building"), a two-story office building located in Tempe, Arizona; (viii) the Dial Property (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 Property (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; (xv) the Metris Minnetonka Building, a nine-story office building located in Minnetonka, Minnesota; (xvi) the State Street Bank Building, a seven-story office building located in Quincy, Massachusetts; (xvii) the IKON Buildings, two one-story office buildings located in Houston, Texas; (xviii) the Ingram Micro Distribution Facility, a one-story office and warehouse building located in Millington, Tennessee; (xix) the Lucent Building, a four-story office building located in Cary, North Carolina; (xx) the Nissan land (the "Nissan Property"), a 14.873 acre tract of undeveloped land located in Irving, Texas; (xxi) the Convergys Building, a two-story office building located in Tamarac, Florida; and (xxii) the Windy Point Buildings, a seven-story office building and an eleven-story office building located in Schaumburg, Illinois.

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 five 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"), which is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture. The Company owns an interest in one property through each of two unique joint ventures 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 interests in four properties through a joint venture between the Operating Partnership, Wells Fund XI, and Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), which is referred to as the Fund XI, XII, and REIT Joint Venture. The Company owns interests in three properties through a joint venture between the Operating Partnership and Wells Fund XII, which is referred to as the Fund XII and REIT Joint Venture. The Company also owns interests in two properties through a joint venture between the Operating Partnership and Wells Fund XIII, which is referred to as the Fund XIII 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 Irvine, 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"), (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 and warehouse building in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Avaya Building").

Through its investment in two 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 two-story manufacturing 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 Fountain Inn, 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"), (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"), and (iii) a three-story office building in Brentwood, Tennessee (the "Comdata Building").

The following properties are owned by the Company through its investment in the Fund XIII and REIT Joint Venture: (i) a one-story office building in Orange Park, Florida (the "AmeriCredit Building"), and (ii) two connected one-story office and assembly buildings in Parker, Colorado (the "ADIC Buildings").

Use of Estimates and Factors Affecting the Company

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to currently distribute at least 90% of the REIT's ordinary taxable income to shareholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to federal income tax on distributed taxable income. Even if the Company qualifies as a REIT, it may be subject to certain state and local taxes on its income and real estate assets, and to federal income and excise taxes on its undistributed taxable income. No provision for federal income taxes has been made in the accompanying consolidated financial statements, as the Company made distributions equal to or in excess of its taxable income in each of the

three years in the period ended December 31, 2001.

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 expenditures 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, 2001 and 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 are 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 investments in joint ventures are 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. Deferred lease acquisition costs are included in prepaid expenses and other assets, net, in the balance sheets presented in Note 5.

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services and acquisition expenses. 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, 2001 were $29,122,286 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, 2001 and 2000 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 include such costs as legal and accounting fees, printing costs, and other offering expenses and specifically exclude sales costs and underwriting commissions.

As of December 31, 2001, the Advisor paid offering expenses on behalf of the Company in the aggregate amount of $20,459,289, of which the Advisor had been reimbursed $18,551,241, which did not exceed the 3% limitation.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 2001 and 2000 represents the Operating Partnership's share of the cash to be distributed from its joint venture investments for the fourth quarter of 2001 and 2000 and advances due from the Advisor as of December 31, 2000:

	2001	2000
Fund VIII, IX, and REIT Joint Venture	$ 46,875	$ 21,605
Fund IX, X, XI, and REIT Joint Venture	36,073	12,781
Wells/Orange County Associates	83,847	24,583
Wells/Fremont Associates	164,196	53,974
Fund XI, XII, and REIT Joint Venture	429,980	136,648
Fund XII and REIT Joint Venture	680,542	49,094
Fund XIII and REIT	251,214	0
Advisor	0	10,995

$ 1,692,727	$ 309,680

The Operating Partnership entered into a property management and leasing 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 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) .6% of the net asset value of the properties (excluding vacant properties) owned by the Company to Wells Management. These management and leasing fees are 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 $2,468,294, $1,111,748, and $336,517 for the years ended December 31, 2001, 2000, and 1999, 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, 2001 and 2000 are summarized as follows:

	2001		2000	
	Amount	Percent	Amount	Percent
Fund VIII, IX, and REIT Joint Venture	$ 1,189,067	16%	$ 1,276,551	16%
Fund IX, X, XI, and REIT Joint Venture	1,290,360	4	1,339,636	4
Wells/Orange County Associates	2,740,000	44	2,827,607	44
Wells/Fremont Associates	6,575,358	78	6,791,287	78
Fund XI, XII, and REIT Joint Venture	17,187,985	57	17,688,615	57
Fund XII and REIT Joint Venture	30,299,872	55	14,312,901	47
Fund XIII and REIT Joint Venture	18,127,338	68	0	0
	$ 77,409,980		$ 44,236,597	

The following is a roll forward of the Operating Partnership's investment in joint ventures for the years ended December 31, 2001 and 2000:

	2001	2000
Investment in joint ventures, beginning of year	$ 44,236,597	$ 29,431,176
Equity in income of joint ventures	3,720,959	2,293,873
Contributions to joint ventures	35,085,897	15,691,281
Distributions from joint ventures	(5,633,473)	(3,179,733)

Investment in joint ventures, end of year	$ 77,409,980	$ 44,236,597

FUND VIII, IX, AND REIT JOINT VENTURE

On June 15, 2000, Fund VIII and IX Associates, a joint venture between Wells Real Estate Fund VIII, L.P. ("Fund VIII") and Wells Real Estate Fund IX, L.P. ("Fund IX"), entered into a joint venture with the Operating Partnership to form Fund VIII, IX, and REIT Joint Venture, for the purpose of acquiring, developing, operating, and selling real properties.

On July 1, 2000, Fund VIII and IX Associates contributed the Quest Building (formerly the Bake Parkway Building) to the joint venture. Fund VIII, IX, and REIT Joint Venture recorded the net assets of the Quest Building at an amount equal to the respective historical net book values. The Quest 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. During 2000, the Operating Partnership contributed $1,282,111 to the Fund VIII, IX, and REIT Joint Venture. Ownership percentage interests were recomputed accordingly.

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 Sheets
December 31, 2001 and 2000

Assets

	2001	2000
Real estate assets, at cost:		
Land	$ 2,220,993	$ 2,220,993
Building and improvements, less accumulated depreciation of $649,436 in 2001 and $187,891 in 2000	4,952,724	5,408,892
Total real estate assets	7,173,717	7,629,885
Cash and cash equivalents	297,533	170,664
Accounts receivable	164,835	197,802
Prepaid expenses and other assets, net	191,799	283,864
Total assets	$ 7,827,884	$ 8,282,215

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 676	$ 0
Partnership distributions payable	296,856	170,664
Total liabilities	297,532	170,664
Partners' capital:		
Fund VIII and IX Associates	6,341,285	6,835,000
Wells Operating Partnership, L.P.	1,189,067	1,276,551
Total partners' capital	7,530,352	8,111,551
Total liabilities and partners' capital	$ 7,827,884	$ 8,282,215

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Year Ended December 31, 2001 and

the Period from June 15, 2000 (Inception) Through
December 31, 2000

	2001	2000
Revenues:		
Rental income	$ 1,207,995	$ 563,049
Interest income	729	0
	1,208,724	563,049
Expenses:		
Depreciation	461,545	187,891
Management and leasing fees	142,735	54,395
Property administration expenses	22,278	5,692
Operating costs, net of reimbursements	15,326	5,178
	641,884	253,156
Net income	$ 566,840	$ 309,893
Net income allocated to Fund VIII and IX Associates	$ 477,061	$ 285,006
Net income allocated to Wells Operating Partnership, L.P.	$ 89,779	$ 24,887

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Year Ended December 31, 2001 and
the Period from June 15, 2000 (Inception) Through
December 31, 2000

	Fund VIII and IX Associates	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, June 15, 2000 (inception)	$ 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
Net income	477,061	89,779	566,840
Partnership contributions	0	5,377	5,377
Partnership distributions	(970,776)	(182,640)	(1,153,416)
Balance, December 31, 2001	$ 6,341,285	$ 1,189,067	$ 7,530,352

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Year Ended December 31, 2001 and
the Period from June 15, 2000 (Inception) Through
December 31, 2000

	2001	2000
Cash flows from operating activities:		
Net income	$ 566,840	$ 309,893
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	461,545	187,891
Changes in assets and liabilities:		
Accounts receivable	32,967	(197,802)
Prepaid expenses and other assets, net	92,065	(283,864)
Accounts payable	676	0
Total adjustments	587,253	(293,775)
Net cash provided by operating activities	1,154,093	16,118
Cash flows from investing activities:		
Investment in real estate	(5,377)	(959,887)
Cash flows from financing activities:		
Contributions from joint venture partners	5,377	1,282,111
Distributions to joint venture partners	(1,027,224)	(167,678)
Net cash (used in) provided by financing activities	(1,021,847)	1,114,433
Net increase in cash and cash equivalents	126,869	170,664
Cash and cash equivalents, beginning of period	170,664	0
Cash and cash equivalents, end of year	$ 297,533	$ 170,664
Supplemental disclosure of noncash activities:		
Real estate contribution received from joint venture partner	$ 0	$ 6,857,889

Fund IX, X, XI, and REIT Joint Venture

On March 20, 1997, Fund IX and Wells Real Estate Fund X, L.P. ("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. An 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 Real Estate Fund XI, L.P. ("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.

During 1999, Fund IX and Fund XI made contributions to the Fund IX, X, XI, and REIT Joint Venture; during 2000, Fund IX and Fund X made contributions 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, 2001 and 2000
Assets

	2001	2000
Real estate assets, at cost:		
Land	$ 6,698,020	$ 6,698,020
Building and improvements, less accumulated depreciation of $5,619,744 in 2001 and $4,203,502 in 2000	27,178,526	28,594,768
Total real estate assets, net	33,876,546	35,292,788
Cash and cash equivalents	1,555,917	1,500,044
Accounts receivable	596,050	422,243
Prepaid expenses and other assets, net	439,002	487,276
Total assets	$ 36,467,515	$ 37,702,351
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable and accrued liabilities	$ 620,907	$ 568,517
Refundable security deposits	100,336	99,279
Due to affiliates	13,238	9,595
Partnership distributions payable	966,912	931,151
Total liabilities	1,701,393	1,608,542
Partners' capital:		
Wells Real Estate Fund IX	13,598,505	14,117,803
Wells Real Estate Fund X	16,803,586	17,445,277
Wells Real Estate Fund XI	3,073,671	3,191,093
Wells Operating Partnership, L.P.	1,290,360	1,339,636
Total partners' capital	34,766,122	36,093,809
Total liabilities and partners' capital	$ 36,467,515	$ 37,702,351

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Revenues:			
Rental income	$ 4,174,379	$ 4,198,388	$ 3,932,962
Other income	119,828	116,129	61,312
Interest income	50,002	73,676	58,768
	4,344,209	4,388,193	4,053,042
Expenses:			
Depreciation	1,416,242	1,411,434	1,538,912
Management and leasing fees	357,761	362,774	286,139
Operating costs, net of reimbursements	(232,601)	(133,505)	(34,684)
Property administration expense	91,747	57,924	59,886
Legal and accounting	26,223	20,423	30,545
	1,659,372	1,719,050	1,880,798
Net income	$ 2,684,837	$ 2,669,143	$ 2,172,244
Net income allocated to Wells Real Estate Fund IX	$ 1,050,156	$ 1,045,094	$ 850,072
Net income allocated to Wells Real Estate Fund X	$ 1,297,665	$ 1,288,629	$ 1,056,316

Net income allocated to Wells Real Estate Fund XI	$ 237,367	$ 236,243	$ 184,355
Net income allocated to Wells Operating Partnership, L.P.	$ 99,649	$ 99,177	$ 81,501

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2001, 2000, and 1999

	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, 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
Net income	1,050,156	1,297,665	237,367	99,649	2,684,837
Partnership distributions	(1,569,454)	(1,939,356)	(354,789)	(148,925)	(4,012,524)
Balance, December 31, 2001	$ 13,598,505	$ 16,803,586	$ 3,073,671	$ 1,290,360	$ 34,766,122

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Cash flows from operating activities:			
Net income	$ 2,684,837	$ 2,669,143	$ 2,172,244
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,416,242	1,411,434	1,538,912
Changes in assets and liabilities:			
Accounts receivable	(173,807)	132,722	(421,708)
Prepaid expenses and other assets, net	48,274	39,133	(85,281)
Accounts payable and accrued liabilities, and refundable security deposits	53,447	(37,118)	295,177
Due to affiliates	3,643	3,216	1,973
Total adjustments	1,347,799	1,549,387	1,329,073
Net cash provided by operating activities	4,032,636	4,218,530	3,501,317
Cash flows from investing activities:			
Investment in real estate	0	(127,661)	(930,401)
Cash flows from financing activities:			
Distributions to joint venture partners	(3,976,763)	(3,868,138)	(3,820,491)
Contributions received from partners	0	130,439	1,066,992
Net cash used in financing activities	(3,976,763)	(3,737,699)	(2,753,499)
Net increase (decrease) in cash and cash equivalents	55,873	353,170	(182,583)
Cash and cash equivalents, beginning of year	1,500,044	1,146,874	1,329,457
Cash and cash equivalents, end of year	$ 1,555,917	$ 1,500,044	$ 1,146,874
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 0	$ 43,024

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, 2001 and 2000

Assets

	2001	2000
Real estate assets, at cost:		
Land	$ 2,187,501	$ 2,187,501
Building, less accumulated depreciation of $651,780 in 2001 and $465,216 in 2000	4,012,335	4,198,899
Total real estate assets	6,199,836	6,386,400
Cash and cash equivalents	188,407	119,038
Accounts receivable	80,803	99,154
Prepaid expenses and other assets	9,426	0
Total assets	$ 6,478,472	$ 6,604,592

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	11,792	$ 1,000
Partnership distributions payable	192,042	128,227
Total liabilities	203,834	129,227
Partners' capital:		
Wells Operating Partnership, L.P.	2,740,000	2,827,607
Fund X and XI Associates	3,534,638	3,647,758
Total partners' capital	6,274,638	6,475,365
Total liabilities and partners' capital	$ 6,478,472	$ 6,604,592

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Revenues:			
Rental income	$ 795,528	$ 795,545	$ 795,545
Interest income	2,409	0	0
	797,937	795,545	795,545
Expenses:			
Depreciation	186,564	186,564	186,565
Management and leasing fees	33,547	30,915	30,360
Operating costs, net of reimbursements	21,855	5,005	22,229
Legal and accounting	9,800	4,100	5,439
	251,766	226,584	244,593
Net income	$ 546,171	$ 568,961	$ 550,952
Net income allocated to Wells Operating Partnership, L.P.	$ 238,542	$ 248,449	$ 240,585
Net income allocated to Fund X and XI Associates	$ 307,629	$ 320,512	$ 310,367

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2001, 2000, and 1999

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
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
Net income	238,542	307,629	546,171
Partnership distributions	(326,149)	(420,749)	(746,898)
Balance, December 31, 2001	$ 2,740,000	$ 3,534,638	$ 6,274,638

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Cash flows from operating activities:			
Net income	$ 546,171	$ 568,961	$ 550,952
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	186,564	186,564	186,565
Changes in assets and liabilities:			
Accounts receivable	18,351	(49,475)	(36,556)
Accounts payable	10,792	1,000	(1,550)
Prepaid and other expenses	(9,426)	0	0

Total adjustments	206,281	138,089	148,459
Net cash provided by operating activities	752,452	707,050	699,411
Cash flows from financing activities:			
Distributions to partners	(683,083)	(764,678)	(703,640)
Net increase (decrease) in cash and cash equivalents	69,369	(57,628)	(4,229)
Cash and cash equivalents, beginning of year	119,038	176,666	180,895
Cash and cash equivalents, end of year	$ 188,407	$ 119,038	$ 176,666

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 two-story manufacturing 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, 2001 and 2000
Assets

	2001	2000
Real estate assets, at cost:		
Land	$ 2,219,251	$ 2,219,251
Building, less accumulated depreciation of $999,301 in 2001 and $713,773 in 2000	6,138,857	6,424,385
Total real estate assets	8,358,108	8,643,636
Cash and cash equivalents	203,750	92,564
Accounts receivable	133,801	126,433
Total assets	$ 8,695,659	$ 8,862,633

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 1,896	$ 3,016
Due to affiliate	8,030	7,586
Partnership distributions payable	201,854	89,549
Total liabilities	211,780	100,151
Partners' capital:		
Wells Operating Partnership, L.P.	6,575,358	6,791,287
Fund X and XI Associates	1,908,521	1,971,195
Total partners' capital	8,483,879	8,762,482
Total liabilities and partners' capital	$ 8,695,659	$ 8,862,633

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Income

for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Revenues:			
Rental income	$ 902,945	$ 902,946	$ 902,946
Interest income	2,713	0	0
Other income	2,015	0	0
	907,673	902,946	902,946
Expenses:			
Depreciation	285,528	285,527	285,526
Management and leasing fees	36,267	36,787	37,355
Operating costs, net of reimbursements	16,585	13,199	16,006
Legal and accounting	6,400	4,300	4,885
	344,780	339,813	343,772
Net income	$ 562,893	$ 563,133	$ 559,174
Net income allocated to Wells Operating Partnership, L.P.	$ 436,265	$ 436,452	$ 433,383
Net income allocated to Fund X and XI Associates	$ 126,628	$ 126,681	$ 125,791

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2001, 2000, and 1999

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
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
Net income	436,265	126,628	562,893
Partnership distributions	(652,194)	(189,302)	(841,496)
Balance, December 31, 2001	$ 6,575,358	$ 1,908,521	$ 8,483,879

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Cash flows from operating activities:			
Net income	$ 562,893	$ 563,133	$ 559,174

Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	285,528	285,527	285,526
Changes in assets and liabilities:			
Accounts receivable	(7,368)	(33,454)	(58,237)
Accounts payable	(1,120)	1,001	(1,550)
Due to affiliate	444	2,007	3,527
Total adjustments	277,484	255,081	229,266
Net cash provided by operating activities	840,377	818,214	788,440
Cash flows from financing activities:			
Distributions to partners	(729,191)	(914,662)	(791,940)
Net increase (decrease) in cash and cash equivalents	111,186	(96,448)	(3,500)
Cash and cash equivalents, beginning of year	92,564	189,012	192,512
Cash and cash equivalents, end of year	$ 203,750	$ 92,564	$ 189,012

Fund XI, XII, and REIT Joint Venture

On May 1, 1999, the Operating Partnership entered into a joint venture with Fund XI and Wells Real Estate Fund XII, L.P. ("Fund XII"). On May 18, 1999, the joint venture purchased a 169,510-square foot, two-story manufacturing and office building, known as EYBL CarTex Building, 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, 2001 and 2000
Assets

	2001	2000
Real estate assets, at cost:		
Land	$ 5,048,797	$ 5,048,797
Building and improvements, less accumulated depreciation of $2,692,116 in 2001 and $1,599,263 in 2000	24,626,336	25,719,189
Total real estate assets	29,675,133	30,767,986
Cash and cash equivalents	775,805	541,089
Accounts receivable	675,022	394,314
Prepaid assets and other expenses	26,486	26,486
Total assets	$ 31,152,446	$ 31,729,875
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable	$ 114,612	$ 114,180
Partnership distributions payable	757,500	453,395
Total liabilities	872,112	567,575
Partners' capital:		
Wells Real Estate Fund XI	7,917,646	8,148,261

Wells Real Estate Fund XII	5,174,703	5,325,424
Wells Operating Partnership, L.P.	17,187,985	17,688,615
Total partners' capital	30,280,334	31,162,300
Total liabilities and partners' capital	$ 31,152,446	$ 31,729,875

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Revenues:			
Rental income	$ 3,346,227	$ 3,345,932	$ 1,443,446
Interest income	24,480	2,814	0
Other income	360	440	57
	3,371,067	3,349,186	1,443,503
Expenses:			
Depreciation	1,092,853	1,092,680	506,582
Management and leasing fees	156,987	157,236	59,230
Operating costs, net of reimbursements	(27,449)	(30,718)	4,639
Property administration	65,765	36,707	15,979
Legal and accounting	18,000	14,725	4,000
	1,306,156	1,270,630	590,430
Net income	$ 2,064,911	$ 2,078,556	$ 853,073
Net income allocated to Wells Real Estate Fund XI	$ 539,930	$ 543,497	$ 240,031
Net income allocated to Wells Real Estate Fund XII	$ 352,878	$ 355,211	$ 124,542
Net income allocated to Wells Operating Partnership, L.P.	$ 1,172,103	$ 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, 2001, 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
Net income	539,930	352,878	1,172,103	2,064,911
Partnership distributions	(770,545)	(503,599)	(1,672,733)	(2,946,877)

Balance, December 31, 2001	$ 7,917,646	$ 5,174,703	$ 17,187,985	$ 30,280,334

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2001, 2000, and 1999

	2001	2000	1999
Cash flows from operating activities:			
Net income	$ 2,064,911	$ 2,078,556	$ 853,073
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,092,853	1,092,680	506,582
Changes in assets and liabilities:			
Accounts receivable	(280,708)	(260,537)	(133,777)
Prepaid expenses and other assets	0	0	(26,486)
Accounts payable	432	1,723	112,457
Total adjustments	812,577	833,866	458,776
Net cash provided by operating activities	2,877,488	2,912,422	1,311,849
Cash flows from financing activities:			
Distributions to joint venture partners	(2,642,772)	(3,137,611)	(545,571)
Net increase (decrease) in cash and cash equivalents	234,716	(225,189)	766,278
Cash and cash equivalents, beginning of year	541,089	766,278	0
Cash and cash equivalents, end of year	$ 775,805	$ 541,089	$ 766,278
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 0	$ 1,294,686
Contribution of real estate assets to joint venture	$ 0	$ 0	$ 31,072,562

Fund XII and REIT Joint Venture

On May 10, 2000, the Operating Partnership entered into a joint venture with 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. On May 15, 2001, the joint venture purchased a 201,237-square foot, three-story office building known as the Comdata Building located in Brentwood, Williamson County, Tennessee.

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

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 2001 and 2000

Assets

	2001	2000
Real estate assets, at cost:		
Land	$ 8,899,574	$ 4,420,405
Building and improvements, less accumulated depreciation of $ 2,131,838 in 2001 and $324,732 in 2000	45,814,781	26,004,918
Total real estate assets	54,714,355	30,425,323
Cash and cash equivalents	1,345,562	207,475
Accounts receivable	442,023	130,490
Total assets	$ 56,501,940	$ 30,763,288

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 134,969	$ 0
Partnership distributions payable	1,238,205	208,261
Total liabilities	1,373,174	208,261
Partners' capital:		
Wells Real Estate Fund XII	24,828,894	16,242,127
Wells Operating Partnership, L.P.	30,299,872	14,312,900
Total partners' capital	55,128,766	30,555,027
Total liabilities and partners' capital	$ 56,501,940	$ 30,763,288

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Year Ended December 31, 2001 and
the Period From May 10, 2000 (Inception) Through
December 31, 2000

	2001	2000
Revenues:		
Rental income	$4,683,323	$974,796
Interest income	25,144	2,069
	4,708,467	976,865
Expenses:		
Depreciation	1,807,106	324,732
Management and leasing fees	224,033	32,756
Partnership administration	38,928	3,917
Legal and accounting	16,425	0
Operating costs, net of reimbursements	10,453	1,210
	2,096,945	362,615
Net income	$2,611,522	$614,250
Net income allocated to Wells Real Estate Fund XII	$1,224,645	$309,190
Net income allocated to Wells Operating Partnership, L.P.	$1,386,877	$305,060

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Year Ended December 31, 2001 and
the Period From May 10, 2000 (Inception) Through
December 31, 2000

	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, May 10, 2000 (inception)	$ 0	$ 0	$ 0
Net income	309,190	305,060	614,250
Partnership contributions	16,340,884	14,409,171	30,750,055
Partnership distributions	(407,948)	(401,330)	(809,278)
Balance, December 31, 2000	16,242,126	14,312,901	30,555,027
Net income	1,224,645	1,386,877	2,611,522
Partnership contributions	9,298,084	16,795,441	26,093,525
Partnership distributions	(1,935,961)	(2,195,347)	(4,131,308)
Balance, December 31, 2001	$ 24,828,894	$ 30,299,872	$ 55,128,766

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Year Ended December 31, 2001 and
the Period From May 10, 2000 (Inception) Through
December 31, 2000

	2001	2000
Cash flows from operating activities:		
Net income	$ 2,611,522	$ 614,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,807,106	324,732
Changes in assets and liabilities:		
Accounts receivable	(311,533)	(130,490)
Accounts payable	134,969	0
Total adjustments	1,630,542	194,242
Net cash provided by operating activities	4,242,064	808,492
Cash flows from investing activities:		
Investment in real estate	(26,096,138)	(29,520,043)
Cash flows from financing activities:		
Distributions to joint venture partners	(3,101,364)	(601,017)
Contributions received from partners	26,093,525	29,520,043
Net cash provided by financing activities	22,992,161	28,919,026
Net increase in cash and cash equivalents	1,138,087	207,475
Cash and cash equivalents, beginning of period	207,475	0
Cash and cash equivalents, end of year	$ 1,345,562	$ 207,475
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 1,230,012

Fund XIII and REIT Joint Venture

On June 27, 2001, Wells Real Estate Fund XIII, L.P. ("Fund XIII") entered into a joint venture with the Operating Partnership to form the Fund XIII and REIT Joint Venture. On July 16, 2001, the Fund XIII and REIT Joint Venture purchased

an 85,000-square foot, two-story office building known as the AmeriCredit Building in Clay County, Florida. On December 21, 2001, the Fund XIII and REIT Joint Venture purchased two connected one-story office and assembly buildings consisting of 148,200 square feet known as the ADIC Buildings in Douglas County, Colorado.

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

The Fund XIII and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 2001

Assets

Real estate assets, at cost:	
Land	$ 3,724,819
Building and improvements, less accumulated depreciation of $266,605 in 2001	22,783,948
Total real estate assets	26,508,767
Cash and cash equivalents	460,380
Accounts receivable	71,236
Prepaid assets and other expenses	773
Total assets	$ 27,041,156

Liabilities and Partners' Capital

Liabilities:	
Accounts payable	$ 145,331
Partnership distributions payable	315,049
Total liabilities	460,380
Partners' capital:	
Wells Real Estate Fund XIII	8,453,438
Wells Operating Partnership, L.P.	18,127,338
Total partners' capital	26,580,776
Total liabilities and partners' capital	$ 27,041,156

The Fund XIII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Period From June 27, 2001 (Inception) Through
December 31, 2001

Revenues:	
Rental income	$ 706,373
Expenses:	
Depreciation	266,605
Management and leasing fees	26,954
Operating costs, net of reimbursements	53,659
Legal and accounting	2,800
	350,018
Net income	$ 356,355
Net income allocated to Wells Real Estate Fund XIII	$ 58,610
Net income allocated to Wells Operating Partnership, L.P.	$ 297,745

(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From June 27, 2001 (Inception) Through
December 31, 2001

	Wells Real Estate Fund XIII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, June 27, 2001 (inception)	$ 0	$ 0	$ 0
Net income	58,610	297,745	356,355
Partnership contributions	8,491,069	18,285,076	26,776,145
Partnership distributions	(96,241)	(455,483)	(551,724)
Balance, December 31, 2001	$8,453,438	$18,127,338	$26,580,776

The Fund XIII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Period From June 27, 2001 (Inception) Through
December 31, 2001

Cash flows from operating activities:	
Net income	$ 356,355
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	266,605
Changes in assets and liabilities:	
Accounts receivable	(71,236)
Prepaid expenses and other assets	(773)
Accounts payable	145,331
Total adjustments	339,927
Net cash provided by operating activities	696,282
Cash flows from investing activities:	
Investment in real estate	(25,779,337)
Cash flows from financing activities:	
Contributions from joint venture partners	25,780,110
Distributions to joint venture partners	(236,675)
Net cash provided by financing activities	25,543,435
Net increase in cash and cash equivalents	460,380
Cash and cash equivalents, beginning of period	0
Cash and cash equivalents, end of year	$ 460,380
Supplemental disclosure of noncash activities:	
Deferred project costs contributed to Joint Venture	$ 996,035

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the years ended December 31, 2001 and 2000 are calculated as follows:

	2001	2000
Financial statement net income	$ 21,723,967	$ 8,552,967
Increase (decrease) in net income resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	7,347,459	3,511,353
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(2,735,237)	(1,822,220)
Expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	25,658	37,675
Income tax basis net income	$ 26,361,847	$ 10,279,775

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The Operating Partnership's income tax basis partners' capital at December 31, 2001 and 2000 is computed as follows:

	2001	2000
Financial statement partners' capital	$710,285,758	$265,341,612
Increase (decrease) in partners' capital resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	11,891,061	4,543,602
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	(5,382,483)	(2,647,246)
Accumulated expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	114,873	89,215
Dividends payable	1,059,026	1,025,010
Other	(222,378)	(222,378)
Income tax basis partners' capital	$730,642,169	$281,026,127

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, 2001 is as follows:

Year ended December 31:	
2002	$ 69,364,229
2003	70,380,691
2004	71,184,787
2005	70,715,556
2006	71,008,821
Thereafter	270,840,299
	$ 623,494,383

One tenant contributed 10% of rental income for the year ended December 31, 2001. In addition, one tenant will contribute 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, 2001 is as follows:

Year ended December 31:	
2002	$ 1,287,119
2003	1,287,119
2004	107,260
2005	0
2006	0
Thereafter	0
	$ 2,681,498

One tenant contributed 100% of rental income for the year ended December 31, 2001. 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, 2001 is as follows:

Year ended December 31:	
2002	$ 3,648,769
2003	3,617,432
2004	3,498,472
2005	2,482,815
2006	2,383,190
Thereafter	3,053,321
	$ 18,683,999

Four tenants contributed 26%, 23%, 13%, and 13% of rental income for the year ended December 31, 2001. In addition, four tenants will contribute 38%, 21%, 20%, and 17% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancelable operating leases at December 31, 2001 is as follows:

Year ended December 31:	
2002	$ 834,888
2003	695,740
	$ 1,530,628

One tenant contributed 100% of rental income for the year ended December 31, 2001 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, 2001 is as follows:

Year ended December 31:	
2002	$ 922,444
2003	950,118
2004	894,832
	$ 2,767,394

One tenant contributed 100% of rental income for the year ended December 31, 2001 and will contribute 100% of future minimum rental income.

The future minimum rental income due from Fund XI, XII, and REIT Joint Venture under noncancelable operating leases at December 31, 2001 is as follows:

Year ended December 31:	
2002	$ 3,277,512
2003	3,367,510
2004	3,445,193
2005	3,495,155
2006	3,552,724
Thereafter	2,616,855
	$ 19,754,949

Four tenants contributed approximately 30%, 28%, 24%, and 18% of rental income for the year ended December 31, 2001. In addition, four tenants will contribute approximately 30%, 27%, 25%, and 18% of future minimum rental income.

The future minimum rental income due from Fund XII and REIT Joint Venture under noncancelable operating leases at December 31, 2001 is as follows:

Year ended December 31:	
2002	$ 5,352,097
2003	5,399,451
2004	5,483,564
2005	5,515,926
2006	5,548,289
Thereafter	34,677,467
	$ 61,976,794

Three tenants contributed approximately 31%, 29%, and 27% of rental income for the year ended December 31, 2001. In addition, three tenants will contribute approximately 58%, 21%, and 18% of future minimum rental income.

The future minimum rental income due Fund XIII and REIT Joint Venture under noncancelable operating leases at December 31, 2001 is as follows:

Year ended December 31:	
2002	$ 2,545,038
2003	2,602,641
2004	2,661,228
2005	2,721,105
2006	2,782,957
Thereafter	13,915,835
	$ 27,228,804

One tenant contributed approximately 95% of rental income for the year ended December 31, 2001. In addition, two tenants will contribute approximately 51% and 49% of future minimum rental income.

8. INVESTMENT IN BONDS AND OBLIGATION UNDER CAPITAL LEASE

On September 27, 2001, the Operating Partnership acquired a ground leasehold interest in the Ingram Micro Distribution Facility pursuant to a Bond Real Property Lease dated December 20, 1995 (the "Bond Lease"). The ground leasehold interest under the Bond Lease, along with the Bond and Bond Deed of Trust described below, were purchased from Ingram Micro, L.P. ("Ingram") in a sale lease-back transaction for a purchase price of $21,050,000. The Bond Lease expires on December 31, 2026. At closing, the Operating Partnership also entered into a new lease with Ingram pursuant to which Ingram agreed to lease the entire Ingram Micro Distribution Facility for a lease term of 10 years with two successive 10-year renewal options.

In connection with the original development of the Ingram Micro Distribution Facility, the Industrial Development Board of the City of Milington, Tennessee (the "Industrial Development Board") issued an Industrial Development Revenue Note dated December 20, 1995 in the principal amount of $22,000,000 (the "Bond") to Lease Plan North America, Inc. (the "Original Bond Holder"). The proceeds from the issuance of the Bond were utilized to finance the construction of the Ingram Micro Distribution Facility. The Bond is secured by a Fee Construction Mortgage Deed of Trust Assignment of Rents and Leases also dated December 20, 1995 (the "Bond Deed of Trust") executed by the Industrial Development Board for the benefit of the Original Bond Holder. Beginning in 2006, the holder of the Bond Lease has the option to purchase the land underlying the Ingram Micro Distribution Facility for $100.00 plus satisfaction of the indebtedness evidenced by the Bond which, as set forth below, was acquired and is currently held by the Operating Partnership.

On December 20, 2000, Ingram purchased the Bond and the Bond Deed of Trust from the Original Bond Holder. On September 27, 2001, along with purchasing the Ingram Micro Distribution Facility through its acquisition of the ground leasehold interest under the Bond Lease, the Operating Partnership also acquired the Bond and the Bond

Deed of Trust from Ingram. Because the Operating Partnership is technically subject to the obligation to pay the $22,000,000 indebtedness evidenced by the Bond, the obligation to pay the Bond is carried on the Company's books as a liability; however, since Operating Partnership is also the owner of the Bond, the Bond is also carried on the Company's books as an asset.

9. NOTES PAYABLE

As of December 31, 2001, the Operating Partnership's notes payable included the following:

Note payable to Bank of America, interest at 5.9%, interest payable monthly, due July 30, 2003, collateralized by the Nissan property	$ 468,844
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 Motorola Tempe Building, the Avnet Building, the Matsushita Building, and the PwC Building	7,655,600
Total	$ 8,124,444

The contractual maturities of the Operating Partnership's notes payable are as follows as of December 31, 2001:

2002	$7,655,600
2003	468,844
Total	$8,124,444

10. COMMITMENTS AND CONTINGENCIES

Take Out Purchase and Escrow Agreement

An affiliate of the Advisor ("Wells Exchange") has developed a program (the "Wells Section 1031 Program") involving the acquisition by Wells Exchange of income-producing commercial properties and the formation of a series of single member limited liability companies for the purpose of facilitating the resale of co-tenancy interests in such 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 Code. Each of these properties will be financed by a combination of permanent first mortgage financing and interim loan financing obtained from institutional lenders.

Following the acquisition of each property, Wells Exchange will attempt to sell co-tenancy interests to 1031 Participants, the proceeds of which will be used to pay off the interim financing. In consideration for the payment of a take out fee to the Company, and following

approval of the potential property acquisition by the Company's board of directors, it is anticipated that 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 interest in that particular property to 1031 Participants, the Operating Partnership will purchase, at Wells Exchange's cost, any co-tenancy interests remaining unsold at the end of the offering period.

As a part of the initial transaction in the Wells Section 1031 Program, and in consideration for the payment of a take out fee in the amount of $137,500 to the Company, Wells OP entered into a take out purchase and escrow agreement dated April 16, 2001 providing that, among other things, Wells OP is obligated to acquire, at Wells Exchange's cost ($839,694 in cash plus $832,060 of assumed debt for each 7.63358% interest of co-tenancy interest unsold), any co-tenancy interest in the building known as the Ford Motor Credit Complex which remains unsold at the expiration of the offering of Wells Exchange, which has been extended to April 15, 2002, which is also the maturity date of the interim loan relating to such property. The Ford Motor Credit Complex consists of two connecting office buildings containing 167,438 rentable square feet located in Colorado Springs, Colorado, currently under a triple-net lease with Ford Motor Credit Company, a wholly owned subsidiary of Ford Motor Company.

The obligations of Wells OP under the take out purchase and escrow agreement are secured by reserving against a portion of Wells OP's existing line of credit with Bank of America, N.A. (the "Interim Lender"). If, for any reason, Wells OP fails to acquire any of the co-tenancy interest in the Ford Motor Credit Complex which remains unsold as of April 15, 2002, or there is otherwise an uncured default under the interim loan or the line of credit documents, the Interim Lender is authorized to draw down Wells OP's line of credit in the amount necessary to pay the outstanding balance of the interim loan in full, in which event the appropriate amount of co-tenancy interest in the Ford Motor Credit Complex would be deeded to Wells OP. Wells OP's maximum economic exposure in the transaction is $21,900,000, in which event Wells OP would acquire the Ford Motor Credit Complex for $11,000,000 in cash plus assumption of the first mortgage financing in the amount of $10,900,000. If some, but not all, of the co-tenancy interests are sold, Wells OP's exposure would be less, and it would own an interest in the property in co-tenancy with the 1031 Participants who had previously acquired co-tenancy interests in the Ford Motor Credit Complex from Wells Exchange.

Development of the Nissan Property

The Operating Partnership has entered into an agreement with an independent third-party general contractor for the purpose of designing and constructing a three-story office building containing 268,290 rentable square feet on the Nissan Property. The construction agreement provides that the Operating Partnership will pay the contractor a maximum of $25,326,017 for the design and construction of the building. Construction commenced on January 25, 2002 and is scheduled to be completed within 20 months.

General

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.

11. 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 Statement of Financial Accounting Standards ("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 2001 and 2000 is as follows:

	Number	Exercise Price
Outstanding at December 31, 1999	17,500	$12
Granted	7,000	12
Outstanding at December 31, 2000	24,500	12
Granted	7,000	12
Outstanding at December 31, 2001	31,500	12
Outstanding options exercisable as of December 31, 2001	10,500	12

For SFAS No. 123 purposes, the fair value of each stock option for 2001 and 2000 has been estimated as of the date of the grant using the minimum value method. The weighted average risk-free interest rates assumed for 2001 and 2000 were 5.05% and 6.45%, respectively. Dividend yields of 7.8% and 7.3% were assumed for 2001 and 2000, respectively. The expected life of an option was assumed to be six years and four years for 2001 and 2000, respectively. Based on these assumptions, the fair value of the options granted during 2001 and 2000 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, less shares already redeemed, and a limitation in the amount of 3% of the average common shares outstanding during the preceding year. During

2001 and 2000, the Company repurchased 413,743 and 141,297 of its own common shares at an aggregate cost of $4,137,427 and $1,412,969, respectively. These transactions were funded with cash on hand and did not exceed either of the foregoing limitations.

12. QUARTERLY RESULTS (UNAUDITED)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2001 and 2000:

	2001 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$10,669,713	$10,891,240	$ 12,507,904	$ 15,239,945
Net income	3,275,345	5,038,898	6,109,137	7,300,587
Basic and diluted earnings per share (a)	$ 0.10	$ 0.12	$ 0.11	$ 0.10
Dividends per share (a)	0.19	0.19	0.19	0.19

(a) The totals of the four quarterly amounts for the year ended December 31, 2001 do not equal the totals for the year. This difference results from rounding differences between quarters.

	2000 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 3,710,409	$ 5,537,618	$ 6,586,611	$ 7,538,568
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

13. SUBSEQUENT EVENT

On January 11, 2002, the Operating Partnership purchased a three-story office building on a 9.8-acre tract of land located in Sarasota County, Florida known as the Arthur Andersen Building, from an unaffiliated third party for $21,400,000. The Operating Partnership incurred additional related acquisition expenses, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $30,000.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARY

(A Georgia Public Limited Partnership)

SCHEDULE III--REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2001

	Initial Cost	
		Costs of

Description	Ownership Percentage	Encumbrances	Land	Buildings and Improvements	Capitalized Improvements
ALSTOM POWER--KNOXVILLE PROPERTY (a)	4%	None	$ 582,897	744,164	$ 6,744,547
AVAYA BUILDING	4	None	1,002,723	4,386,374	242,241
360 INTERLOCKEN (c)	4	None	1,570,000	6,733,500	437,266
IOMEGA PROPERTY(d)	4	None	597,000	4,674,624	876,459
OHMEDA PROPERTY (e)	4	None	2,613,600	7,762,481	528,415
FAIRCHILD PROPERTY (f)	78	None	2,130,480	6,852,630	374,300
ORANGE COUNTY PROPERTY (g)	44	None	2,100,000	4,463,700	287,916
PRICEWATER-HOUSECOOPERS PROPERTY (h)	100	None	1,460,000	19,839,071	825,560
EYBL CARTEX PROPERTY (i)	57	None	330,000	4,791,828	213,411
SPRINT BUILDING (j)	57	None	1,696,000	7,850,726	397,783
JOHNSON MATTHEY (k)	57	None	1,925,000	6,131,392	335,685
GARTNER PROPERTY (l)	57	None	895,844	7,451,760	347,820
AT&T--PA PROPERTY (m)	100	None	662,000	11,836,368	265,740

	Gross Amount at Which Carried at December 31, 2001							
Description	Land	Buildings and Improvements	Construction in Progress	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed (dd)
ALSTOM POWER--KNOXVILLE PROPERTY (a)	$ 607,930	$ 7,463,678	$ 0	$ 8,071,608	$ 1,844,482	1997	12/10/96	20 to 25 years
AVAYA BUILDING	1,051,138	4,580,200	0	5,631,338	656,495	1998	6/24/98	20 to 25 years
360 INTERLOCKEN (c)	1,650,070	7,090,696	0	8,740,766	1,098,339	1996	3/20/98	20 to 25 years
IOMEGA PROPERTY(d)	641,988	5,506,095	0	6,148,083	742,404	1998	7/01/98	20 to 25 years
OHMEDA PROPERTY (e)	2,746,894	8,157,602	0	10,904,496	1,278,024	1998	2/13/98	20 to 25 years
FAIRCHILD PROPERTY (f)	2,219,251	7,138,159	0	9,357,410	999,301	1998	7/21/98	20 to 25 years
ORANGE COUNTY PROPERTY (g)	2,187,501	4,664,115	0	6,851,616	651,780	1988	7/31/98	20 to 25 years
PRICEWATER-HOUSECOOPERS PROPERTY (h)	1,520,834	20,603,797	0	22,124,631	2,469,792	1998	12/31/98	20 to 25 years
EYBL CARTEX PROPERTY (i)	343,750	4,991,489	0	5,335,239	532,416	1998	5/18/99	20 to 25 years
SPRINT BUILDING (j)	1,766,667	8,177,842	0	9,944,509	817,785	1998	7/2/99	20 to 25 years
JOHNSON MATTHEY (k)	2,005,209	6,386,868	0	8,392,077	617,438	1973	8/17/99	20 to 25 years
GARTNER PROPERTY (l)	933,171	7,762,253	0	8,695,424	724,477	1998	9/20/99	20 to 25 years
AT&T--PA PROPERTY (m)	689,583	12,074,525	0	12,764,108	1,408,686	1998	2/4/99	20 to 25 years

			Initial Cost			Gross Amount at Which Carried at December 31, 2001			
Description	Ownership Percentage	Encumbrances	Land	Buildings and Improvements	Costs of Capitalized Improvements	Land	Buildings and Improvements	Construction in Progress	Total
MARCONI PROPERTY (n)	100	None	5,000,000	28,161,665	1,381,747	5,208,335	29,335,077	0	34,543,412
CINEMARK									

PROPERTY (O)	100	None	1,456,000	20,376,881	908,217	1,516,667	21,224,431	0	22,741,098
MATSUSHITA PROPERTY (p)	100	None	4,577,485	0	13,860,142	4,768,215	13,773,660	0	18,541,875
ALSTOM POWER--RICHMOND PROPERTY(q)	100	None	948,401	0	9,938,308	987,918	9,923,454	0	10,911,372
METRIS--OK PROPERTY (r)	100	None	1,150,000	11,569,583	541,489	1,197,917	12,063,155	0	13,261,072
DIAL PROPERTY (s)	100	None	3,500,000	10,785,309	601,264	3,645,835	11,240,738	83,125	14,969,698
ASML PROPERTY (t)	100	None	0	17,392,633	731,685	0	18,124,318	0	18,124,318
MOTOROLA--AZ PROPERTY (u)	100	None	0	16,036,219	669,639	0	16,705,858	0	16,705,858
AVNET PROPERTY (v)	100	None	0	13,271,502	551,156	0	13,822,658	0	13,822,658
DELPHI PROPERTY (w)	100	None	2,160,000	16,775,971	1,676,956	2,250,008	18,469,408	14,877	20,734,293
SIEMENS PROPERTY (x)	47	None	2,143,588	12,048,902	591,358	2,232,905	12,550,943	43,757	14,827,605
QUEST PROPERTY (y)	16	None	2,220,993	5,545,498	51,285	2,220,993	5,602,160	0	7,823,153
MOTOROLA--NJ PROPERTY (z)	100	None	9,652,500	20,495,243	0	10,054,720	25,540,919	392,104	35,987,743
METRIS--MN PROPERTY (aa)	100	None	7,700,000	45,151,969	2,181	8,020,859	47,042,309	0	55,063,168
STONE & WEBSTER PROPERTY (bb)	100	None	7,100,000	37,914,954	0	7,395,857	39,498,469	0	46,894,326
AT&T--OK PROPERTY (cc)	47	None	2,100,000	13,227,555	638,651	2,187,500	13,785,631	0	15,973,131
COMDATA PROPERTY	64	None	4,300,000	20,650,000	572,944	4,479,168	21,566,287	0	26,045,455
AMERICREDIT PROPERTY	87	None	1,610,000	10,890,000	563,257	1,677,084	11,386,174	0	13,063,258
STATE STREET PROPERTY	100	None	10,600,000	38,962,988	4,344,837	11,041,670	40,666,305	2,201,913	53,909,888
IKON PROPERTY	100	None	2,735,000	17,915,000	985,856	2,847,300	18,792,672	0	21,639,972
NISSAN PROPERTY	100	$8,124,444	5,545,700	0	21,353	5,567,053	0	2,653,777	8,220,830

Description	Accumulated Depreciation	Date of Consturction	Date Acquired	Life on Which Depreciation is Computed (dd)
MARCONI PROPERTY (n)	2,737,941	1991	9/10/99	20 to 25 years
CINEMARK PROPERTY (O)	1,768,692	1999	12/21/99	20 to 25 years
MATSUSHITA PROPERTY (p)	2,032,803	1999	3/15/99	20 to 25 years
ALSTOM POWER--RICHMOND PROPERTY(q)	921,980	1999	7/22/99	20 to 25 years
METRIS--OK PROPERTY (r)	881,413	2000	2/11/00	20 to 25 years
DIAL PROPERTY (s)	821,315	1997	3/29/00	20 to 25 years
ASML PROPERTY (t)	1,314,573	1995	3/29/00	20 to 25 years
MOTOROLA--AZ PROPERTY (u)	1,218,400	1998	3/29/00	20 to 25 years
AVNET PROPERTY (v)	868,060	2000	6/12/00	20 to 25 years
DELPHI PROPERTY (w)	1,286,705	2000	6/29/00	20 to 25 years
SIEMENS PROPERTY (x)	959,465	2000	5/10/00	20 to 25 years
QUEST PROPERTY (y)	649,436	1997	9/10/97	20 to 25 years
MOTOROLA--NJ PROPERTY (z)	1,541,768	2000	11/1/00	20 to 25 years
METRIS--MN PROPERTY (aa)	2,000,737	2000	12/21/00	20 to 25 years
STONE & WEBSTER PROPERTY (bb)	1,679,981	1994	12/21/00	20 to 25 years
AT&T--OK				

PROPERTY (cc)	597,317	1999	12/28/00	20 to 25 years
COMDATA PROPERTY	575,056	1986	5/15/2001	20 to 25 years
AMERICREDIT PROPERTY	227,724	2001	7/16/2001	20 to 25 years
STATE STREET PROPERTY	807,903	1998	7/30/2001	20 to 25 years
IKON PROPERTY	250,689	2000	9/7/2001	20 to 25 years
NISSAN PROPERTY	0	2002	9/19/2001	20 to 25 years

Description	Ownership Partnership	Encumbrances	Land	Buildings and Improvements	Costs of Capitalized Improvements	Land
INGRAM MICRO PROPERTY	100	$22,000,000	333,049	20,666,951	922,657	333,049
LUCENT PROPERTY	100	None	7,000,000	10,650,000	1,106,240	7,275,830
CONVERGYS PROPERTY	100	None	3,500,000	9,755,000	791,672	3,642,442
ADIC PROPERTY	51	None	1,954,213	11,000,000	757,902	2,047,735
WINDY POINT I PROPERTY	100	None	4,360,000	29,298,642	1,440,568	4,536,862
WINDY POINT II PROPERTY	100	None	3,600,000	52,016,358	2,385,402	3,746,033
Total		$30,124,444	$112,812,473	$584,077,441	$57,913,909	$117,245,941

	Buildings and Improvements	Construction in Progress	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed (dd)
INGRAM MICRO PROPERTY	21,590,010	0	21,923,059	292,307	1997	9/27/2001	20 to 25 years
LUCENT PROPERTY	11,484,562	0	18,760,392	153,093	2000	9/28/2001	20 to 25 years
CONVERGYS PROPERTY	10,404,230	0	14,046,672	34,681	2001	12/21/2001	20 to 25 years
ADIC PROPERTY	11,664,380	0	13,712,115	38,881	2001	12/21/2001	20 to 25 years
WINDY POINT I PROPERTY	30,562,349	0	35,099,211	101,875	1999	12/31/2001	20 to 25 years
WINDY POINT II PROPERTY	54,255,727	0	58,001,760	180,852	2001	12/31/2001	20 to 25 years
Total	$645,673,203	$5,389,553	$768,308,697	$37,785,066			

(a) The Alstom Power Knoxville Property consists of a three-story office building located in Knoxville, Tennessee. It is owned by Fund IX-X-XI-REIT Joint Venture.

(b) The Avaya Building consists of a one-story office building located in Oklahoma City, Oklahoma. It is owned by Fund IX-X-XI-REIT Joint Venture.

(c) The 360 Interlocken Property consists of a three-story multi-tenant office building located in Broomfield, Colorado. It is owned by Fund IX-X-XI-REIT Joint Venture.

(d) The Iomega Property consists of a one-story warehouse and office building located in Ogden, Utah. It is owned by Fund IX-X-XI-REIT Joint Venture.

(e) The Ohmeda Property consists of a two-story office building located in Louisville, Colorado. It is owned by Fund IX-X-XI-REIT Joint Venture.

(f) The Fairchild Property consists of a two-story warehouse and office building located in Fremont, California. It is owned by Wells/Freemont Associates.

(g) The Orange County Property consists of a one-story warehouse and office building located in Fountain Valley, California. It is

owned by Wells/Orange County Associates.

(h) The PriceWaterhouseCoopers Property consists of a four-story office building located in Tampa, Florida. It is 100% owned by the Company.

(i) The EYBL CarTex Property consists of a one-story manufacturing and office building located in Fountain Inn, South Carolina. It is owned by Fund XI-XII-REIT Joint Venture.

(j) The Sprint Building consists of a three-story office building located in Leawood, Kansas. It is owned by Fund XI-XII-REIT Joint Venture.

(k) The Johnson Matthey Property consists of a one-story research and development office and warehouse building located in Chester County, Pennsylvania. It is owned by Fund XI-XII-REIT Joint Venture.

(l) The Gartner Property consists of a two-story office building located in Ft. Myers, Florida. It is owned by Fund XI-XII-REIT Joint Venture

(m) The AT&T--PA Property consists of a four-story office building located in Harrisburg, Pennsylvania. It is 100% owned by the Company.

(n) The Marconi Property consists of a two-story office building located in Wood Dale, Illinois. It is 100% owned by the Company.

(o) The Cinemark Property consists of a five-story office building located in Plano, Texas. It is 100% owned by the Company.

(p) The Matsushita Property consists of a two-story office building located in Lake Forest, California. It is 100% owned by the Company.

(q) The Alstom Property consists of a four-story office building located in Midlothian, Chesterfield County, Virginia. It is 100% owned by the Company.

(r) The Metris--OK Property consists of a three-story office building located in Tulsa, Oklahoma. It is 100% owned by the Company.

(s) The Dial Property consists of a two-story office building located in Scottsdale, Arizona. It is 100% owned by the Company.

(t) The ASML Property consists of a two-story office building located in Tempe, Arizona. It is 100% owned by the Company.

(u) The Motorola--AZ Property consists of a two-story office building located in Tempe, Arizona. It is 100% owned by the Company.

(v) The Avnet Property consists of a two-story office building located in Tempe, Arizona. It is 100% owned by the Company.

(w) The Delphi Property consists of a three-story office building located in Troy, Michigan. It is 100% owned by the Company.

(x) The Siemens Property consists of a three-story office building located in Troy, Michigan. It is owned by Fund XII-REIT Joint Venture.

(y) The Quest Property consists of a two-story office building located in Orange County, California. It is owned by Fund VIII-IX-REIT Joint Venture.

(z) The Motorola--NJ Property consists of a three-story office building located in South Plainfield, New Jersey. It is 100% owned by the Company.

(aa) The Metris--MN Property consists of a nine-story office building located in Minnetonka, Minnesota. It is 100% owned by the Company.

(bb) The Stone & Webster Property consists of a six-story office building located in Houston, Texas. It is 100% owned by the Company.

(cc) The AT&T--OK Property consists of a two-story office building located in Oklahoma City, Oklahoma. It is owned by the Fund XII-REIT Joint Venture.

(dd) Depreciation lives used for buildings are 25 years. Depreciation lives used for land improvements are 20 years.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARY

SCHEDULE III--REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2001

	Cost	Accumulated Depreciation
BALANCE AT DECEMBER 31, 1998	$ 76,201,910	$ 1,487,963
1999 additions	103,916,288	4,243,688
BALANCE AT DECEMBER 31, 1999	180,118,198	5,731,651
2000 additions	293,450,036	11,232,378
BALANCE AT DECEMBER 31, 2000	473,568,234	16,964,029
2001 additions	294,740,403	20,821,037
BALANCE AT DECEMBER 31, 2001	$ 768,308,697	$ 37,785,066

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.") Except for the Wells REIT, all of the Wells Public Programs, have used 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 the "Prior Performance Summary" section of this prospectus.

Investors in the Wells REIT will not own any interest in the 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. 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, 1998. 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, 2001.

	Wells Real Estate Fund XI, L.P.	Wells Real Estate Fund XII, L.P.	Wells Real Estate Investment Trust, Inc.
Dollar Amount Raised	$ 16,532,802/(3)/	$ 35,611,192/(4)/	$ 307,411,112/(5)/
Percentage Amount Raised	100%/(3)/	100%/(4)/	100%/(5)/
Less Offering Expenses			
Underwriting Fees	9.5%	9.5%	9.5%
Organizational Expenses	3.0%	3.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%
Percent Available for Investment	87.5%	87.5%	87.5%
Acquisition and Development Costs			
Prepaid Items and Fees related to Purchase of Property	0.0%	0.0	0.5%
Cash Down Payment	84.0%	84.0%	73.8%
Acquisition Fees/(2)/	3.5%	3.5%	3.5%
Development and Construction Costs	0.0%	0.0	9.7%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	87.5%	87.5%	87.5%
Percent Leveraged	0.0%	0.0%	30.9%
Date Offering Began	12/31/97	03/22/99	01/30/98
Length of Offering	12 mo.	24 mo.	35 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	20 mo.	26 mo.	21 mo.
Number of Investors as of 12/31/01	1,338	1,337	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 XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was $16,532,802.

(4) Total dollar amount registered and available to be offered was $70,000,000. Wells Real Estate Fund XII, L.P. closed its offering on March 21, 2001, and the total dollar amount raised was $35,611,192.

(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, 1998. All figures are as of December 31, 2001.

	Wells Real Estate Fund XI, L.P.	Wells Real Estate Fund XII, L.P.	Wells Real Estate Investment Trust, Inc./(1)/	Other Public Programs/(2)/
Date Offering Commenced	12/31/97	03/22/99	01/30/98	--
Dollar Amount Raised	$ 16,532,802	$ 35,611,192	$307,411,112	$268,370,007
To Sponsor from Proceeds of Offering:				
Underwriting Fees/(3)/	$ 151,911	$ 362,416	$ 3,076,844	$ 1,494,470
Acquisition Fees				
Real Estate Commissions	--	--	--	--
Acquisition and Advisory Fees/(4)/	$ 578,648	$ 1,246,392	$ 10,759,389	$ 12,644,556
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(5)/	$ 3,494,174	$ 3,508,128	$116,037,681	$ 58,169,461
Amount Paid to Sponsor from Operations:				
Property Management Fee/(2)/	$ 90,731	$ 113,238	$ 1,899,140	$ 2,257,424
Partnership Management Fee	--	--	--	--
Reimbursements	$ 164,746	$ 142,990	$ 1,047,449	$ 2,503,609
Leasing Commissions	$ 90,731	$ 113,238	$ 1,899,140	$ 2,257,426
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., Wells Real Estate Fund IX, L.P. and Wells Real Estate Fund X, 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, 2001, the amount of such deferred fees totaled $2,627,841.

(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 $(161,104) in net cash provided by operating activities, $3,308,970 in distributions to limited partners and $346,208 in payments to sponsor for Wells Real Estate Fund XI, L.P.; $167,620 in net cash used by operating activities, $2,971,042 in distributions to limited partners and $369,466 in payments to sponsor for Wells Real Estate Fund XII, L.P.; $53,677,256 in net cash provided by operating activities, $57,514,696 in dividends and $4,845,729 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $956,542 in net cash provided by operating activities, $50,169,329 in distributions to limited partners and $7,018,457 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following five tables set forth operating results of Wells Public Programs the offerings of which have been completed since December 31, 1996. 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 VIII, L.P.

	2001	2000	1999	1998	1997
Gross Revenues/(1)/	$ 1,521,303	$ 1,373,795	$ 1,360,497	$ 1,362,513	$ 1,204,018
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	87,597	85,732	87,301	87,092	95,201
Depreciation and Amortization/(3)/	0	0	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 1,433,706	1,288,063	$ 1,266,946	$ 1,269,171	$ 1,102,567
Taxable Income: Operations	$ 2,000,231	1,707,431	$ 1,672,844	$ 1,683,192	$ 1,213,524
Cash Generated (Used By):					
Operations	(85,637)	(68,968)	(87,298)	(63,946)	7,909
Joint Ventures	2,602,975	2,474,151	2,558,623	2,293,504	1,229,282
	$ 2,517,338	$ 2,405,183	2,471,325	$ 2,229,558	$ 1,237,191
Less Cash Distributions to Investors:					
Operating Cash Flow	2,507,159	2,405,183	2,379,215	2,218,400	1,237,191
Return of Capital	--	--	--	--	183,315
Undistributed Cash Flow from Prior Year Operations	--	82,180	--	--	--
Cash Generated (Deficiency) after Cash Distributions	$ 10,179	$ (82,180)	$ 92,110	$ 11,158	$ (183,315)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions/(5)/	--	--	--	--	--
	$ 10,179	$ (82,180)	$ 92,110	$ 11,158	$ (183,315)
Use of Funds:					
Sales Commissions and Offering Expenses		--	--	--	--
Return of Limited Partner's Investment	--	--	--	--	8,600
Property Acquisitions and Deferred Project Costs		0	0	1,850,859	10,675,811
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 10,179	$ (82,180)	$ 92,110	$ (1,839,701)	$(10,867,726)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	51	84	91	91	73
- Operations Class B Units	(93)	(219)	(247)	(212)	(150)
Capital Gain (Loss)	--	--	--	--	--

Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	98	89	88	89	65
- Operations Class B Units	(190)	(169)	(154)	(131)	(95)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	51	83	87	83	54
- Return of Capital Class A Units	38	7	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	89	87	87	83	47
- Return of Capital Class A Units	--	3	--	--	7
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	77	73	70	69	42
- Return of Capital Class A Units	12	17	17	16	12
- 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 $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; $1,363,174 in equity in earnings of joint ventures and $10,621 from investment of reserve funds in 2000; and $1,519,727 in equity in earnings of joint ventures and $1,576 from investment of reserve funds in 2001. As of December 31, 2001, 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 $841,666 for 1997; $1,157,355 for 1998; $1,209,171 for 1999; $1,173,630 for 2000; and $992,830 for 2001.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $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; $2,294,288 to Class A Limited Partners, $(1,006,225) to Class B Limited Partners and $0 to the General Partners for 2000; and $1,433,706 to Class A Limited Partners, $(0) to Class B Limited Partners and $0 to the General Partners for 2001.

(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, 2001, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $2,295,381.

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

2001	2000	1999	1998	1997

Gross Revenues/(1)/	$ 1,874,290	$ 1,836,768	$ 1,593,734	$ 1,561,456	$ 1,199,300
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	105,816	78,092	90,903	105,251	101,284
Depreciation and Amortization/(3)/	0	0	12,500	6,250	6,250
Net Income GAAP Basis/(4)/	$ 1,768,474	$ 1,758,676	$ 1,490,331	$ 1,449,955	$ 1,091,766
Taxable Income: Operations	$ 2,251,474	$ 2,147,094	$ 1,924,542	$ 1,906,011	$ 1,083,824
Cash Generated (Used By):					
Operations	$ (101,573)	$ (66,145)	$ (94,403)	$ 80,147	$ 501,390
Joint Ventures	2,978,785	2,831,329	2,814,870	2,125,489	527,390
	$ 2,877,212	$ 2,765,184	$ 2,720,467	$ 2,205,636	$ 1,028,780
Less Cash Distributions to Investors:					
Operating Cash Flow	2,877,212	2,707,684	2,720,467	2,188,189	1,028,780
Return of Capital	--	--	15,528	--	41,834
Undistributed Cash Flow From Prior Year Operations	(20,074)	--	17,447	--	1,725
Cash Generated (Deficiency) after Cash Distributions	$ (20,074	$ 57,500	$ (32,975)	$ 17,447	$ (43,559)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	--
	$ (20,074)	$ 57,500	$ (32,975)	$ 17,447	$ (43,559)
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	323,039
Return of Original Limited Partner's Investment	--	--	--	--	100
Property Acquisitions and Deferred Project Costs	--	44,357	190,853	9,455,554	13,427,158
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (20,074)	$ 13,143	$ (223,828)	$(9,438,107)	$ (13,793,856)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	57	93	89	88	53
- Operations Class B Units	(0)	(267)	(272)	(218)	(77)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	94	91	86	85	46
- Operations Class B Units	(195)	(175)	(164)	(123)	(47)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	56	87	88	73	36
- Return of Capital Class A Units	36	--	2	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	92	87	89	73	35
- Return of Capital Class A Units	--	--	1	--	1
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	81	76	77	61	29
- Return of Capital Class A Units	11	11	13	12	7
- 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 $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; and $1,870,378 in equity in earnings of joint ventures and $3,912 from investment of reserve funds in 2001. As of December 31, 2001, 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 $469,126 for 1997; $1,143,407 for 1998; $1,210,939 for 1999; $1,100,915 for 2000; and $1,076,802 for 2001.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $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; $2,858,806 to Class A Limited Partners, $(1,100,130) to Class B Limited Partners and $0 to the

General Partners for 2000; and $1,768,474 to Class A Limited Partners, $(0) to Class B Limited Partners and $0 to the General Partners for 2001.

(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, 2001, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,668,253.

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

	2001	2000	1999	1998	1997
Gross Revenues/(1)/	$ 1,559,026	$ 1,557,518	$ 1,309,281	$ 1,204,597	$ 372,507
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	109,177	81,338	98,213	99,034	88,232
Depreciation and Amortization/(3)/	0	0	18,750	55,234	6,250
Net Income GAAP Basis/(4)/	$ 1,449,849	$ 1,476,180	$ 1,192,318	$ 1,050,329	$ 278,025
Taxable Income: Operations	$ 1,688,775	$ 1,692,792	1,449,771	$ 1,277,016	$ 382,543
Cash Generated (Used By):					
Operations	(100,983)	(59,595)	(99,862)	300,019	200,668
Joint Ventures	2,307,137	2,192,397	2,175,915	886,846	--
	$ 2,206,154	$ 2,132,802	2,076,053	$ 1,186,865	$ 200,668
Less Cash Distributions to Investors:					
Operating Cash Flow	$ 2,206,154	2,103,260	2,067,801	1,186,865	--
Return of Capital	--	--	--	19,510	--
Undistributed Cash Flow From Prior Year Operations	25,647	--	--	200,668	--
Cash Generated (Deficiency) after Cash Distributions	$ (25,647)	$ 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
	$ (25,647)	$ 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	0	81,022	0	17,613,067	5,188,485
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (25,647)	$ (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)					
- Operations Class A Units	99	104	97	85	28
- Operations Class B Units	(188)	(159)	(160)	(123)	(9)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	95	98	92	78	35
- Operations Class B Units	(130)	(107)	(100)	(64)	0
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	96	94	95	66	--
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	96	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	80	74	71	48	--
- Return of Capital Class A Units	16	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; $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; 1,547,664 in equity in earnings of joint ventures and $9,854 from investment of reserve funds in 2000; and $1,549,588 in equity in earnings of joint ventures and $9,438 from investment of reserve funds in 2001. As of December 31, 2001, 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; $816,544 for 2000; and $814,502 for 2001.

(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; $2,292,724 to Class A Limited Partners, $(816,544) to Class B Limited Partners and $0 to the General Partners for 2000; and $2,264,351 to Class A Limited Partners, $(814,502) to Class B Limited Partners and $0 to the General Partners for 2001.

(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, 2001, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,735,882.

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

	2001	2000	1999	1998	1997
Gross Revenues/(1)/	$ 960,676	$ 975,850	$ 766,586	$ 262,729	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	90,326	79,861	111,058	113,184	
Depreciation and Amortization/(3)/	0	--	25,000	6,250	
Net Income GAAP Basis/(4)/	$ 870,350	$ 895,989	$ 630,528	$ 143,295	
Taxable Income: Operations	$ 1,038,394	$ 944,775	$ 704,108	$ 177,692	
Cash Generated (Used By):					
Operations	(128,985)	(72,925)	40,906	(50,858)	
Joint Ventures	1,376,673	1,333,337	705,394	102,662	
	$ 1,247,688	$ 1,260,412	$ 746,300	$ 51,804	
Less Cash Distributions to Investors:					
Operating Cash Flow	1,247,688	1,205,303	746,300	51,804	
Return of Capital	4,809	--	49,761	48,070	
Undistributed Cash Flow From Prior Year Operations	55,109	--	--	--	
Cash Generated (Deficiency) after Cash Distributions	$ (59,918)	$ 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	
	$ (59,918)	$ 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	$ (59,918)	$ 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	101	103	77	50
- Operations Class B Units	(158)	(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	100	97	71	18
- Operations Class B Units	(100)	(112)	(73)	(17)
Capital Gain (Loss)	--	--	--	--
Cash Distributions to Investors:				
Source (on GAAP Basis)				
- Investment Income Class A Units	97	90	60	8
- Return of Capital Class A Units	--	--	--	--
- Return of Capital Class B Units	--	--	--	--
Source (on Cash Basis)				
- Operations Class A Units	97	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	75	69	46	6
- Return of Capital Class A Units	22	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; $967,900 in equity in earnings of joint ventures and $7,950 from investment of reserve funds in 2000; and $959,631 in equity in earnings of joint ventures and $1,045 from investment of reserve funds in 2001. As of December 31, 2001, 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; $485,558 for 2000; and $491,478 for 2001.

(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; $1,381,547 to Class A Limited Partners, $(485,558) to Class B Limited Partners and $0 to General Partners for 2000; and $1,361,828 to Class A Limited Partners, $(491,478) to Class B Limited Partners and $0 to the General Partners for 2001.

(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, 2001, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $791,502.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS

	2001	2000	1999
Gross Revenues/(1)/	$ 1,661,194	$ 929,868	$ 160,379
Profit on Sale of Properties	--	--	--
Less: Operating Expenses/(2)/	105,776	73,640	37,562
Depreciation and Amortization/(3)/	0	0	0
Net Income GAAP Basis/(4)/	$ 1,555,418	$ 856,228	$ 122,817
Taxable Income: Operations	$ 1,850,674	$ 863,490	$ 130,108
Cash Generated (Used By):			
Operations	(83,406)	247,244	3,783
Joint Ventures	2,036,837	737,266	61,485
	$ 1,953,431	$ 984,510	$ 65,268
Less Cash Distributions to Investors:			
Operating Cash Flow	1,953,431	779,818	62,934
Return of Capital	--	--	--
Undistributed Cash Flow From Prior Year Operations	174,859	--	--
Cash Generated (Deficiency) after Cash Distributions	$ (174,859)	$ 204,692	$ 2,334
Special Items (not including sales and financing):			
Source of Funds:			
General Partner Contributions	--	--	--
Increase in Limited Partner Contributions	10,625,431	15,617,575	9,368,186
	$ 10,450,572	$ 15,822,267	$ 9,370,520
Use of Funds:			
Sales Commissions and Offering Expenses	1,328,179	1,952,197	1,171,024
Return of Original Limited Partner's Investment	--	--	100
Property Acquisitions and Deferred Project Costs	9,298,085	16,246,485	5,615,262
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (175,692)	$ (2,376,415)	$ 2,584,134
Net Income and Distributions Data per $1,000 Invested:			
Net Income on GAAP Basis:			
Ordinary Income (Loss)			
- Operations Class A Units	98	89	50
- Operations Class B Units	(131)	(92)	(56)
Capital Gain (Loss)	--	--	--
Tax and Distributions Data per $1,000 Invested:			
Federal Income Tax Results:			
Ordinary Income (Loss)			
- Operations Class A Units	84	58	23
- Operations Class B Units	(74)	(38)	(25)
Capital Gain (Loss)	--	--	--
Cash Distributions to Investors:			
Source (on GAAP Basis)			
- Investment Income Class A Units	77	41	8
- Return of Capital Class A Units	--	--	--
- Return of Capital Class B Units	--	--	--
Source (on Cash Basis)			
- Operations Class A Units	77	41	8
- Return of Capital Class A Units	--	--	--
- Operations Class B Units	--	--	--
Source (on a Priority Distribution Basis)/(5)/			
- Investment Income Class A Units	55	13	6
- Return of Capital Class A Units	22	28	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 $124,542 in equity in earnings of joint ventures and $35,837 from investment of reserve funds in 1999; $664,401 in equity in earnings of joint ventures and $265,467 from investment of reserve funds in 2000; and $1,577,523 in equity in earnings of joint ventures and $83,671 from

investment of reserve funds in 2001. As of December 31, 2001, 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 $72,427 for 1999; $355,210 for 2000; and $1,035,609 for 2001.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $195,244 to Class A Limited Partners, $(71,927) to Class B Limited Partners and $(500) to the General Partners for 1999; $1,209,438 to Class A Limited Partners, $(353,210) to Class B Limited Partners and $0 to General Partners for 2000; and $2,591,027 to Class A Limited Partners, $(1,035,609) to Class B Limited Partners and $0 to the General Partners for 2001.

(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, 2001, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $870,747.

TABLE V (UNAUDITED)
SALES OR DISPOSALS 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, 2001.

Property	Date Acquired	Date Of Sale	Selling Price, Net Of Closing Costs And GAAP Adjustments					Cost Of Properties Including Closing And Soft Costs	
			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	Original/1/ Mortgage Financing	Total Acquisition Cost, Capital Improvement, Closing And Soft Costs/1/	Total
3875 Peachtree Place, Atlanta, Georgia	12/1/85	08/31/00	$ 727,982	-0-	-0-	-0-	$ 727,982/2/	-0-	$ 647,648	$ 647,648
Crowe's Crossing Shopping Center, DeKalb Count, Georgia	12/31/86	01/11/01	$6,487,000	-0-	-0-	-0-	$6,487,000/3/	-0-	$ 9,388,869	$ 9,368,869
Cherokee Commons Shopping Center, Cherokee County, Georgia	10/30/87	10/01/01	$8,434,089	-0-	-0-	-0-	$8,434,089/4/	-0-	$10,650,750	$10,650,750

Property	Excess (Deficiency) Of Property Operating Cash Receipts Over Cash Expenditures

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3875 Peachtree Place, Atlanta, Georgia	
Crowe's Crossing Shopping Center, DeKalb Count, Georgia	
Cherokee Commons Shopping Center, Cherokee County, Georgia	

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1 Amount shown does not include pro rata share of original offering costs.
2 Includes Wells Real Estate Fund I's share of taxable gain from this sale in the amount of $205,019, of which $205,019 is allocated to capital gain and $0 is allocated to ordinary gain.
3 Includes taxable gain from this sale in the amount of $11,496, of which $11,496 is allocated to capital gain and $0 is allocated to ordinary gain.
4 Includes taxable gain from this sale in the amount of $207,613, of which $207,613 is allocated to capital gain and $0 is allocated to ordinary gain.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 8 DATED APRIL 15, 2002 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, Supplement No. 2 dated April 25, 2001, Supplement No. 3 dated July 20, 2001, Supplement No. 4 dated August 10, 2001, Supplement No. 5 dated October 15, 2001, Supplement No. 6 dated January 20, 2002 and Supplement No. 7 dated March 30, 2002. 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) Status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) Acquisition of a six-story office building in Houston, Texas (Transocean Houston Building);

(3) Acquisition of a four-story office building in Duluth, Georgia (Novartis Atlanta Building);

(4) Acquisition of a three-story office and research and development building in Farmington Hills, Michigan and a two-story office and industrial building in Kalamazoo, Michigan (Dana Corporation Buildings;

(5) Acquisition of two connected one-story office buildings in Lakewood, Colorado (Travelers Express Denver Buildings);

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

(7) Audited financial statements relating to the Novartis Atlanta Building and Dana Corporation Buildings; and

(8) Unaudited pro forma financial statements of Wells REIT reflecting the acquisitions of the Transocean Houston Building, Novartis Atlanta Building, Dana Corporation Buildings and Travelers Express Denver Buildings.

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 our 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, 2002, we had received an additional $840,447,424 in gross offering proceeds from the sale of 84,044,742 shares in the third offering. Accordingly, as of April 15, 2002, we had received in

the aggregate approximately $1,147,858,536 in gross offering proceeds from the sale of 114,785,854 shares of our common stock.

The Transocean Houston Building

Purchase of the Transocean Houston Building. On March 15, 2002, Wells Operating Partnership, L.P. (Wells OP), a Delaware limited partnership formed to acquire, own, lease and operate real properties on behalf of the Wells REIT, purchased a six-story office building in Houston, Harris County, Texas (Transocean Houston Building). Wells OP purchased the Transocean Houston Building from Broadfield Associates, L.P., which is not in any way affiliated with the Wells REIT or Wells Capital, Inc. (Wells Capital), our advisor.

The purchase price for the Transocean Houston Building was $22,000,000. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Transocean Houston Building, including attorneys' fees, recording fees, structural report and environmental report fees and other closing costs, of $45,082.

An independent appraisal of the Transocean Houston Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of February 5, 2002, pursuant to which the market value of the real property containing the leased fee interest subject to the leases described below was estimated to be $22,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Transocean Houston Building will continue operating at a stabilized level with 100% occupancy 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 Transocean Houston Building were satisfactory.

Description of the Transocean Houston Building and Site. The Transocean Houston Building, which was completed in 1999, is a six-story office building containing

155,991 rentable square feet located on a 3.88 acre tract of land. The building is constructed using a composite frame with a metal deck and concrete slab at elevated levels and a reinforced concrete foundation. The exterior walls are made of reflective glass with color accent panels. The common area interior walls consists of wall coverings with granite around the elevators and the ceiling consists of gypsum board. In addition, the building has three elevators and approximately 550 paved parking spaces, which include 430 garage spaces and 120 surface spaces.

The Transocean Houston Building is located at 1311 Broadfield Avenue in Houston, Harris County, Texas in the western portion of the city of Houston. The Transocean Houston Building is accessible from Interstate 10 and Highway 6. The city of Houston is one of North America's major international business centers with 65 consulates, 27 foreign chambers of commerce and trade associations and 57 foreign bank offices.

The entire Transocean Houston Building is under net lease agreements (i.e., operating costs and maintenance costs are paid by the tenant) with Transocean Deepwater Offshore Drilling, Inc. (Transocean) which occupies 103,260 rentable square feet (66%), and Newpark Drilling Fluids, Inc. (Newpark) which occupies 52,731 rentable square feet (34%).

The Transocean Lease. The Transocean lease commenced in December 2001 and
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expires in March 2011. The current annual base rent payable under the Transocean lease is $2,110,035. Transocean, at its option, has the right to extend the initial term of its lease for either (1) two additional five-year periods, or (2) one additional ten-year period, at the then-current market rental rate. In addition, Transocean has an expansion option and a right of first refusal for up to an additional 52,731 rentable square feet.

Transocean is an offshore drilling company specializing in technically demanding segments of the offshore drilling industry. The Transocean lease is guaranteed by Transocean Sedco Forex, Inc., one of the world's largest offshore drilling companies whose shares are traded on the NASDAQ. Transocean Sedco Forex, Inc. reported a net worth, as of September 30, 2001, of approximately $10.86 billion.

The base rent payable under the Transocean lease is as follows:

Lease Period	Annual Rent	Monthly Rent
December 2001-August 2003	$2,110,635	$175,836
September 2003-August 2005	$2,161,815	$180,151
September 2005-March 2011	$2,291,265	$190,939

Pursuant to the Transocean lease, Transocean is required to pay its proportionate share of taxes relating to the Transocean Houston Building and its proportionate share of operating costs, including, but not limited to, those associated with water, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Transocean. Wells OP, as the landlord, will be responsible for building maintenance and repairs to the structural elements, the building systems and the roof of the Transocean Houston Building. In addition, Wells OP will be responsible for maintenance and repair of all common areas of the Transocean Houston Building, including landscaping.

The Newpark Lease. The Newpark lease commenced in August 1999 and expires in
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August 2009. The current annual base rent payable under the Newpark lease is

$1,153,227.

Newpark is a full service drilling fluids processing, management and waste disposal company. The Newpark lease is guaranteed by Newpark Resources, Inc., which provides drilling fluids services to the oil and gas production industry, primarily in North America. Newpark Resources, Inc. reported a net worth, as of December 31, 2001, of approximately $294 million.

The base rent payable under the Newpark lease is as follows:

Lease Years	Annual Rent	Monthly Rent
2003	$1,153,227	$96,102
2004	$1,132,135	$94,345
2005	$1,132,662	$94,388
2006	$1,165,355	$97,113
2007-2010	$1,122,116	$93,510

Pursuant to the Newpark lease, Newpark is required to pay its proportionate share of taxes relating to the Transocean Houston Building and its proportionate share of operating costs, including, but not limited to, those associated with water, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Newpark. Wells OP, as the landlord, will be responsible for building maintenance and repairs to all common areas and to the structural elements, the building systems and the roof of the Transocean Houston Building. In addition, Wells OP will be responsible for maintenance and repair of all common areas of the Transocean Houston Building, including landscaping.

The Novartis Atlanta Building

Purchase of the Novartis Atlanta Building. On March 28, 2002, Wells OP purchased a four-story office building located in Duluth, metropolitan Atlanta, Georgia (Novartis Atlanta Building). Wells OP purchased the Novartis Atlanta Building from Technology Park/Atlanta Inc., which is not in any way affiliated with the Wells REIT or Wells Capital, our advisor.

The purchase price for the Novartis Atlanta Building was $15,000,000. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Novartis Atlanta Building, including attorneys' fees, recording fees, structural report and environmental report fees and other closing costs, of $45,996.

An independent appraisal of the Novartis Atlanta Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of March 12, 2002, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $15,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Novartis Atlanta Building will continue operating at a stabilized level with 100% occupancy 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 Novartis Atlanta Building were satisfactory.

Description of the Novartis Atlanta Building and Site. The Novartis Atlanta

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Building, which was completed in 2001, is a four-story office building containing 100,087 rentable square feet located on a 7.57 acre tract of land. The building is constructed using a steel frame with steel beams and steel deck and a reinforced concrete foundation. The exterior walls are made of reflective glass panels with brick and masonry accents. The common area interior walls consist of cloth wall covering and extensive wood trim in the ground floor lobby and textured and painted gypsum board in the upper levels. The ceiling consists of textured and painted gypsum board with suspended acoustic tiles. In addition, the building has two elevators located in the main lobby area and approximately 419 paved parking spaces.

The Novartis Atlanta Building is located at 11695 Johns Creek Parkway in Duluth, metropolitan Atlanta, Georgia in the northeastern portion of Fulton County, approximately 25 miles north of the Atlanta central business district. The Novartis Atlanta Building is five miles east of Georgia Highway 400 and is easily accessible from Peachtree Parkway (Georgia Highway 141). The Atlanta metropolitan area is headquarters for many major companies including Delta Air Lines, BellSouth Corporation, The Home Depot and United Parcel Service.

The Novartis Lease. The entire Novartis Atlanta Building is currently under a
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net lease agreement with Novartis Opthalmics, Inc. (Novartis) that commenced in August 2001 and expires in July 2011. The current annual base rent payable under the Novartis lease is $1,426,240. Novartis, at its option, has the right to extend the initial term of its lease for three additional five-year periods at the then-current market rental rate. In addition, Novartis may terminate the lease at the end of the fifth lease year by paying a $1,500,000 termination fee.

The Novartis lease is guaranteed by Novartis' parent company, Novartis Corporation. Novartis is a global leader in research, development and manufacturing of innovative ophthalmic pharmaceuticals that assist in the treatment of glaucoma, Age-related Macular Degeneration, infections, inflammation, ocular allergies, dry eye and other diseases and disorders of the eye. Novartis Corporation, a public company whose shares are traded on the NYSE, is a world leader in healthcare with core businesses in pharmaceuticals, consumer health, generics, eye-care and animal health. Novartis Corporation reported a

net worth, as of December 31, 2001, of approximately $28.1 billion.

The base rent payable under the Novartis lease is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$1,426,240	$118,853
2	$1,454,765	$121,230
3	$1,483,860	$123,655
4	$1,513,537	$126,128
5	$1,543,808	$128,651
6	$1,574,684	$131,224
7	$1,606,178	$133,848
8	$1,638,301	$136,525
9	$1,671,067	$139,256

10	$1,704,489	$142,041

Pursuant to the Novartis lease, Novartis is required to pay all taxes, assessments and governmental charges relating to the Novartis Atlanta Building and all operating costs, expenses and disbursements including, but not limited to, employees, supplies and materials, insurance, repairs and general maintenance, accounting fees, management fees, window cleaning, landscaping, necessary capital expenditures, water, sewer, heating, lighting, ventilation, air conditioning, electricity and other utilities and services benefiting the Novartis Atlanta Building. Novartis may make non-structural alterations, additions and improvements to the Novartis Atlanta Building and may install or attach fixtures without Wells OP's consent only so long as they do not affect the structural components of the Novartis Atlanta Building or overburden the systems therein. Wells OP, as the landlord, will be responsible for building repairs to the roof, exterior walls, window frames, windows, foundation, structural elements, irrigation facilities, parking lot lights, roads, driveways, parking areas, grounds, utilities and landscaping relating to the Novartis Atlanta Building.

The Dana Corporation Buildings

Purchase of the Dana Corporation Buildings. On March 29, 2002, Wells OP purchased all of the membership interests in Danacq Farmington Hills, LLC and Danacq Kalamazaoo, LLC, two Delaware limited liability companies which own, respectively, a three-story office and research and development building located in Farmington Hills, Oakland County, Michigan (Dana Detroit Building) and a two-story office and industrial building located in Kalamazoo, Kalamazoo County, Michigan (Dana Kalamazoo Building). Wells OP purchased the Dana Corporation Buildings from Gebam, Inc., which is not in any way affiliated with the Wells REIT or Wells Capital, our advisor.

The purchase price for the Dana Corporation Buildings was $41,950,000. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Dana Corporation Buildings, including commissions, tenant lease amendment payments, attorneys' fees, recording fees, structural report and environmental report fees and other closing costs, of $862,669.

Independent appraisals of the Dana Detroit Building and the Dana Kalamazoo Building were prepared by CB Richard Ellis, Inc., real estate appraisers, as of March 15, 2002, and March 14, 2002, respectively, pursuant to which the respective market value of the real property containing the leased fee interest subject to the leases described below was estimated to be $24,200,000 and $18,700,000, in cash or terms equivalent to cash. These value estimates were based upon a number of assumptions, including that the Dana Corporation Buildings will continue operating at a stabilized level with 100% occupancy 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 environmental reports and engineering inspection reports prior to the closing evidencing that the condition of the land and the Dana Corporation Buildings were satisfactory.

Description of the Dana Detroit Building and Site. The Dana Detroit Building, which was completed in 1999, is a three-story office and research and development building containing 112,480 rentable square feet located on a 7.8 acre tract of land. The building is constructed using a steel frame with steel beams and steel deck and a reinforced concrete foundation. The exterior walls are made of brick veneer and the roof is made of flat rubber with balast and pitched shingles. The interior office walls consist of textured and painted sheetrock and the ceilings are equipped with acoustic tile. The interior

research area floors and walls consist of concrete with exposed steel webbed ceilings. In addition, the building has one elevator located in the center of the building and approximately 257 paved parking spaces. The landscaping at the facility contains grass and natural forest landscaping.

The Dana Detroit Building is located at 27404 Drake Road in Farmington Hills, Michigan in Southwest Oakland County about 25 miles northwest of the Detroit central business district and within the Detroit metropolitan area. The Dana Detroit Building is easily accessible from Interstate Highway 696 and Interstate 275. The Detroit metropolitan area serves as the headquarters for three of the top five industrial corporations and 12 of the top 500 businesses in the country.

The Dana Detroit Lease. The entire Dana Detroit Building is leased to Dana Corporation (Dana). The Dana Detroit lease is a net lease that commenced in October 2001 and expires in October 2021. The current annual base rent payable under the Dana Detroit lease is $2,330,600. Dana, at its option, has the right to extend the initial term of its lease for six additional five-year periods at the then-current market rental rate. Dana may terminate the lease at any time during the initial lease term after the 11/th/ lease year, subject to certain conditions.

Dana is one of the world's largest suppliers of components, modules and complete systems to global vehicle manufacturers and their related aftermarkets. Dana operates approximately 300 major facilities in 34 countries and employs nearly 70,000 people. Dana reported a net worth, as of December 31, 2001, of approximately $1.9 billion.

The base rent payable under the Dana Detroit lease is as follows:

Lease Years	Annual Rent	Monthly Rent
1-10	$2,330,600	$194,217
11-20	$2,563,660	$213,638

Pursuant to the Dana Detroit lease, Dana is required to pay all taxes relating to the Dana Detroit Building and all operating costs, including, but not limited to, those associated with water, gas, steam, electricity, air conditioning, telephone, garbage removal, snow removal, common area maintenance, landscaping, power and other utilities and services used by Dana. Dana is also required to pay for all repair and maintenance costs, including but not limited to, window cleaning, security personnel, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service and landscaping maintenance. In addition, Dana will be responsible for building repairs to the structural elements, the building systems, exterior walls, windows and the roof of the Dana Detroit Building.

Description of the Dana Kalamazoo Building and Site. The Dana Kalamazoo Building, which was completed in 1999, is a two-story office and industrial building containing 147,004 rentable square feet located on a 27.5 acre tract of land. The building is constructed using a steel frame with steel beams and steel deck and a reinforced concrete foundation. The exterior walls are made of brick veneer. The interior office walls consist of textured and painted sheetrock and the ceilings are equipped with acoustic tile. The interior research area floors and walls consist of concrete with exposed steel webbed ceilings. In addition, the building has one elevator and four stairwells and approximately 344 paved parking spaces. The landscaping at the facility includes grass and natural forest landscaping.

The Dana Kalamazoo Building is located at 6938 Elm Valley Drive in Kalamazoo, Michigan, approximately 20 miles west of Battle Creek, Michigan and 40 miles south of Grand Rapids, Michigan. The Dana Kalamazoo Building is easily accessible from Interstate 94, which links Chicago with Detroit. Some of Kalamazoo's major employers include Pharmacia and Upjohn, Western Michigan University (with an enrollment of approximately 30,000 students) and National City Bank.

The Dana Kalamazoo Lease. The entire Dana Kalamazoo Building is also leased to Dana. The Dana Kalamazoo lease is a net lease that commenced in October 2001 and expires in October 2021. The current annual base rent payable under the Dana Kalamazoo lease is $1,842,800. Dana, at its option, has the right to extend the initial term of its lease for six additional five-year periods at the then-current market rental rate. Dana may terminate the lease at any time during the initial lease term after the sixth lease year and before the 19th lease year, subject to certain conditions.

The base rent payable under the Dana Kalamazoo lease is as follows:

Lease Years	Annual Rent	Monthly Rent
1-10	$1,842,800	$153,567
11-20	$2,027,080	$168,923

Pursuant to the Dana Kalamazoo lease, Dana is required to pay all taxes relating to the Dana Kalamazoo Building and all operating costs, including, but not limited to, those associated with water, gas, steam, electricity, air conditioning, telephone, garbage removal, snow removal, common area maintenance, landscaping, power and other utilities and services used by Dana. Dana is also required to pay for all repair and maintenance costs, including but not limited to, window cleaning, security personnel, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service and landscaping maintenance. In addition, Dana will be responsible for building repairs to the structural elements, the building systems, exterior walls, windows and the roof of the Dana Kalamazoo Building.

The Travelers Express Denver Buildings

Purchase of the Travelers Express Denver Buildings. On April 10, 2002, Wells OP purchased two connected one-story office buildings located in Lakewood, Metropolitan Denver, Colorado (Travelers Express Denver Buildings). Wells OP purchased the Travelers Express Denver Buildings from Opus Northwest, L.L.C., which is not in any way affiliated with the Wells REIT or Wells Capital, our advisor.

The purchase price for the Travelers Express Denver Buildings was $10,395,845. In addition, Wells OP incurred acquisition expenses in connection with the purchase of the Travelers Express Denver Buildings, including attorneys' fees, recording fees, structural report and environmental report fees and other closing costs, of $159,646.

An independent appraisal of the Travelers Express Denver Buildings was prepared by Integra Joseph Farner & Company, real estate appraisers, as of October 17, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was

estimated to be $10,700,000, in cash or terms equivalent to cash. This value

estimate was based upon a number of assumptions, including that the Travelers Express Denver Buildings will continue operating at a stabilized level with 100% occupancy 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 Travelers Express Denver Buildings were satisfactory.

Description of the Travelers Express Denver Buildings and Site. The Travelers Express Denver Buildings, which were completed in 2002, are two connected one-story office buildings containing 68,165 rentable square feet located on a 7.88 acre tract of land. The buildings are constructed using a pre-cast concrete and steel frame and a reinforced concrete foundation. The exterior walls are made of concrete panels and a storefront window system. The interior walls consist of gypsum board and the ceilings are equipped with acoustic tile. In addition, the building has 350 paved parking spaces.

The Travelers Express Denver Buildings are located at 3940 South Teller Street in Lakewood, Metropolitan Denver, Colorado in the Academy Business Park approximately 15 miles southwest of downtown Denver. The Denver metropolitan area's largest employers include Qwest Communications International, Safeway Inc., United Airlines and AT&T Corp.

The Travelers Lease. The Travelers Express Denver Buildings are currently under a net lease agreement with Travelers Express Company, Inc. (Travelers) that commenced in April 2002 and expires in March 2012. The current annual base rent payable under the Travelers lease is $1,012,250. Travelers, at its option, has the right to extend the initial term of its lease for two additional five-year periods. The annual base rent for the first three years of the first renewal term shall be $19 per rentable square foot and the annual base rent for the last two years shall be $20.50 per rentable square foot. The annual base rent for the second renewal term shall be at the then-current market rental rate for each year of the renewal term. In addition, Travelers may terminate the Travelers lease at the end of the seventh lease year by paying a termination fee of $1,040,880. Travelers also has the right to expand the Travelers Express Denver Buildings between 10% and 20% by providing notice on or before May 1, 2004, subject to certain limitations and potential acceleration.

Travelers is the largest money order processor and second largest money-wire transfer company in the nation, processing more than 775 million transactions per year, including official checks and share drafts for financial institutions. Travelers is a wholly owned subsidiary of Viad Corporation, a public company whose shares are traded on the NYSE. Travelers reported a net worth, as of December 31, 2000, of approximately $652 million.

The base rent payable under the Travelers lease is as follows:

Lease Years	Annual Rent	Monthly Rent
1-3	$1,012,250	$84,354
4-5	$1,090,640	$90,887
6-8	$1,169,030	$97,419
9-10	$1,239,921	$103,327

Pursuant to the Travelers lease, Travelers is required to pay all taxes, assessments and governmental charges relating to the Travelers Express Denver Buildings and all operating costs, expenses and disbursements including, but not limited to, insurance, repairs and general maintenance, window washing, janitorial, trash and rubbish removal costs, water, sewer, heating, lighting,

ventilation, air conditioning, electricity, and other utilities and services benefiting the Travelers Express Denver

Buildings. Travelers may make non-structural alterations, additions and improvements to the Travelers Express Denver Buildings and may install or attach fixtures without Wells OP's consent only so long as they do not affect the structural components of the Travelers Express Denver Buildings or overburden the systems therein. Wells OP, as the landlord, will be responsible for building repairs to the roof, exterior walls, foundation, structural elements, lobbies, elevators, stairways, restrooms and HVAC system, driveways, parking areas, grounds, relating to the Travelers Express Denver Buildings.

Property Management Fees

Wells Management Company, Inc. (Wells Management), an affiliate of the Wells REIT, and our advisor, will manage and lease the Transocean Houston Building, the Novartis Atlanta Building, the Dana Corporation Buildings and the Travelers Express Denver Buildings. Wells Management will be paid management and leasing fees in the amount of 4.5% of gross revenues from the Transocean Houston Building, the Novartis Atlanta Building, the Dana Corporation Buildings and the Travelers Express Denver Buildings, subject to certain limitations.

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

The following information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section beginning on page 98 of the prospectus, as supplemented by Supplement No. 7 dated March 30, 2002.

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. 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 April 15, 2002, we had received an additional $840,447,424 in gross offering proceeds from the sale of 84,044,742 shares in the third offering. As of April 15, 2002, we had raised in the aggregate a total of $1,147,858,536 in offering proceeds through the sale of 114,785,854 shares of common stock. As of April 15, 2002, we had paid a total of $39,874,315 in acquisition and advisory fees and acquisition expenses, had paid a total of $130,797,646 in selling commissions and organizational and offering expenses, had expended a total of $735,823,145 for investments in real estate joint ventures and acquisitions of real property, had utilized $8,592,385 for redemptions of stock pursuant to our share redemption program, and were holding net offering proceeds of $232,771,045 available for investment in additional properties.

Financial Statements

The Statements of Revenues Over Certain Operating Expenses of the Novartis Atlanta Building and the Dana Corporation Buildings for the year ended December 31, 2001, which are 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 Pro Forma Balance Sheet of the Wells REIT, as of December 31, 2001, and the Pro Forma Statement of Income (loss) for the year ended December 31, 2001, which are included in this supplement, have not been audited.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the NOVARTIS ATLANTA BUILDING for the year ended December 31, 2001. 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 statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our

opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Novartis Atlanta Building after acquisition by the Wells Operating Partnership, L.P., a subsidiary 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 Novartis Atlanta 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 Novartis Atlanta Building for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
April 12, 2002

NOVARTIS ATLANTA BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2001

RENTAL REVENUES	$650,705
OPERATING EXPENSES, net of reimbursements	4,929
REVENUES OVER CERTAIN OPERATING EXPENSES	$645,776

The accompanying notes are an integral part of this statement.

NOVARTIS ATLANTA BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2001

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 28, 2002, the Wells Operating Partnership, L.P. ("Wells OP") acquired the Novartis Atlanta Building from Technology Park/Atlanta, Inc. ("Technology Park"). Wells OP is 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. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

Novartis Opthalmics, Inc ("Novartis") currently occupies the entire 100,087 rentable square feet of the four-story office building under a net lease agreement (the "Novartis Lease"). Novartis is a wholly owned subsidiary of Novartis Corporation, which is the guarantor of the Novartis Lease. Novartis Corporation is a public entity traded on the New York Stock Exchange. Technology Park's interest in the Novartis Lease was assigned to Wells OP at the closing. The initial term of the Novartis Lease commenced on August 1, 2001 and expires on July 31, 2011. Novartis has the right to extend the Novartis Lease for up to three consecutive renewal terms of five years each at a rate equal to the then current fair market rental rate. Under the Novartis Lease, Novartis is required to pay, as additional monthly rent, all operating costs, including but not limited to water, sewer, heating, air conditioning, lighting, property and personal insurance and property taxes. In addition, Novartis is responsible for all supplies, materials, wages and salaries and all attributable overhead expenses related to routine maintenance and repairs to the Novartis Atlanta Building. Wells OP will be responsible for the repair and replacement of the structural portions of the building, including, roof, exterior walls, window frames, foundation, irrigation, parking lots, roads, walkways and landscaping of the Novartis Atlanta Building.

Rental Revenues

Rental income is recognized on a straight-line basis over the terms of the respective lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, this statement excludes certain historical expenses, such as depreciation, interest, and management fees. Therefore, this statement is not comparable to the operations of the Novartis Atlanta Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the DANA CORPORATION BUILDINGS for the year ended December 31, 2001. 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 statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Dana Corporation Buildings after acquisition by the Wells Operating Partnership, L.P., a subsidiary 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 Dana Corporation 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 Dana Corporation Buildings for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
April 12, 2002

DANA CORPORATION BUILDINGS

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2001

RENTAL REVENUES	$730,345
OPERATING EXPENSES, net of reimbursements	0
REVENUES OVER CERTAIN OPERATING EXPENSES	$730,345

The accompanying notes are an integral part of this statement.

DANA CORPORATION BUILDINGS

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2001

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2002, the Wells Operating Partnership, L.P. ("Wells OP") acquired the Dana Corporation Buildings from GEBAM, Inc. ("GEBAM"). Wells OP is 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. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

The Dana Corporation Buildings are comprised of Dana Corporation Detroit, which consists of 112,480 square feet in one three-story building and Dana Corporation Kalamazoo, which consists of 147,004 square feet in one two-story building. Dana Corporation, Inc ("Dana") currently occupies the entire 259,484 rentable square feet of the two office buildings under two net lease agreements (the "Dana Leases"). Dana Corporation is a public entity traded on the New York Stock Exchange. GEBAM's interest in the Dana Leases was assigned to Wells OP at the closing. The initial term of the Dana Leases commenced on October 26, 2001 and expires on October 31, 2021. Dana has the right to extend the Dana Leases for up to six successive renewal terms of five years each at the then current market rental rate. Under the Dana Leases, Dana is required to pay, as additional monthly rent, all ad valorem real estate taxes, insurance premiums, utility charges, maintenance, repair and replacement expenses. In addition, Dana is responsible for maintaining the buildings in good order and repair, subject to ordinary wear and tear, including necessary repairs, replacements and renewals, whether interior or exterior, structural or nonstructural.

Rental Revenues

Rental income is recognized on a straight-line basis over the terms of the respective leases.

2. Basis of Accounting

The accompanying statement of revenues over certain operating expenses is presented in conformity with accounting principles generally accepted in the United States and in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, this statement excludes certain historical expenses, such as depreciation, interest, and management fees. Therefore, this statement is not comparable to the operations of the Dana Corporation Buildings after acquisition by Wells

OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of December 31, 2001 has been prepared to give effect to the acquisitions of the Arthur Andersen Building, the Transocean Houston Building, the Novartis Atlanta Building, the Dana Corporation Buildings and the Travelers Express Denver Buildings by Wells OP as if the acquisitions occurred on December 31, 2001.

The following unaudited pro forma statement of income for the year ended December 31, 2001 has been prepared to give effect to the acquisitions of the Arthur Andersen Building, the Transocean Houston Building, the Novartis Atlanta Building, and the Dana Corporation Buildings as if the acquisitions occurred on January 1, 2001. The Travelers Express Denver Buildings had no operations during 2001.

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. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP. Accordingly, the accounts of Wells OP are consolidated with the accompanying pro forma financials statements of Wells Real Estate Investment Trust, Inc.

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 of the Arthur Andersen Building, the Transocean Houston Building, the Novartis Atlanta Building, the Dana Corporation Buildings and the Travelers Express Denver Buildings been consummated at the beginning of the period presented.

As of December 31, 2001, the date of the accompanying pro forma balance sheet, Wells OP held cash of $75,586,168. The additional cash used to purchase the Dana Corporation Buildings and the Travelers Express Denver 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 December 31, 2001. This balance is reflected as purchase consideration payable in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

DECEMBER 31, 2001

(Unaudited)

ASSETS

	Pro Forma Adjustments			
Wells Real Estate Investment Trust, Inc.	Arthur Andersen Building	Transocean Houston Building	Novartis Atlanta Building	Dana Corporation Buildings

REAL ESTATE ASSETS, at cost:					
Land	$ 86,246,985	$1,700,000(a) 70,833(b)	$845,000(a) 33,994(c)	$ 2,000,000(a) 80,460(c)	$ 3,171,000(a) 127,569(c)
Buildings, less accumulated depreciation of $24,814,454	472,383,102	19,444,911(a) 810,205(b)	21,203,182(a) 853,002(c)	13,047,316(a) 524,892(c)	39,608,512(a) 1,593,446(c)
Construction in progress	5,738,573	0	0	0	0
Total real estate assets	564,368,660	22,025,949	22,935,178	15,652,668	44,500,527
CASH AND CASH EQUIVALENTS	75,586,168	(21,144,911)(a)	(22,048,182)(a) 0	(15,047,316)(a)	(17,345,759)(a)
INVESTMENT IN JOINT VENTURES	77,409,980	0	0	0	0
INVESTMENT IN BONDS	22,000,000	0	0	0	0
ACCOUNTS RECEIVABLE	6,003,179	0	0	0	0
DEFERRED LEASE ACQUISITION COSTS	1,525,199	0	0	0	0
DEFERRED PROJECT COSTS	2,977,110	(881,038)(b)	(886,996)(c)	(605,352)(c)	(603,724)(c)
DEFERRED OFFERING COSTS	0	0	0	0	0
DUE FROM AFFILIATES	1,692,727	0	0	0	0
PREPAID EXPENSES AND OTHER ASSETS	718,389	0	0	0	0
Total assets	$752,281,412	$ 0	$ 0	$ 0	$26,551,044

	Pro Forma Adjustments		
	Travelers Express Buildings		Pro Forma
REAL ESTATE ASSETS, at cost:			
Land	$1,487,000(a) 59,822(c)		$ 95,822,663
Buildings, less accumulated depreciation of $24,814,454	9,068,492(a) 364,824(c)		578,901,884
Construction in progress	0		5,738,573
Total real estate assets	10,980,138		680,463,120
CASH AND CASH EQUIVALENTS	0		0
INVESTMENT IN JOINT VENTURES	0		77,409,980
INVESTMENT IN BONDS	0		22,000,000
ACCOUNTS RECEIVABLE	0		6,003,179
DEFERRED LEASE ACQUISITION COSTS	0		1,525,199
DEFERRED PROJECT COSTS	0		0
DEFERRED OFFERING COSTS	0		0
DUE FROM AFFILIATES	0		1,692,727
PREPAID EXPENSES AND OTHER ASSETS	0		718,389
Total assets	$10,980,138		$789,812,594

LIABILITIES AND SHAREHOLDERS' EQUITY

		Pro Forma Adjustments					
	Wells Real Estate Investment Trust, Inc.	Arthur Andersen Building	Transocean Houston Building	Novartis Atlanta Building	Dana Corporation Buildings	Travelers Express Building	Pro Forma Total
LIABILITIES:							
Accounts payable and accrued expenses	$ 8,727,473	$0	$0	$0	$ 0	$ 0	$ 8,727,473
Notes payable	8,124,444	0	0	0	0	0	8,124,444
Obligations under capital lease	22,000,000	0	0	0	0	0	22,000,000
Purchase Consideration Payable	0	0	0	0	25,433,753 (a)	10,555,492 (a)	35,989,245
Dividends payable	1,059,026	0	0	0	0	0	1,059,026
Due to affiliate	2,166,161	0	0	0	1,117,291 (c)	424,646 (c)	3,708,098
Deferred rental income	661,657	0	0	0	0	0	661,657
Total liabilities	42,738,761	0	0	0	26,551,044	10,980,138	80,269,943
COMMITMENTS AND CONTINGENCIES							
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	0	0	0	200,000
SHAREHOLDERS' EQUITY:							
Common shares, $.01 par value; 125,000,000 shares authorized, 83,761,469 shares issued and 83,206,429 shares outstanding	837,614	0	0	0	0	0	837,614
Additional paid-in capital	738,236,525	0	0	0	0	0	738,236,525
Cumulative distributions in excess of earnings	(24,181,092)	0	0	0	0	0	(24,181,092)
Treasury stock, at cost, 555,040 shares	(5,550,396)	0	0	0	0	0	(5,550,396)
Total shareholders' equity	709,342,651	0	0	0	0	0	709,342,651
Total liabilities and shareholders' equity	$ 752,281,412	$0	$0	$0	$ 26,551,044	$ 10,980,138	$ 789,812,594

(a) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the land and the building.

(b) Reflects deferred project costs applied to the land and building at approximately 4.17% of the purchase price.

(c) Reflects deferred project costs applied to the land and building at approximately 4.02% of the purchase price.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2001

(Unaudited)

		Pro Forma Adjustments				
	Wells Real Estate Investment Trust, Inc.	Arthur Andersen Building	Transocean Houston Building	Novartis Atlanta Building	Dana Corporation Buildings	Pro Forma Total
REVENUES:						
Rental income	$ 44,204,279	$ 2,102,834 (a)	$ 1,549,527 (a)	$ 650,705 (a)	$ 730,345 (a)	$ 49,237,690
Equity in income of joint ventures	3,720,959	0	0	0	0	3,720,959
Interest income	1,246,064	(1,246,064) (b)	0	0	0	0
Take out fee	137,500	0	0	0	0	137,500
	49,308,802	856,770	1,549,527	650,705	730,345	53,096,149
EXPENSES:						
Depreciation and amortization	15,344,801	810,205 (c)	882,247 (c)	542,888 (c)	1,648,078 (c)	19,228,219
Interest	3,411,210	0	0	0	0	3,411,210
Operating costs, net of reimbursements	4,128,883	142,433 (d)	1,151,107 (d)	4,929 (d)	0	5,427,352
Management and leasing fees	2,507,188	94,628 (e)	69,729 (e)	29,282 (e)	32,866 (e)	2,733,693
General and administrative	973,785	0	0	0	0	973,785
Amortization of deferred financing costs	770,192	0	0	0	0	770,192
Legal and accounting	448,776	0	0	0	0	448,776
	27,584,835	1,047,266	2,103,083	577,099	1,680,944	32,993,227
NET INCOME (LOSS)	$ 21,723,967	$ (190,496)	$ (553,556)	$ 73,606	$ (950,599)	$ 20,102,922
EARNINGS PER SHARE, basic and diluted	$ 0.43					$ 0.40
WEIGHTED AVERAGE SHARES, basic and diluted	50,520,853					50,520,853

(a) Rental income is recognized on a straight-line basis.
(b) Represent forgone interest income related to cash utilized to purchase the prior acquisitions.
(c) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.
(d) Consists of nonreimbursable operating expenses.
(e) Management and leasing fees are calculated at 4.5% of rental income.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Items 31 through 35 and Item 37 of Part II are incorporated by reference to the Registrant's Registration Statement, as amended to date, Commission File No. 333-44900

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
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(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.

The following financial statements relating to the acquisition of the State Street Building are filed as part of this Registration Statement and included in Supplement No. 4 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 six months ended June 30, 2001 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the six months ended June 30, 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. 4 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 2001,
(3) Pro Forma Statement of Income for the six months ended June 30, 2001, and
(4) Pro Forma Statement of Income for the year ended December 31, 2000.

The following financial statements relating to the acquisition of the IKON Buildings are filed as part of this Registration Statement and included in Supplement No. 5 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 six months ended June 30, 2001 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited).

The following financial statements relating to the acquisition of the Ingram Micro Distribution Facility are filed as part of this Registration Statement and included in Supplement No. 5 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited), and

(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited).

The following financial statements relating to the acquisition of the Lucent Building are filed as part of this Registration Statement and included in Supplement No. 5 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited), and
(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 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. 5 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 2001,
(3) Pro Forma Statement of Income for the six months ended June 30, 2001, and

(4) Pro Forma Statement of Income (Loss) for the year ended December 31, 2000.

The following financial statements relating to the acquisition of the Windy Point Buildings are filed as part of this Registration Statement and included in Supplement No. 6 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the nine months ended September 30, 2001 (unaudited), and
(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the nine months ended September 30, 2001 (unaudited).

The following financial statements relating to the acquisition of the Arthur Andersen Building are filed as part of this Registration Statement and included in Supplement No. 6 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the nine months ended September 30, 2001 (unaudited), and
(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the nine months ended September 30, 2001 (unaudited).

The following financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 6 to the Prospectus:

Unaudited Financial Statements
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(1) Consolidated Balance Sheets as of September 30, 2001 and December 31, 2000,
(2) Consolidated Statements of Income for the three months ended September 30, 2001 and September 30, 2000 and for the nine months ended September 30, 2001 and September 30, 2000,
(3) Consolidated Statements of Shareholders' Equity for the year ended December 31, 2000 and for the nine months ended September 30, 2001,
(4) Consolidated Statements of Cash Flows for the nine months ended

September 30, 2001 and September 30, 2000, and
(5) Condensed Notes to Consolidated Financial Statements.

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 6 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of September 30, 2001,
(3) Pro Forma Statement of Income (Loss) for the nine months ended September 30, 2001, and
(4) Pro Forma Statement of Income (Loss) for the year ended December 31, 2000.

The following financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 7 to the Prospectus:

Audited Financial Statements

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheets as of December 31, 2001 and December 31, 2000,
(3) Consolidated Statements of Income for the years ended December 31, 2001, 2000 and 1999,
(4) Consolidated Statements of Stockholders' Equity for the years ended December, 31, 2001, 2000 and 1999,
(5) Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999, and
(6) Notes to Consolidated Financial Statements.

The following financial statements relating to the acquisition of the Novartis Atlanta Building are filed as part of this Registration Statement and included in Supplement No. 8 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2001 (audited), and
(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2001 (audited).

The following financial statements relating to the

acquisition of the Dana Corporation Buildings are filed as part of this Registration Statement and included in Supplement No. 8 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2001 (audited), and
(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2001 (audited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 8 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of December 31, 2001,
(3) Pro Forma Statement of Income (Loss) for the year ended December 31, 2001.

(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, 2002 (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
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 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.83 Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.84 First Amendment to Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.85 Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.86 Agreement for the Purchase and Sale of Property for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.87 Lease Agreement for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.88 Agreement for the Purchase and Sale of Property for the State Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.89 Lease Agreement for the State Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.90 Agreement for the Purchase and Sale of Property for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.91 Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.92 First Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.93 Reinstatement of and Second Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.94	Agreement of Sale for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.95	Lease Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.96	Guaranty of Lease for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.97	Development Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.98	Architect Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.99	Design and Build Construction Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.100	Agreement for the Purchase and Sale of Property for the Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.101	Indenture of Lease Agreement for Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.102	Guaranty of Lease Agreement for Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.103	Absolute Assignment of Lease and Assumption Agreement for Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.104	Bond Real Property Lease Agreement for the Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission

File No. 333-44900, filed on October 23, 2001)

10.105 Agreement for the Purchase and Sale of Property for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.106 Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.107 Second Amendment to Lease Agreement for Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)

10.108 Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (previously filed in and incorporated by reference to Form 10-K of Registrant for the fiscal year ended December 31, 2000, Commission File No. 0-25739)

10.109 Agreement for the Purchase and Sale of Property for the Convergys Building (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. 333-44900, filed on January 23, 2002)

10.110 Lease Agreement for the Convergys Building (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. 333-44900, filed on January 23, 2002)

10.111 Purchase Agreement for the ADIC Buildings (previously filed as Exhibit 10.6 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XIII, L.P. on Form S-11, Commission File No. 333-48984)

10.112 Purchase Agreement for the land immediately adjacent to the ADIC Buildings (previously filed as Exhibit 10.7 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XIII, L.P. on Form S-11, Commission File No. 333-48984)

10.113 Lease Agreement for the ADIC Buildings (previously filed as Exhibit 10.8 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XIII, L.P. on Form S-11, Commission File No. 333-48984)

10.114 Agreement for Purchase and Sale of the Windy Point Buildings (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. 333-44900, filed on January 23, 2002)

10.115 Lease Agreement with TCI Great Lakes, Inc. for a portion of the Windy Point I Building (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. 333-44900, filed on January 23, 2002)
10.116	First Amendment to Office Lease with TCI Great Lakes, Inc. (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. 333-44900, filed on January 23, 2002)
10.117	Lease Agreement with The Apollo Group, Inc. for a portion of the Windy Point I Building (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. 333-44900, filed on January 23, 2002)
10.118	Lease Agreement with Global Knowledge Network, Inc. for a portion of the Windy Point I Building (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. 333-44900, filed on January 23, 2002)
10.119	Lease Agreement with Zurich American Insurance Company for the Windy Point II Building (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. 333-44900, filed on January 23, 2002)
10.120	Third Amendment to Office Lease with Zurich American Insurance Company (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. 333-44900, filed on January 23, 2002)
10.121	Agreement for Purchase and Sale of the Arthur Andersen Building (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. 333-44900, filed on January 23, 2002)

10.122	Lease Agreement for the Arthur Andersen Building (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. 333-44900, filed on January 23, 2002)
10.123	Revolving Credit Agreement relating to the Bank of America, N.A. $85,000,000 revolving line of credit (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.124	Construction Loan Agreement relating to the Bank of America, N.A. $34,200,000 construction loan (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.125	Agreement for Purchase and Sale of the Transocean Houston Building
10.126	Lease Agreement with Transocean Deepwater Offshore Drilling, Inc. for a portion of the Transocean Houston Building
10.127	Lease Agreement with Newpark Drilling Fluids, Inc. for a

	portion of the Transocean Houston Building
10.128	Membership Interests Purchase Agreement for the Dana Detroit Building and the Dana Kalamazoo Building
10.129	Lease Agreement for the Dana Detroit Building
10.130	Second Amendment to Lease Agreement for the Dana Detroit Building
10.131	Lease Agreement for the Dana Kalamazoo Building
10.132	Second Amendment to Lease Agreement for the Dana Kalamazoo 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
99.1	Letter regarding independent public accountants

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. 6 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 22/nd/ day of April, 2002.

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. 6 to Registration Statement has been signed below on April 22, 2002 by the following persons in the capacities indicated.

Name	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 (By Douglas P. Williams, as Attorney-in-fact)	Director
/s/ Richard W. Carpenter * Richard W. Carpenter (By Douglas P. Williams, as Attorney-in-fact)	Director

/s/ Bud Carter	*	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 October 31, 2001 and included as Exhibit 24.1 herein.

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, 2002 (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
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 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, 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 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.83 Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.84 First Amendment to Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.85 Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.86 Agreement for the Purchase and Sale of Property for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.87 Lease Agreement for the AmeriCredit Building (previously filed

	in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.88	Agreement for the Purchase and Sale of Property for the State Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.89	Lease Agreement for the State Street Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.90	Agreement for the Purchase and Sale of Property for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.91	Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.92	First Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.93	Reinstatement of and Second Amendment to Lease Agreement for the IKON Buildings (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.94	Agreement of Sale for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.95	Lease Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.96	Guaranty of Lease for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.97	Development Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.98	Architect Agreement for the Nissan Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.99	Design and Build Construction Agreement for the Nissan

	Property (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.100	Agreement for the Purchase and Sale of Property for the Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.101	Indenture of Lease Agreement for Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.102	Guaranty of Lease Agreement for Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.103	Absolute Assignment of Lease and Assumption Agreement for Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.104	Bond Real Property Lease Agreement for the Ingram Micro Distribution Facility (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.105	Agreement for the Purchase and Sale of Property for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.106	Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.107	Second Amendment to Lease Agreement for Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on October 23, 2001)
10.108	Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (previously filed in and incorporated by reference to Form 10-K of Registrant for the fiscal year ended December 31, 2000, Commission File No. 0-25739)
10.109	Agreement for the Purchase and Sale of Property for the Convergys Building (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. 333-44900, filed on January 23, 2002)
10.110	Lease Agreement for the Convergys Building (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. 333-44900, filed on January 23, 2002)
10.111	Purchase Agreement for the ADIC Buildings (previously filed as Exhibit 10.6 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XIII, L.P. on Form S-11, Commission File No. 333-48984)
10.112	Purchase Agreement for the land immediately adjacent to the ADIC Buildings (previously filed as Exhibit 10.7 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XIII, L.P. on Form S-11, Commission File No. 333-48984)
10.113	Lease Agreement for the ADIC Buildings (previously filed as Exhibit 10.8 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XIII, L.P. on Form S-11, Commission File No. 333-48984)
10.114	Agreement for Purchase and Sale of the Windy Point Buildings (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. 333-44900, filed on January 23, 2002)
10.115	Lease Agreement with TCI Great Lakes, Inc. for a portion of the Windy Point I Building (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. 333-44900, filed on January 23, 2002)
10.116	First Amendment to Office Lease with TCI Great Lakes, Inc. (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. 333-44900, filed on January 23, 2002)
10.117	Lease Agreement with The Apollo Group, Inc. for a portion of the Windy Point I Building (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. 333-44900, filed on January 23, 2002)
10.118	Lease Agreement with Global Knowledge Network, Inc. for a portion of the Windy Point I Building (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. 333-44900, filed on January 23, 2002)
10.119	Lease Agreement with Zurich American Insurance Company for the Windy Point II Building (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. 333-44900, filed on January 23, 2002)
10.120	Third Amendment to Office Lease with Zurich American Insurance Company (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. 333-44900, filed on January 23, 2002)
10.121	Agreement for Purchase and Sale of the Arthur Andersen Building (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. 333-44900, filed on January 23, 2002)
10.122	Lease Agreement for the Arthur Andersen Building (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. 333-44900, filed on January 23, 2002)
10.123	Revolving Credit Agreement relating to the Bank of America, N.A. $85,000,000 revolving line of credit (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.124	Construction Loan Agreement relating to the Bank of America, N.A. $34,200,000 construction loan (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-85848, filed on April 8, 2002)
10.125	Agreement for Purchase and Sale of the Transocean Houston Building, filed herewith
10.126	Lease Agreement with Transocean Deepwater Offshore Drilling, Inc. for a portion of the Transocean Houston Building, filed herewith
10.127	Lease Agreement with Newpark Drilling Fluids, Inc. for a portion of the Transocean Houston Building, filed herewith
10.128	Membership Interests Purchase Agreement for the Dana Detroit Building and the Dana Kalamazoo Building, filed herewith
10.129	Lease Agreement for the Dana Detroit Building, filed herewith
10.130	Second Amendment to Lease Agreement for the Dana Detroit Building, filed herewith
10.131	Lease Agreement for the Dana Kalamazoo Building, filed herewith
10.132	Second Amendment to Lease Agreement for the Dana Kalamazoo 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
99.1	Letter regarding independent public accountants, filed herewith

EXHIBIT 10.125

PURCHASE AGREEMENT FOR TRANSOCEAN HOUSTON 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 15 day of January, 2002, by and between BROADFIELD ASSOCIATES, L.P., a Texas limited partnership ("Seller") and WELLS CAPITAL, INC., a Georgia corporation ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller desires to sell and Purchaser desires to purchase the Property (as hereinafter defined) subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, the mutual agreements contained herein, the sum of Ten 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 Houston, Texas, containing approximately 3.879 acres, having an address of 1311 Broadfield Boulevard, 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 story office building containing approximately 155,040 rentable square feet, the parking areas containing approximately 521 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 which are owned by Seller (all of which are herein collectively referred to as the "Improvements"); and

(d) all personal property, if any, 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 (i) that certain Lease Agreement (the "Transocean Lease") with Transocean Offshore Deepwater Drilling, Inc., a Delaware Corporation ("Transocean"), dated as of April 18, 2001, guaranteed by Transocean Sedco Forex, Inc., a Cayman Islands corporation, and (ii) that certain Lease Agreement with Newpark Drilling Fluids, Inc., a Texas corporation ("Newpark"), dated as of May 28, 1998, last amended by Third Amendment to

Lease Agreement, dated April 19, 2001 (the "Newpark Lease"), guaranteed by Newpark Resources, Inc., a Delaware corporation; and

(f) all of Seller's right, title, and interest in and to (i) the plans and specifications with respect to the Improvements, (ii) 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, and (iii) all governmental licenses and permits, and all intangibles associated exclusively with the Land, Personal Property, and Improvements.

2. Earnest Money. Within two (2) business days after the full execution of this Agreement, Purchaser shall deliver to Charter Title Insurance Company ("Escrow Agent"), whose offices are at 4265 San Felipe, Suite 350, Houston, Texas 77027, Purchaser's check, payable to Escrow Agent, in the amount of $250,000 (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 become a part of the Earnest Money and be paid or credited to the party entitled to the Earnest Money.

3. Purchase Price. Subject to adjustment, prorations 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 TWENTY TWO MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS ($22,350,000.00). The Purchase Price shall be paid by Purchaser to Seller at the Closing (as hereinafter defined) 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 tenants under the leases (as hereinafter defined), Purchaser and its agents, engineers, or representatives, with Seller's reasonable, good faith cooperation, shall have the privilege of going upon the Land and Improvements as needed to inspect, examine, test, and survey the Property at all reasonable times and from time to time. Purchaser hereby agrees to indemnify Seller and 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 Land and Improvements caused by the exercise of such privilege. Said indemnity shall survive Closing or termination of this Agreement. All such inspections shall be non-destructive in nature and specifically shall not include any physically intrusive testing; provided however, that if Purchaser desires to undertake such intrusive testing, Purchaser shall first obtain Seller's written approval which shall not be unreasonably withheld if Purchaser conducts such testing in accordance with commercially customary standards. Purchaser shall maintain and shall insure that Purchaser and Purchaser's consultants and contractors maintain public liability insurance and property damage insurance in an amount not less than Two Million Dollars ($2,000,000) and in form and substance adequate to insure against all liability of Purchaser and its consultants and contractors, respectively, and each of their respective agents, employees and contractors, arising out of inspections and testing of the Land and Improvements or any part thereof made on Purchaser's behalf and, at Seller's request, Purchaser shall furnish Sellers with appropriate certificates and endorsements reflecting Seller as an additional insured under any such insurance. 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 solely to the operation of 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 the most current boundary and "as-built" surveys of the Land and Improvements (the "Existing Survey") and any title insurance policies, appraisals, building inspection reports and environmental reports relating thereto and in the possession or under the control of Seller. 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. Seller shall use commercially reasonable efforts but shall have no obligation to spend any funds, 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. Failure of Seller to accomplish the matters described in the immediately preceding sentence shall not be a condition at Closing.

5. Special Condition to Closing. Purchaser shall have thirty (30) 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.

6. General Conditions Precedent to Closing. In addition to the conditions to Purchaser's obligations set forth in Paragraph 5 above, the obligations and liabilities of Seller and 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 the party entitled to the benefit thereof:

(a) The parties shall have complied in all material respects with and otherwise performed in all material respects each of the covenants and obligations set forth in this Agreement, as of the date of Closing (as hereinafter defined).

(b) All representations and warranties 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 subsequent to the effective date of the Title Commitment, 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 Certificates referred to in Paragraph 9(c) hereof, duly executed by each tenant and guarantor at least five (5) days prior to the end of the Inspection Period.

7. Title and Survey. Seller covenants and agrees that it shall on or before ten (10) days after the Effective Date of this Agreement, cause Charter Title Insurance Company (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 Land and Improvements 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 Land and Improvements to be in Purchaser subject only to the Permitted Exceptions (as hereinafter defined). Such Title Commitment shall not contain any exception for rights of tenants except for the rights of Newpark and Transocean, as tenants only, under their respective leases. If Purchaser desires, the survey exception shall be amended to except only "shortages in area." The additional premium for the survey modification shall be borne by Purchaser. If Purchaser desires to update the Existing Survey, Purchaser shall, at its sole initial cost, obtain an "as built" survey of the Land and the Improvements (the "As-built Survey") prior to the expiration of the Inspection Period 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 include only those survey exceptions which have been approved or deemed to have been approved by Purchaser. If Purchaser closes the transaction contemplated herein, Seller will reimburse Purchaser for the cost of the As-built Survey at Closing. 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, the copies of the documents and instruments referred to therein and the As-built Survey, shall then have ten (10) days during which to examine the same, after which Purchaser shall notify Seller of any defects or objections affecting the marketability of the title to the Property. Current year ad valorem taxes which are not past due and any matters not objected to by the Purchaser shall be deemed to be "Permitted Exceptions." Seller shall then have until the Closing to cure such defects and objections and shall, in good faith,

exercise reasonable diligence to cure such defects and objections, but shall not be obligated to expend any funds to do so. If any such defects or objections arose by, through, or under Seller or if any such defects or objections consist of past due taxes, mortgages, deeds of trust, deeds to secure debt, uncontested 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 and expenses incurred by Purchaser in connection with the curing of such defects or objections, and upon such curing, the Closing hereof shall proceed in accordance with the terms of this Agreement.

8. Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser, each of which shall be deemed material:

(a) Leases. The Transocean Lease and the Newpark Lease (the "Leases") are the only leases with respect to the property. True and accurate copies of the Leases, together with all modifications and amendments thereto have been delivered to Purchaser. Seller is the "landlord" under the Leases and owns unencumbered legal and beneficial title to the Leases and the rents and other income thereunder, subject only to the collateral assignment of the Leases 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.

(b) Leases - Assignment. To the best of Seller's knowledge, without further investigation, no tenant has assigned its interest in its Lease or sublet any portion of its premises.

(c) Leases - Default. (i) Seller has not received any notice of termination or default under the Leases, (ii) to the best of Seller's knowledge and belief, there are no existing or uncured defaults by Seller or any tenant under the Leases, (iii) to the best of Seller's knowledge, there are no events which with the passage of time or notice, or both, would constitute a default by Seller or by any tenant, and to the best of Seller's knowledge, Seller has complied with each and every material undertaking, covenant, and obligation of Seller under the Leases, and (iv) no tenant has asserted any defense, set-off, or counterclaim with respect to its tenancy or its obligation to pay rent, additional rent, or other charges pursuant to its Lease.

(d) Leases - Rents and Special Consideration. Except as set forth on Schedule 8(d) hereto, no tenant: (i) has prepaid rent for more than the current month under its lease, (ii) has received or is entitled to receive any rent concession in connection with its tenancy under its lease, (iii) is entitled to any special work (not yet performed), or consideration (not yet given) in connection with its tenancy, and (iv) except as expressly set forth in its lease, has any deed, option, or other evidence of any right or interest in or to the Property. Installation of the fiber optic service has been completed in anticipation of the requirements of paragraph 8 of the Addendum to the Transocean Lease.

(e) Leases - Commissions. Except as set forth on Schedule 8(e) hereto, there are no obligations for rental, leasing or other commissions with respect to the Leases which will not be cashed-out and paid prior to Closing. All such obligations which are currently due and payable have been paid in full. Seller agrees to indemnify, defend and hold Purchaser harmless from and against any such obligations created or arising by, through or under Seller or its affiliates, which are currently due and payable. This indemnity shall survive Closing.

(f) Leases - Acceptance of Premises. (i) Each tenant has accepted its leased premises located within the Property, including any and all work performed therein or thereon pursuant to its lease, (ii) each tenant is in full and complete possession of its premises, and (iii) Seller has not received notice from any tenant that its premises are not in full compliance with the terms and provisions of its lease or are not satisfactory for its purposes.

(g) No Other Agreements. Other than the Leases, the Permitted Exceptions and those matters, if any, listed on Schedule 8(g) hereto, there are no leases, service contracts, management agreements, or other similar agreements 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 that will survive Closing.

(h) No Litigation. There are no actions, suits, or proceedings pending, or, to the best of Seller's knowledge, threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property which could affect title to 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 the best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings (or proceedings in the nature or in lieu thereof) affecting the Property or any portion thereof or its use.

(j) Intentionally Omitted.

(k) No Assessments. To the best of Seller's knowledge, no assessments have been made against the Property that are past due, 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 the best of the Seller's knowledge, in good condition and working order and Seller is not aware of any defects or deficiencies, latent or otherwise, therein.

(m) Certificates. To the best of Seller's knowledge, there are presently in effect temporary certificates of occupancy, licenses, and permits as may be required for the Property. 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. Seller will obtain and deliver to Purchaser at Closing permanent Certificates of Occupancy.

(n) Violations. To the best of Seller's knowledge, there are no violations of law, municipal or county ordinances, or other legal requirements with respect to the Property, and the Improvements thereon comply with all applicable legal requirements with respect to the use, occupancy, and construction thereof; Notwithstanding anything contained herein to the contrary, no representation is given as to compliance with legal requirements that are the obligation of tenants under the Leases.

(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 to 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 Leases or the Permitted Exceptions.

(t) Authorization. Seller is a duly organized and validly existing limited partnership under the laws of the State of Texas and is qualified to conduct business in Texas. 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 subject to equitable principles, 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) 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.

Except as specifically provided herein (or in any other documents executed by Seller at Closing), Seller hereby specifically disclaims any warranty, guaranty, or representation, oral or written, past, present or future, of, as to, or concerning (A) the nature and condition of the Property, for and all activities and uses which Purchaser may elect to conduct thereon, income to be derived therefrom or expenses to be incurred with respect thereto, or any obligations or any other matter or thing relating to or affecting the same; (B) the manner of construction and condition and state of repair or lack of repair of any Improvements, (C) the nature and extent of any easement, right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or

otherwise; and (D) the compliance of the Property or the operation of the Property with any laws, rules, ordinances, or regulations of any government or other body. EXCEPT AS PROVIDED HEREIN (OR IN ANY OTHER DOCUMENTS EXECUTED BY SELLER AT CLOSING), IN CONNECTION WITH THE CONVEYANCE OF THE PROPERTY AS PROVIDED FOR HEREIN, SELLER HAS NOT MADE AND IS NOT MAKING ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE QUALITY OR CONDITION OF THE PROPERTY, THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, COMPLIANCE BY THE PROPERTY WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENT AUTHORITY OR HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SPECIFICALLY, EXCEPT AS PROVIDED HEREIN, SELLER MAKES NO REPRESENTATIONS REGARDING HAZARDOUS SUBSTANCES AFFECTING THE PROPERTY. Purchaser agrees to accept the Property at Closing with the Property being in its present AS IS condition WITH ALL FAULTS except as specifically provided herein (or in any other documents executed by Seller at Closing) and except for Seller's special warranty of title to be contained in the deed.

PURCHASER ACKNOWLEDGES AND AGREES THAT PURCHASER IS EXPERIENCED IN THE OWNERSHIP, DEVELOPMENT AND/OR OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT PURCHASER PRIOR TO THE CLOSING WILL HAVE INSPECTED THE PROPERTY TO PURCHASER'S SATISFACTION AND IS QUALIFIED TO MAKE SUCH INSPECTION. PURCHASER ACKNOWLEDGES THAT PURCHASER HAS (OR PURCHASER'S REPRESENTATIVES HAVE) OR PRIOR TO THE CLOSING WILL HAVE, THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY); AND PURCHASER ACKNOWLEDGES THAT PURCHASER IS RELYING UPON ITS OWN (OR ITS

REPRESENTATIVES') INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY AND NOT UPON ANY STATEMENT (ORAL OR WRITTEN) THAT MAY HAVE BEEN MADE OR MAY BE MADE BY SELLER OR ANY OF ITS REPRESENTATIVES EXCEPT SUCH REPRESENTATIONS PROVIDED HEREIN (OR IN ANY OTHER DOCUMENTS EXECUTED BY SELLER AT 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 in all material respects, 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. Subject to the limitations expressly provided in this Agreement, each and all of the express warranties, covenants, and indemnifications made and given by either party given to the other party herein shall survive the execution and delivery of the Deed by Seller to Purchaser for a period of one (1) year.

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 Leases or enter into any new lease, contract, or other agreement respecting the Property without Purchaser's consent (not to be unreasonably withheld), (iii) not grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, (iv) cause the Property to be operated, maintained, and repaired in the same manner as the Property is currently being operated, maintained, and repaired; and (v) not discharge, release, store or generate any hazardous substances on the Property.

(b) Preservation of Leases. 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 Leases, at Seller's expense, in the manner and within the time limits required thereunder. Furthermore, Seller shall, for the same period of time, use diligent and good faith efforts to cause the Tenant under the Leases to perform all of its duties and obligations and otherwise comply with each and every one of its covenants and agreements under such Leases and shall take such actions as are reasonably necessary to enforce the terms and provisions of the Leases.

(c) Tenant Estoppel Certificates. Seller shall use commercially reasonable efforts to obtain and deliver to Purchaser at least five (5) days prior to expiration of the Inspection Period a fully completed estoppel certificate with respect to the Leases in substantially the form of Exhibit "B" (the "Tenant Estoppel Certificate"), duly executed by each tenant. The Tenant Estoppel Certificates shall be executed as of a date no earlier than the Effective Date.

(d) Insurance. From and after the date of this Agreement to the date and time of Closing, Seller shall (or shall cause Tenant), at its expense, continue to maintain the all risk fire and extended coverage insurance policy covering the Property which is currently in force and effect.

10. Closing. 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 10 business days after the end 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) Special Warranty Deed. A Special Warranty Deed (the "Deed") in substantially the form of Exhibit "C" hereto subject only to the Permitted Exceptions. The legal description set forth in the 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 the Personal Property in the form and substance of Exhibit "D";

(c) Blanket Transfer. A Blanket Transfer and Assignment in the form and substance of Exhibit "E";

(d) Assignment and Assumption of Leases. An Assignment and Assumption of Lease in the form and substance of Exhibit "F", 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 or copies of Certificates of Occupancy for all space within the Improvements;

(h) Marked Title Commitment. The Title Commitment marked to delete the "gap" exception and 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 and warranties relating to the Property in Seller's possession;

(j) Tenant Notices. Notice from Seller to each 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) Other Documents. Such other documents as shall be reasonably required by Purchaser's counsel.

12. Purchaser's Closing Documents. At Closing, Purchaser shall deliver the balance of the Purchase Price and 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 shall pay the cost of any recording, transfer or documentary tax imposed by any jurisdiction in which the Property is located, the cost of the base premium for the title policy, reimburse

Purchaser for 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 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 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 any tenant for any period following the month of Closing, or otherwise.

(b) Property Taxes. To the extent not paid or reimbursed by tenants, 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, any such additional tax payment for the Property for any year prior to the year of Closing shall be paid by Seller and any refund for any year prior to the year of Closing shall be paid to Seller. This agreement shall expressly survive the Closing.

(c) Utility Charges/Operating Expenses. To the extent not paid or reimbursed by tenants, Seller shall be responsible for all such costs applicable to the period prior to Closing and Purchaser shall be responsible for all such costs applicable to the period subsequent to the Closing. Seller and Purchaser hereby agree to prorate and pay their respective shares of all utility bills and operating costs 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 except matters which by their express terms survive termination of this Agreement. It is hereby agreed that Seller's damages will be difficult to ascertain and that the Earnest

Money constitutes a reasonable liquidation thereof and is intended not as a penalty, but as fully liquidated damages. Seller agrees that in the event of 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.

16. Seller's Default. In the event of default by Seller under the terms of this Agreement (i) 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 (ii) 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 (iii) 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, 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, except matters which by their express terms survive termination of this Agreement. If Purchaser does not elect to cancel this Agreement in accordance herewith, this Agreement shall remain in full force and effect and the sale of the Property contemplated by this Agreement, less any interest taken by eminent domain or condemnation, or sale in lieu thereof, shall be effected with no further adjustment and without reduction of the Purchase Price, and at the Closing, Seller shall assign, transfer, and set over to Purchaser all of the right, title, and interest of Seller in and to any awards that have been or that may thereafter be made for such taking.

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 Two Hundred Fifty Thousand Dollars ($250,000.00) or if the Lease shall terminate as a result of such damage, Purchaser may, by written notice given to Seller within twenty (20) days after receipt of written notice from Seller of such damage or destruction, elect to terminate this Agreement, in which event the Earnest Money shall immediately be returned by Escrow Agent to Purchaser and 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, plus the amount of any deductible and Seller shall have no further obligation with respect thereto.

19. Hazardous Substances. Seller hereby warrants and represents, to the best of Seller's actual knowledge but without investigation other than that certain Phase I Environmental Site Assessment dated June 9, 1998, prepared by Environmental Systems Design and Management, Inc. for the benefit of Seller (the "Phase I Report"), that, except as shown on the Phase I Report (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 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. The provisions of this paragraph shall survive Closing for a period of one year, except for such matters arising during Seller's ownership of the Property which shall survive for an unlimited time.

20. Assignment. Purchaser's rights and duties under this Agreement shall not be assignable except to an affiliate of Purchaser without the consent of Seller which consent shall not be unreasonably withheld.

21. Broker's Commission. In the event, but only in the event, this transaction closes in accordance with its terms, Seller will pay, at Closing, a brokerage commission to Broadfield Associates in the amount of 1% of the Purchase Price, and to Means Knaus in the amount of 1% of the Purchase Price and to Fletcher Gibson in the amount of $50,000.00 (the "Brokers"). 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 Brokers 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 Brokers. 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. The provisions of this paragraph 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 facsimile or telecopy, by hand, or sent by U.S. registered or certified mail, return receipt requested, postage prepaid, to the addresses set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

PURCHASER:	c/o Wells Capital, Inc. 6200 The Corners Parkway, Suite 250 Norcross, Georgia 30092 Attn: Mr. Joseph H. Pangburn 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: 404.522.3080
SELLER:	Broadfield Associates, L.P. c/o Fidinam Capital 11811 North Freeway, Suite 300 Houston, Texas 77060 Attn: Charles S. Iupe Facsimile: 281.820.1673
with a copy to:	Gardere Wynne Sewell & Riggs, L.L.P. 1000 Louisiana, Suite 3400 Houston Texas 77002-4086 Attn: W. David Tidholm, Esq. Facsimile: 713.276.6565

All notices shall be deemed given three (3) business days following deposit in the United States mail with respect to certified or registered letters, one (1) business day following deposit if delivered to an overnight courier guaranteeing next day delivery and on the same day if sent by personal delivery or by telecopy or facsimile transmission (with proof of transmission). Attorneys for each party shall be authorized to give notices for each such party. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified.

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, indemnities 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 year from Closing or for such longer period as may be specified in the paragraph relating thereto.

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 subject to equitable principles, 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 Texas. 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.

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":

BROADFIELD ASSOCIATES, L.P., a Texas limited partnership
By: Broadfield Management, L.L.C., a Texas limited liability company, its general partner

By: /s/ Charles Iupe

Its: President

"PURCHASER":

WELLS CAPITAL, INC., a Georgia corporation

By: /s/ Douglas P. Williams

Its: Senior Vice President

"ESCROW AGENT":

Charter Title Insurance Corporation

By: /s/ James L. Johnson

Its: _____

Schedule of Exhibits

Exhibit "A"	-	Description of Land
Schedule 8(b)	-	List of Agreements, if any
Schedule 8(d)	-	List of Special Consideration

Schedule 8(e)	-	List of Lease Commission Obligations
Exhibit "B"	-	Tenant Estoppel Certificate Form
Exhibit "C"	-	Special Warranty Deed Form
Exhibit "D"	-	Bill of Sale Form
Exhibit "E"	-	Blanket Transfer and Assignment Form
Exhibit "F"	-	Assignment and Assumption of Lease Form

EXHIBIT 10.126

LEASE AGREEMENT WITH TRANSOCEAN DEEPWATER OFFSHORE DRILLING, INC. FOR A PORTION OF THE TRANSOCEAN HOUSTON BUILDING

LEASE AGREEMENT

BETWEEN

BROADFIELD ASSOCIATES, L.P.
AS LANDLORD

AND

TRANSOCEAN OFFSHORE DEEPWATER DRILLING INC.
AS TENANT

AND

TRANSOCEAN SEDCO FOREX INC.
AS GUARANTOR

TABLE OF CONTENTS

Page

Addendum and Exhibits

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered as of the 18th day of April, 2001 ("Effective Date"), between Broadfield Associates, L.P., a Texas limited partnership ("Landlord"), Transocean Offshore Deepwater Drilling Inc., a Delaware corporation ("Tenant"), and Transocean Sedco Forex Inc., a Cayman Islands corporation ("Guarantor").

Article 1
Leased Premises, Term, and Use

1.01 Leased Premises.

(a) Upon the terms, provisions and conditions hereof, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises reflected on the floor plans set forth in Exhibit "A" hereto in the building known as the Park 10 Center ("Building"). Such premises, together with any other space in the Complex leased by Tenant pursuant hereto, are herein called the "Leased Premises." References in this Lease to the "Complex" shall mean the Building,

the parking garage ("Garage") adjacent to and servicing the Building and all other facilities, parking areas, improvements, structures, and landscaping areas relating to or servicing the Building and Garage and located on or installed in or to be located on or installed in the land ("Land") described in Exhibit "B" hereto. Landlord also grants to Tenant, its licensees and invitees, the non-exclusive right to use the Common Areas (as hereinafter defined).

(b) Initially, the Leased Premises consists of the entirety of the first (1st), second (2nd), third (3rd) and fourth (4th) floors of the Building ("Initial Leased Premises"). The "Rentable Area" of the Initial Leased Premises is hereby stipulated and agreed for all purposes to be 103,260 rentable square feet ("Initial Leased Premises Rentable Area"), comprising of 25,590 rentable square feet on the first (1st) floor and 25,890 rentable square feet on each of the second (2nd), third (3rd) and fourth (4th) floors. Tenant understands that the Rentable Area is greater than the square footage of the area contained within the Leased Premises (the "add-on factor"), and includes an amount attributable to areas within the Building not specifically leased or held for lease by Tenant such as i) lobbies, foyers, corridors, restrooms and all other areas of the Building available for non-exclusive use by tenants of the Building ("Common Areas"), and ii) machine rooms, mechanical rooms, electrical rooms, telephone and equipment rooms, janitor rooms and other similar facilities ("Service Areas"), for purposes of this Lease. For purposes of calculating any additional space leased by Tenant in the Building, Landlord agrees to calculate the add-on factor of each single and multi-tenant floor utilizing the Building Owners and Managers Association's definition -- ANSIZ65.1-1996, ("BOMA Definition"). If and when Tenant exercises either of its options to lease the Additional Premises or the Expansion Space (as those terms are defined in the Addendum hereto, paragraph 2), the Leased Premises shall include the Initial Leased Premises and either the Additional Premises or Expansion Space, as applicable.

Notwithstanding the above, for the purposes of this Lease Agreement, Tenant and Landlord agree that for the duration of this Lease Agreement (including any renewal periods) that the "Rentable Area" of the Building is 155,040 square feet ("Building Rentable Area"). In the event any future modification to the Building would result in a change of the Rentable Area

of the Building or the Leased Premises using the BOMA Definition, then the Rentable Area of the Building and/or Leased Premises shall be adjusted utilizing the BOMA Definition.

1.02 Term.

(a) Subject to the terms, provisions and conditions hereof, this Lease shall commence on the Premises Delivery Date (as that term is defined in Section 3.03(a)), (such commencement date being subject to adjustment as provided in Sections 3.03(b) and (c), and being hereinafter called the "Commencement Date") and ending on the 31st day of March, 2011 (as the same may be extended pursuant to Section 1.02(b) below, the "Expiration Date"), such period being referred to as the "Term".

(b) Tenant shall have the right to extend the Term hereof for an additional period, not less than one (1) month nor greater than twenty-four (24) months (the "Extended Term") by written notice given to Landlord on or before December 31, 2001. Base Rental during the Extended Term will be equal to $23.50 per square foot of Rentable Area for the entire Leased Premises, and all other terms and conditions of this Lease shall apply.

(c) Within thirty (30) days following the Commencement Date, Landlord and Tenant agree to execute a memorandum in the form attached hereto as Exhibit "C" which specifies the exact Commencement Date and Term of the Lease.

1.03 Use. Tenant (and its permitted assignees and sublessees, if any) will occupy and use the Leased Premises solely for general business office and other ancillary uses of Tenant (including, but not limited to, training rooms, IT and data rooms) and for no other purpose.

Article 2

Rental

2.01 Base Rental. Tenant shall pay as Base Rental during the term of this Lease, monthly rental in the amounts set forth in the Addendum hereto, Paragraph 1.

2.02 Operating Expenses. In addition to Base Rental, Tenant shall pay, as additional rent, Tenant's Proportionate Share of Actual Operating Expenses in excess of the Base Operating Expenses Rate.

(a) The "Base Operating Expenses Rate" is stipulated to be $7.89 per square foot of Rentable Area of the Leased Premises on an annual basis.

(b) The term "Actual Operating Expenses" shall mean, with respect to each calendar year during the term of this agreement, the actual Operating Expenses for that year computed in accordance with the provisions of Section 2.02 (e) and (f). The "Actual Operating Expenses Rate" for each such calendar year during the term hereof shall be calculated by dividing the Actual Operating Expenses for a calendar year by the Rentable Area in the Building. The term "Tenant's Proportionate Share of the Actual Operating Expenses" shall mean, with respect to each calendar year, an amount equal to the product of (i) the difference between the Actual

Operating Expenses Rate in the calendar year and the Base Operating Expenses Rate, multiplied by (ii) the Rentable Area of the Leased Premises.

(c) In the event the Actual Operating Expenses Rate, as calculated above, during any calendar year during the term of this Lease shall be greater than the Base Operating Expenses Rate, Tenant shall be obligated to pay to Landlord, in addition to the Base Rental, and Parking Rental (if any, pursuant to the terms and conditions of Section 2.03 of this Lease Agreement), as additional rent, an amount equal to Tenant's Proportionate Share of the Actual Operating Expenses. In order to implement the above, Landlord shall provide to Tenant within ninety (90) days, or as soon thereafter as reasonably possible (but not later than one hundred eighty (180) days), after the end of the calendar year in which the commencement of the term of this agreement occurs, a statement of the Actual Operating Expenses for the prior calendar year, the Actual Operating Expenses Rate for the prior calendar year and Tenant's Proportionate Share of the Actual Operating Expenses.

(d) At the time Landlord gives the annual statement of Actual Operating Expenses for each year during the term of this agreement, Landlord may, at Landlord's option, provide Tenant a schedule of projected Operating Expenses for the next calendar year expressed as an expense per net rentable square foot in the project on an annual basis (herein referred to as the "projected Operating Expenses Rate"). Tenant shall thereafter pay an adjusted monthly rental which shall include the Base Rental stated in Section 2.01 and an amount (herein referred to as a "projected Operating Expenses Installment") equal to one-twelfth (1/12th) of an amount equal to the product of (i) the difference between the projected Operating Expenses Rate for the next calendar year and the Base Operating Expenses Rate, multiplied by (ii) the Rentable Area in the leased premises. Landlord shall provide Tenant a statement, within ninety (90) days (or as soon thereafter as reasonably possible but not later than one hundred eighty (180) days) after the end of each calendar year during the term of this agreement, showing the Actual Operating Expenses and the Actual Operating Expenses Rate for such calendar year, as compared to the projected Operating Expenses and the projected Operating Expenses Rate for the calendar year. In the event Tenant's Proportionate Share of the Actual Operating Expenses for such calendar year shall exceed the aggregate of the projected Operating Expenses Installments actually collected by Landlord from Tenant for such calendar year, Tenant shall pay to Landlord within thirty (30) days following Tenant's receipt

of a statement, the amount of such excess. If, however, Tenant's Proportionate Share of the Actual Operating Expenses for the calendar year is less than the aggregate of the projected Operating Expenses installments actually collected by Landlord from Tenant, for the calendar year, Landlord shall pay to Tenant within thirty (30) days after the giving of the statement to Tenant, the amount of the overpayment of the projected Operating Expenses Installments. If the expiration or termination of this Lease occurs other than on the last day of a calendar year, the amount to be paid by Tenant or reimbursed to Tenant hereunder shall be a pro rata amount based on the ratio of the number of days of the term of this agreement in such last calendar year to 365 days.

(e) Except for the exclusions from Actual Operating Expenses in Section 2.02 (f), "Actual Operating Expenses" shall mean the operating expenses of the Complex and all expenditures by Landlord to own, maintain and operate the Complex. All operating expenses shall be determined on an accrual basis in accordance with generally accepted accounting

principles which shall be consistently applied. Such operating expenses shall include all expenses, costs and disbursements of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the ownership, operation, and maintenance of the Complex, including, but not limited to, the following:

(1) Wages and salaries of all employees engaged in direct operation and maintenance of the Complex, employer's social security taxes, unemployment taxes or insurance and any other taxes which may be levied on such wages and salaries, and the cost of disability and hospitalization insurance for such employees;

(2) Cost of leasing or purchasing all supplies, tools, equipment and materials used in the operation, maintenance and ownership of the Complex;

(3) Cost of all utilities for the Complex, including the cost of water and power, sewage, heating, lighting, air-conditioning and ventilating for the Complex;

(4) Cost of all maintenance and service agreements for the Complex and surrounding grounds, including but not limited to janitorial service, security service, equipment leasing, energy management system leasing, landscape maintenance, alarm service, window cleaning and elevator maintenance;

(5) Cost of all insurance relating to the Complex, including, but not limited to, casualty insurance, rental insurance and liability insurance applicable to the Complex and Landlord's personal property used in connection therewith as well as any deductible sum required by any such policies and actually paid by Landlord;

(6) All taxes and assessments and governmental charges (including but not limited to mortgage taxes and other taxes and assessments passed on to Landlord by a mortgagee holding a lien on the Complex), whether federal, state, county or municipal and whether they be by taxing districts or authorities presently taxing the Leased Premises or by others, subsequently created or otherwise and any other taxes, association dues and assessments attributable to the Complex or its operation excluding, however, income taxes, estate and inheritance taxes, excess profit taxes, franchise taxes, taxes imposed on or measured by the income of Landlord from operation of Complex, sales and other taxes imposed on amounts paid by Tenant hereunder (including, without limitation, sales taxes imposed on the Parking Rentals, as hereinafter defined), and taxes imposed on account of a transfer of ownership of the Complex or the Land;

(7) Cost of repairs and general maintenance (excluding such repairs and general maintenance paid by insurance proceeds or by Tenant or other

third parties and alterations attributable solely to tenants of the Building other than Tenant);

(8) Legal expenses and accounting expenses incurred with respect to the Complex;

(9) Fees for management services, whether provided by an independent management company, by Landlord or by any affiliate of Landlord;

(10) Costs in order to comply with federal or state laws or municipal ordinances or codes or regulations promulgated under any of the same;

(11) Amortization of the cost of installation of capital investment items which are primarily for the purpose of reducing (or avoiding increases in) operating costs (not to exceed the savings actually realized from such investments), or which may be required by governmental authority. The costs of such capital investment items under this Section 2.02(e)(11) shall include costs incurred in financing the purchase of such items, including loan fees and interest. All costs of such capital investment items shall be amortized over the reasonable life of such items with the reasonable life and amortization schedule being determined in accordance with generally accepted accounting principles and in no event to extend beyond the reasonable life of the Complex;

(12) Replacement of fluorescent lamps in Building Standard and Tenant specified fluorescent light fixtures and incandescent bulb or fluorescent lamp replacement in public toilet and restroom areas, Complex common areas and stairwells;

(13) Rent or rental value of Landlord's leasing and management offices on or near the Building (provided, in the event Landlord's leasing and management offices are located outside the Building, such rent or rental value shall be prorated);

(f) Actual Operating Expenses shall not include (i) expenditures classified as capital expenditures for Federal income tax purposes (except as set forth in Section 2.02(d)(11), (ii) costs for which Landlord is entitled to specific reimbursement by Tenant, any other tenant of the Building, or any other third party, (iii) allowances for expenses to be incurred by Landlord for improvements to the premises of which the Leased Premises are a part, (iv) leasing commissions, and all non-cash expenses (including depreciation), and (v) debt service on any indebtedness secured by the Complex (except debt service on indebtedness to purchase or pay for items specified as permissible Basic Operating Costs under Section 2.02(e)(1) through (13)), (vi) unless otherwise permitted pursuant to this Lease, the cost of any improvements, repairs, alterations, additions, changes, replacements, equipment, tools and other items which under generally accepted accounting principles are required to be classified as capital expenditures, (whether incurred directly or through a lease or service contract or otherwise) other than amortization of the cost of capital (and the installation thereof) items which are reasonably expected to reduce operating costs for the benefit of all of the Building's tenants or which may be required by any governmental authority (all of such costs, including interest costs, shall be amortized over the reasonable life of the capital items, with a reasonable life and amortization schedule being determined by Landlord according to generally accepted accounting principles), (vii) depreciation of the Building, and all equipment, fixtures, improvements and facilities used in connection therewith, except as provided in (vi) above, (viii) advertising, promotional expenses, leasing commissions, attorneys fees (unless incurred as a result of Landlord's effort to reduce Actual Operating Expenses), costs and disbursements and other expenses incurred in connection with negotiations with tenants or prospective tenants or other occupants in the Building, (ix) any property taxes, assessments, or other governmental charges to the extent that Landlord is reimbursed for same by any tenant of the Building (excluding reimbursements paid through additional rent payments), (x) the cost

of repairs or other work occasioned by any

casualty which is covered by insurance, but only to the extent of the insurance proceeds received by Landlord net of deductibles and cost of adjustment, (xi) the cost of renovating or otherwise improving or decorating, painting or redecorating space in the Building which is or normally would be occupied by tenants, except in connection with general maintenance of the Building, (xii) Landlord's costs of electricity and other services sold or provided to tenants in the Building and for which Landlord is reimbursed by such tenants as a separate additional charge, (xiii) expenses incurred in connection with services or other benefits which are in excess of the services provided by Landlord pursuant to Section 3.01 hereof, but are provided to other tenants or occupants of the Building, (xiv) costs (limited to penalties, fines and associated legal expenses) incurred due to violation by Landlord of the terms and conditions of any lease or rental arrangement covering space in the Building, (xv) overhead and profit increment paid to subsidiaries, partners or other affiliates of Landlord and salaries and associated costs of Landlord's employees for services on or to the Building, to the extent only that the cost of such services exceeds competitive costs of such services were they not so rendered by a subsidiary or other affiliate of Landlord, (xvi) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord, (xvii) all items and services for which tenants reimburse Landlord, but only to the extent Landlord is reimbursed for same, (xviii) the costs incurred related to maintaining Landlord's existence, either as a corporation, partnership or other entity, (xix) the costs incurred in connection with correcting defects in the construction of the Building or in the Building equipment (except the conditions resulting from ordinary wear and tear and use shall not be deemed defects for the purposes of this category), (xx) interest on debt or amortization payments on any mortgage or mortgages or rental payments under any ground or underlying leases (except to the extent that same may be made to pay insurance and taxes), (xxi) interest and penalties due to late payments of taxes, utility bills and other such costs, (xxii) salaries or other compensation paid to employees of Landlord above the grade of building manager, (xxiii) the cost of any repairs occasioned by eminent domain to the extent that such costs are reimbursed to Landlord by governmental authorities in eminent domain proceedings, (xxiv) costs (limited to penalties, fines and associated legal expenses) incurred due to the violation by Landlord of any applicable federal, state and/or local government laws, codes and similar regulations that would not have been incurred but for such violations by Landlord, (xxv) transfer tax, and (xxvi) management fees incurred by Landlord for the management of the Building which exceed three percent (3%) of gross rentals of the Building, (xxvii) those costs incurred by Landlord attributable to any calendar year that exceed one hundred five percent (105%) of the total costs of all Actual Operating Expenses in the preceding calendar year of the Term, except this limitation shall not apply to those costs attributable to Section 2.02 (e), (3), (5), (6), (10) and (11), and (xxviii) notwithstanding any provision herein, costs of removing hazardous materials or asbestos or of correcting any other conditions in order to comply with any environmental law. In addition, any costs associated with the operation and maintenance of the Building Garage, which costs shall be a part of the overall operating expenses of the Complex, shall be offset by any parking revenue received by Landlord from parking permits issued in the Building Garage.

(g) Notwithstanding any other provision herein to the contrary, it is agreed that in the event the Building is not fully occupied during any calendar year or any portion of any calendar year of the Term, an adjustment shall be made in computing the Actual Operating Expenses for

that year (utilizing the same methodology each year) so that certain expenses (limited to janitorial services and utilities) shall be increased for that year to the amount that, in Landlord's reasonable judgment (subject to Tenant's audit

rights prescribed below), would have been incurred had the total Rentable Area of the entire Building been ninety-five percent (95%) occupied during the entirety of that year ("Gross Up Factor"). It is the intent of this Section that Landlord shall not be required to bear any portion of the Actual Operating Expenses which exceed the Base Operating Expenses Rate for any calendar year or partial calendar year of the Term of this Lease.

(h) If Tenant desires that Landlord contest any ad valorem taxes, Tenant shall provide Landlord written notice thereof, expressly requesting that Landlord contest such ad valorem taxes, providing a reasonable basis for such request. If Tenant's notice is submitted to Landlord at such time so as to permit Landlord to timely contest, Landlord shall contest the amount or validity, in whole or in part, of any ad valorem taxes, by appropriate proceedings. In the event Landlord does not notify Tenant within fifteen (15) days following receipt of Tenant's written notice (or such shorter time if the deadline for filing any such contest is sooner) that Landlord intends to contest the ad valorem taxes, then Tenant will have the right to contest such ad valorem taxes which have been identified by Tenant in its written notice to Landlord; provided, however, that Tenant will make timely payment of Tenant's Proportionate Share, as provided in this Lease, of the ad valorem taxes notwithstanding the pendency of any such contest. Tenant will notify Landlord within five (5) days after the commencement of any such contest. Costs incurred by Landlord pursuant to this Section 2.02(h) will be included as Actual Operating Expenses.

(i) Provided that Tenant is not in default under this Lease, and subject to this paragraph, Tenant, at its sole expense, shall have the right, upon giving reasonable notice, to audit Landlord's books and records relating to any increased or additional rental payable hereunder for the immediately preceding calendar year for the purpose of determining whether the provisions of this Section 2.02 have been followed. If Tenant elects to exercise this right, Tenant must do so within one hundred twenty (120) days after the date Landlord delivers to Tenant the statement described in Section 2.02(b) or Tenant shall be deemed to have accepted the Actual Operating Expenses as presented by Landlord. If Tenant elects to audit Landlord's books and records, such audit shall be conducted by a certified public accountant licensed in Texas. Should Tenant's audit reveal that Landlord's determination of Actual Operating Expenses exceeded Actual Operating Expenses by an amount exceeding five percent (5%), then, provided Landlord's reputable "third party" CPA reasonably agrees with the conclusions reached by Tenant's CPA, Landlord shall reimburse Tenant for the reasonable costs of performing such audit and shall further promptly reimburse to Tenant the total excess amount paid; provided, however, nothing herein shall preclude Tenant from seeking reimbursement of any contested amount it claims to have paid to Landlord irrespective of whether Landlord's reputable "third party" CPA is in agreement with such audit results. Notwithstanding the foregoing, in the event of an unresolved dispute between Landlord as to the Base Operating Expense Rate or Actual Operating Expenses, either Landlord or Tenant may elect (upon written request to the other party) to submit such unresolved dispute to binding arbitration, pursuant to the procedures set forth in Paragraph 7 of the Addendum.

2.03 Parking. Landlord hereby agrees to make available to Tenant without charge, during the Term of this Lease, up to four (4) parking permits for each 1,000 rentable square feet leased by Tenant, to be provided first in the Building Garage twenty-five percent (25%) of which permits shall be assigned, reserved permits located in the covered portion of the Building Garage as detailed on Exhibit "D", and second (i.e., if not available in the Building Garage) in the surface parking areas surrounding the Building. Subject to the foregoing, Tenant may, at its option, from time to time upon at least thirty (30) days notice to Landlord, reduce (or subsequently increase) the parking permits it takes pursuant to this section. Tenant acknowledges that the foregoing ratio of 4 permits per 1000 rentable square feet includes a 15% oversale, exclusive of any reserved permits which will be provided to Tenant on an actual basis. Such oversale (meaning 15% more spaces than actually exist) shall be consistently

applied to all tenants in the Building. In addition, if during the Term of this Lease Landlord provides assigned, reserved parking permits in the covered portion of the Building Garage to other tenants in a ratio greater than that granted Tenant hereunder, Landlord will provide Tenant with additional assigned, reserved spaces in the covered portion of the Parking Garage so that Tenant's ratio of assigned, reserved parking spaces in the covered portion of the Building Garage is as high as any other tenant in the Building. With the exception of Tenant's assigned, reserved permits in the covered portion of the Building Garage, all of Tenant's permits shall be provided on an unassigned, first come, first served basis.

Tenant agrees to comply with Landlord's Parking rules and regulations as described in Exhibit "J." Any additional assigned or unassigned parking permits granted Tenant as a result of an expansion of the Leased Premises shall be provided at the same ratios provided herein and at no charge during the Term. Any parking spaces leased during any renewal period shall be charged to Tenant at a rate that is not greater than the prevailing monthly rate offered by comparable office buildings in the Park Ten area of Houston, Texas, including the Building; provided, however, if the other tenants in the Building are not being charged for parking in the Garage, neither shall Tenant.

2.04 Payment of Rent. The term "Rent" as used herein shall mean the Base Rental, the Tenant's proportionate Share of Actual Operating Expenses in excess of the Base Operating Expenses Rate, the Parking Rentals and all other amounts provided for in this Lease to be paid by Tenant, all of which shall constitute rental in consideration for this Lease and the leasing of the Leased Premises. The term "Additional Rent" as used herein means Rent exclusive of Base Rental. The Rent shall be due and payable in advance in monthly installments on the first (1st) day of each calendar month after the Rent Commencement Date (defined in the Addendum) during the Term hereof, in legal tender of the United States of America to Landlord at the address shown in Section 5.16 or to such other person or at such other address as Landlord may from time to time designate in writing. The Rent shall be paid without notice, demand, abatement, deduction or offset except as otherwise expressly provided for in the Lease. In no event shall the Landlord accept or be bound by any payment of Rent more than thirty (30) days in advance, unless otherwise agreed to in writing between Landlord and Tenant. If the Term commences or ends on other than the first or last day of a calendar month, then the installment of Base Rental and the Parking Rentals for such partial month shall be appropriately prorated. If the Term commences or ends at any time other than the first day of a calendar year, the Tenant's

Proportional Share of Actual Operating Expenses in excess of the Base Operating Expenses Rate shall be prorated for such year according to the number of days of the Term during such year. In no event shall Base Rental or monthly installments thereof be less than the amounts specified in Section 2.01 (subject to Tenant's abatement rights as set forth in Section 3.01(c) and Section 5.02 of this Lease Agreement).

Article 3
Landlord's Services

3.01 Services to be Furnished by Landlord.

(a) Subject to Section 3.01(c) of this Lease Agreement, Landlord shall furnish the following services ("Landlord Services"):

(1) Air-conditioning and heating in season, during Normal Building Operating Hours (hereafter defined), at such temperatures and in such amounts as are considered to be standard for other Class A office buildings in Houston, Texas;

(2) Hot and cold water for lavatory and drinking purposes in amounts considered to be standard for other Class A office buildings in Houston, Texas.

(3) Janitor service in and about the Building and the Leased Premises five (5) days per week (as stipulated and detailed on Exhibit "E" attached hereto and made a part hereof), and semi-annual window washing; however, Tenant shall pay, as additional Rent upon presentation of a statement therefor by Landlord, the additional costs attributable to the cleaning of improvements within the Leased Premises other than Building Standard (hereinafter defined) improvements;

(4) Elevators for access to and egress from the Leased Premises on a non-exclusive basis 7 days per week, 24 hours per day;

(5) Electrical facilities (seven (7) days per week, twenty-four (24) hours per day) to furnish sufficient power for typewriters, calculating machines, photocopying machines, fax machines, computers and other machines of similar low voltage electrical consumption such that the total electrical power connected load shall not exceed six and one-half (6 1/2) watts per square foot of the Rentable Area contained within the Leased Premises; but not including electricity required for electronic data processing equipment, special lighting in excess of Building Standard (defined as one (1) 2'x4' fluorescent fixture per seventy-five (75) usable square feet), and any other electrical equipment which requires a voltage other than 110/120 volts single phase (other than photo duplication machines, which shall be considered building standard so long as the connected load does not exceed 6.5 watts per square foot of rentable area continued within the Leased Premises. If the installation of said electrical equipment requires additional air conditioning capacity above that provided by the Building Standard system, then the additional air conditioning installation and operating costs will be the obligation of Tenant. Landlord, at its option and at Tenant's expense, may cause an electric current

meter or such similar device to be installed in or near the Leased Premises so as to measure the amount of electric current consumed by Tenant.

(6) Electrical facilities (seven (7) days per week, twenty-four (24) hours per day) to furnish power to operate Tenant's Building standard lighting and other equipment that operates on 480/277 volts (collectively, the "High Power Equipment"), provided that the total connected load for the High Power Equipment shall not exceed two (2) watts per square foot of the Rentable Area contained in the Leased Premises.

(7) Replacement of fluorescent lamps in Building Standard light fixtures and incandescent bulb or fluorescent lamp replacement in public toilet and restroom areas, Complex common areas and stairwells; and

(8) Equipment and personnel to limit access to the Building after normal business hours which shall consist of an unmanned security cardkey access system similar in design and quality found in similar buildings in the Park Ten area; PROVIDED, HOWEVER, SO LONG AS LANDLORD IS PROVIDING THE AFOREMENTIONED SECURITY CARDKEY ACCESS SYSTEM, LANDLORD SHALL HAVE NO FURTHER RESPONSIBILITY TO PREVENT, AND SHALL NOT BE LIABLE TO TENANT FOR, AND SHALL BE INDEMNIFIED BY TENANT AGAINST, LIABILITY OR LOSS TO TENANT, ITS AGENTS, EMPLOYEES AND VISITORS ARISING OUT OF LOSSES DUE TO THEFT, BURGLARY, OR DAMAGE OR INJURY TO PERSONS OR PROPERTY CAUSED BY PERSONS GAINING ACCESS TO THE BUILDING, GARAGE OR THE LEASED PREMISES, AND TENANT HEREBY RELEASES LANDLORD FROM ALL LIABILITY RELATING THERETO, EXCEPT TO THE EXTENT SUCH LOSSES ARE CAUSED IN WHOLE OR IN PART BY THE WILLFUL MISCONDUCT OF LANDLORD. Landlord shall furnish an adequate number of cardkeys for the Leased Premises (not to exceed 4 cardkeys per 1,000 square feet of Rentable Area), and any additional cardkeys will be furnished at a charge equal to Landlord's actual cost on an order signed

by Tenant or Tenant's authorized representative. All such cardkeys shall remain the property of Landlord. No additional locks shall be allowed on any door of the Leased Premises without Landlord's permission, and Tenant shall not make or permit to be made any duplicates of such cardkeys, except those furnished by Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all the cardkeys for the Leased Premises, and give to Landlord the explanation of the combination of all locks for safes, safe cabinets, and vault doors, if any, in the Leased Premises.

(b) "Normal Building Operating Hours" shall be from 7:00 a.m. to 6:00 p.m. Monday through Friday, and 7:00 a.m. to 1:00 p.m. Saturday, exclusive of Sundays and "Holidays". "Holidays" shall refer to New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday following Thanksgiving Day, Christmas Day, and other holidays commonly observed by a majority of the tenants of the Building. If the holiday occurs on Saturday or Sunday, the Friday preceding or the Monday following may, at Landlord's discretion, be observed as a Holiday.

(c) Failure by Landlord to any extent to furnish services hereunder or any cessation thereof shall not render Landlord liable in any respect for damages to either person or property, nor be construed as an eviction of Tenant, nor work an abatement of Rent (except as provided for herein), nor relieve Tenant from fulfillment of any covenant or agreement hereof. Should any of such services be interrupted, Landlord shall use reasonable diligence to restore the same promptly, but Tenant shall have no claim for rebate of Rent, damages, or eviction on account thereof, and Tenant waives all rights it may have at law or in equity, including any rights Tenant may have arising from implied warranties of suitability. Notwithstanding the above, Landlord acknowledges that there are certain Essential Landlord Services. For purposes herein, "Essential Landlord Services" shall be defined, and strictly limited to, air conditioning and heating, hot and cold water (for laboratory, lavatory and drinking purposes only), elevator service, sewer service and electrical power in the absence of which Tenant would not be able to conduct business in or utilize the Leased Premises for the purpose they were let. In the event Essential Landlord Services are interrupted, and such interruption is not caused by the act or omission of Tenant, and such interruption continues for a period of five (5) consecutive business days, then commencing upon the sixth (6th) consecutive business day Tenant (as its sole and exclusive remedy) shall be entitled to an abatement of Base Rental and Additional Rent until such time as the Essential Landlord Services are restored. Notwithstanding the foregoing, in the event Essential Landlord Services are interrupted and unavailable to Tenant for more than seventy-five (75) consecutive days, and such interruption has not been caused by the willful acts of Tenant, Tenant shall have the right to terminate this Lease upon payment of all Rent due hereunder through the date that rental abatement due to interruption of Essential Landlord Services first occurred.

(d) Tenant shall pay to Landlord, monthly as billed, as Additional Rent hereunder, such charges for additional electrical services (in excess of the electrical allowances provided to Tenant in Section 3.01) as may be separately metered for (i) any utility services utilized by Tenant for computers, data processing equipment or other similar electrical equipment; (ii) extra lighting; (iii) air-conditioning, heating and other services in excess of that stated in Sections 3.01 hereof; or (iv) other air-conditioning, heating and services not standard for the Building or provided at times other than Normal Building Operating Hours. Tenant shall pay all costs associated with providing separate utility meters to the Leased Premises. In the event separate utility meters are provided to the Leased Premises, Landlord may elect to have all charges for the utilities separately metered to the Leased Premises, and if such utility consumption exceeds the amounts described in Sections 3.01a(5) and (6), Tenant will be responsible for the costs of utilities in excess of Building Standard amounts. In the event that Landlord furnishes extra or additional services to be paid for by Tenant, a failure to pay for such services within ten (10) days after notice shall constitute an Event of Default and shall further authorize

Landlord, at Landlord's discretion and without notice, to discontinue all such services. Notwithstanding the foregoing, Landlord will provide, at no cost to Tenant, 240 hours per calendar year of after hours heating and air-conditioning to each floor (or portion thereof) in the Leased Premises (the "After Hours HVAC Allowance"). Unused hours in the After Hours HVAC Allowance may carry over into the following year, but not beyond the following year. After hours air-conditioning and heating in excess of the After Hours HVAC Allowance will be available and provided by Landlord at a charge of $16.50 per hour per floor (subject to future increases equal to the actual

increases in Landlord's cost of providing such after hours HVAC service). Except in cases of unforeseeable emergencies, which Landlord will use reasonable efforts to accommodate, all requests for after hours heating and air-conditioning must be received no later than 4:00 p.m. on the day service is required, and, in the case of weekends or holidays, by 4:00 p.m. on the immediately preceding business day.

(e) Any services requested by Tenant from Landlord on Sundays, Building Holidays and outside of Normal Building Operating Hours (to the extent not provided as a Landlord Service on a seven (7) days per week, twenty-four (24) hours per day basis) or which are in excess of those Landlord Services to be provided by Landlord pursuant to Section 3.01(a) (collectively, "Additional Services") shall be provided only upon Tenant's request and agreement in advance to bear the cost of operations attributable to such Additional Services, not to exceed Landlord's actual cost plus a reasonable repair/depreciation charge.

3.02 Access by Tenant Prior to Commencement of Term. Landlord shall permit Tenant and its employees, agents and suppliers to enter the Leased Premises prior to, and after, the Commencement Date to enable Tenant to do such things as may be required by Tenant to make the Leased Premises ready for Tenant's occupancy. Such parties will not interfere with or delay the performance of any typical and normal office use activities by Landlord or other occupants of the Building. Landlord may withdraw such permission upon twenty-four (24) hours notice to Tenant if Landlord determines that any such interference or delay has been or may be caused. Any such entry into the Leased Premises shall be at Tenant's risk and neither Landlord nor Landlord shall be liable in any way for personal injury, death, or property damage which may be suffered in or about the Leased Premises or the Building by Tenant or its employees, agents, contractors, suppliers or workmen, and Tenant hereby indemnifies Landlord therefrom except for those personal injuries, deaths or property damages caused by the willful misconduct of Landlord.

3.03 Condition of Building and Leased Premises.

(a) The Initial Leased Premises shall be delivered to Tenant no later than the date which is ten (10) days from the Effective Date (such date being hereinafter called the "Premises Delivery Date"). On the Premises Delivery Date, the leasehold improvements and tenant finish set forth and described on Exhibit "F" attached hereto ("Landlord Improvements") will be completed on the first (1st), second (2nd) and third (3rd) floors of the Leased Premises at Landlord's sole cost and expense. The portion of the Leased Premises located on the fourth (4th) floor will be delivered in its as-is condition as of the Effective Date. Notwithstanding the provisions of Exhibit "G" ("Workletter"), the cost of all installation (to be performed by Landlord) of any improvements to the Leased Premises in addition to the Landlord Improvements requested by Tenant following the Premises Delivery Date (calculated at Landlord's actual cost plus an additional charge of five percent (5 %) to cover overhead) shall be for Tenant's account and at Tenant's cost (and Tenant shall pay ad valorem taxes thereon), which cost shall be payable by Tenant to Landlord as a part of the Rent hereunder promptly upon being invoiced therefor, and failure by Tenant to pay such cost in full within thirty (30) days after the date of billing shall constitute failure to pay Rent when due and an Event of Default by Tenant hereunder giving rise to all remedies available to Landlord under this Lease.

(b) Subject to Section 3.03(c), if on the Premises Delivery Date any of the Landlord Improvements have not been substantially completed as reasonably determined by Tenant's designated architect, or if Landlord is unable to tender possession of the Leased Premises to Tenant on the Premises Delivery Date, then the Commencement Date (and the Rent Commencement Date) shall be postponed until such work to be performed in the Leased Premises at Landlord's expense is substantially completed as reasonably determined by Tenant's designated architect or until Landlord is able to tender possession of the Leased Premises to Tenant, as the case may be. The deferment of installments of Rent and postponement of the Commencement Date pursuant to this Section 3.03(b) shall, except as provided below, be Tenant's exclusive remedy for Landlord's delay of completion of Landlord Improvements to the Leased Premises or failure to tender possession of the Leased Premises to Tenant and Tenant shall have no claim against Landlord because of any such delay in completion of the Landlord Improvements or failure to deliver the Leased Premises.

(c) No delay in the completion of the Leased Premises resulting from (i) delay or failure on the part of Tenant in furnishing information or other matters required in, by or in connection with Exhibit "F", or (ii) changes ordered by Tenant in the Landlord Improvements (hereinafter defined) shall delay the Commencement Date, or Rent Commencement Date. If prior to the Commencement Date Tenant shall enter into possession of all or any part of the Leased Premises, (other than an entry with Landlord's consent pursuant to Section 3.02) then the Term, and all obligations of Tenant to be performed during the Term shall commence on, and the Commencement Date shall be deemed for all purposes to be, the date of such entry, provided that no such early entry shall operate to change the expiration date provided herein. Notwithstanding the above, if the Landlord Improvements have not been completed by May 1, 2001, Tenant shall have the right, by written notice delivered to Landlord no later than May 15, 2001 to terminate this Lease Agreement

(d) Subject to the provisions of Section 4.07 of this Lease Agreement, unless otherwise agreed to in writing between Landlord and Tenant, all alterations, physical additions, or improvements in or to the Leased Premises (including fixtures) shall, when made, become the property of Landlord and shall be surrendered to Landlord upon termination of this Lease, whether by lapse of time or otherwise; provided, however, this clause shall not apply to trade fixtures (including any and all filing systems), moveable equipment or furniture owned by Tenant or any other party.

(e) Upon the Premises Delivery Date, Landlord represents and warrants that the Leased Premises, as same shall be constructed or improved in accordance with this Lease, including Exhibit "F", will be in compliance with all applicable building codes, rules, regulations and applicable laws governing occupancy of the Building ("Applicable Laws") including Title III of the Americans with Disabilities Act of 1990, Public Law 101-336, as amplified by the final rule promulgated by the Department of Justice in Section 28 of the Code of the Federal Regulations, part 35, as the aforesaid Act of Regulations may be hereafter modified or amended (the "ADA"). If, subsequent to the Premises Delivery Date, any Applicable Law or the ADA is modified or new legislation enacted ("New Applicable Law" or "New ADA") so that the Leased Premises (but not improvements or modifications to the Building code elements or the Complex) or any improvements, personal property, fixtures or any other matter or thing comprising of or

located within the Leased Premises must be removed, altered, modified, improved, reconstructed, added or changed in order to cause the Leased Premises, or any aspect thereof, to be in compliance with the requirements of such Applicable Law or the ADA, Landlord shall use reasonable best efforts to notify Tenant of the same, in which event Tenant shall promptly undertake such removal, alteration,

modification improvement, reconstruction, addition or change at the sole cost of the Tenant, so that the Leased Premises and all aspects thereof shall be in compliance with such Applicable Law or the ADA and any other law, code, statute, regulation or ordinance applicable to the Leased Premises. Prior to commencing work necessary to cause the Leased Premises to comply with the requirements of the ADA and all other Applicable Laws, the Tenant shall notify the Landlord of the work to be undertaken by the Tenant in this regard. The failure of the Tenant to undertake work necessary to cause the Leased Premises to comply with the requirements of such New Applicable Law or the New ADA within thirty (30) days after receipt of notice to undertake such work, whether from the Landlord or regulatory authority, shall constitute an Event of Default pursuant to the terms and provisions of this Lease. The cost of improving, altering, modifying, or otherwise changing the Leased Premises in order to comply with the requirements of the New ADA shall be the Tenant's cost, notwithstanding the fact that compliance with such New Applicable Law or the New ADA was necessitated by, or as a result of, alterations in the Leased Premises, which alterations were or are to be undertaken by the Landlord at the Landlord's sole cost and expense. In the event that the Leased Premises, the Building, the Complex or any portion or aspect of any of them is determined to fail to comply with such New Applicable Law or the New ADA, and that portions of the Building or the Complex (other than the Leased Premises) should be improved, altered, modified or otherwise changed in order to cause the Building or the Complex, or any portion of any of them, to be in compliance with the requirements of such Applicable Law or the ADA, Landlord shall undertake such improvements, alterations, modification or changes to the Building or the Complex as the Landlord deems necessary to cause such improvements to comply with the requirements of such New Applicable Law or the New ADA. Notwithstanding anything to the contrary contained in this Lease following the Commencement Date, all costs and expenses for labor, materials, architectural fees, engineering fees, overhead, insurance, services or supplies incurred by the Landlord in causing the Building or the Complex to comply with the requirements of any New Applicable Law or the New ADA shall constitute Actual Operating Expenses of the Building even though such costs may be in the nature of capital improvements or expenses, and shall be reimbursed to the Landlord as a part of Actual Operating Expense in accordance with the terms and provisions of this Lease.

3.04 Repair and Maintenance by Landlord. Landlord shall provide cleaning and maintenance of the public portions of the Complex in a first class manner, including painting and landscaping around the Complex. Landlord shall perform and make such maintenance, repairs, replacements and improvements to the Complex in a first class manner, including the base mechanical and electrical systems, as may be required during the Term to keep the same in good condition and repair in a manner consistent with other comparable Class A office buildings in Houston, Texas. Except as required of Landlord above, after the Commencement Date, Landlord shall not be required to make any improvements or repairs of any kind or character to the Leased Premises. This Section 3.04 shall not apply in the case of damage or destruction by fire or other casualty (as to which Section 5.02 shall apply), or in the case of latent or structural

defects to the Complex or Leased Premises (including, but not limited to the roof and curtain wall), which Landlord shall repair, or damage resulting from an eminent domain taking (as to which Section 5.01 shall apply). Except to the extent not reasonably avoidable in connection with temporary construction, renovation, repair, maintenance or other necessary activities of Landlord in the Building, and except in connection with the exercise of remedies it may have against Tenant in the event of default by Tenant under this Lease, Landlord shall conduct its business and control its agents, employees and contractors in such manner as not to create any nuisance, or interfere with, annoy or disturb Tenant in its occupancy of the Leased Premises.

Article 4
Tenant's Covenants

4.01 Payments by Tenant. Tenant agrees to timely pay the Rent and all rents

and sums provided to be paid to Landlord hereunder at the times and in the manner herein provided.

4.02 Certain Taxes. Tenant shall pay all ad valorem taxes on all improvements installed in the Leased Premises that are in excess of those installed by Landlord from time to time as Building Standard and in excess of the items to be installed by Landlord at Landlord's cost under Exhibit "F" or specified in Section 3.03(a) hereof.

4.03 Repairs by Tenant. Tenant shall, at its cost, repair or replace any damage to the Building, or any part thereof, caused by Tenant or Tenant's agents, employees, invitees or visitors; provided if Tenant fails to make such repairs or replacements promptly, Landlord may, at its option, make such repairs or replacements and the cost thereof (plus five percent (5%) for overhead to Landlord) shall be payable by Tenant on demand as a part of the Rent hereunder, and failure of Tenant to pay such costs within thirty (30) days, following written notice from Landlord, shall constitute a failure to pay Rent when due and an Event of Default by Tenant hereunder.

4.04 Care of the Leased Premises. Tenant shall maintain the Leased Premises in a clean, attractive condition, and not commit or allow any waste or damage to be committed on or to any portion of the Leased Premises, and at the expiration or termination of this Lease shall deliver up the Leased Premises to Landlord in as good condition as at date of possession by Tenant, ordinary wear and tear and damage from casualty or condemnation excepted.

4.05 [Intentionally Deleted]

4.06 Assignment of Lease.

(a) Tenant shall not assign this Lease or sublease the Leased Premises or any part thereof or mortgage, pledge or hypothecate its leasehold interest or grant any concession or license within the Leased Premises (any such assignment, lease, mortgage, pledge, hypothecation, or grant of a concession or license being hereinafter referred to in this Section 4.06 as a "Transfer") without the prior express written permission of Landlord, which will not be unreasonably withheld or delayed; provided, however, that Landlord's right to terminate this Lease as to any space for which Tenant requests permission to make a Transfer shall not be

limited, qualified or in any way affected by or subject to the agreement that permission will not be unreasonably withheld, it being understood and agreed that if Tenant requests Landlord's permission to make a Transfer, Landlord shall have the right, in its sole discretion, for any reason or for no reason, to terminate this Lease as to the space so affected as hereinafter provided unless such transfer is to a subsidiary, affiliate or successor of Tenant pursuant to Section 4.06(f) whereby Landlord will not have the right prescribed herein to terminate this Lease as to the space so affected. Any attempt to effect a Transfer without such permission of Landlord shall be void and of no effect. Tenant acknowledges that any assignment or Lease is also subject to the prior written consent of any Landlord's Mortgagee (as defined in Section 4.10). Without limiting the generality of what may constitute reasonable grounds for withholding permission, it is stipulated and agreed that during the initial twelve (12) months of the Lease Term, a refusal to permit a Transfer to another tenant in the Building, or a refusal to permit a Transfer to a proposed assignee or sublessee with whom Landlord has been negotiating to lease space in the Building shall be deemed reasonable. Without limiting the foregoing, Landlord shall have the right to refuse to permit a Transfer to any Transferee that is engaged in the business of telemarketing call-out services, sexually oriented businesses, government agencies not typically found in Class A office buildings, or any other use that is not compatible with the other tenants in the Building. In order for Tenant to make a Transfer, Tenant must request in writing Landlord's permission within at least thirty (30) days in advance of the date on which Tenant desires to make a Transfer, which request will be accompanied by a

detailed term sheet outlining the terms of the Transfer. Landlord and Landlord's Mortgagees shall then have a period of fifteen (15) calendar days following receipt of such notice within which to notify Tenant in writing that Landlord elects (i) to permit Tenant to assign or sublet such space, subject, however, to the subsequent written approval of the proposed assignee or sublessee by Landlord, or (ii) to refuse consent (only for those reasons prescribed herein) to Tenant's requested Transfer and to continue this Lease in full force and effect as to the entire Leased Premises. If Landlord shall fail to notify Tenant in writing of such election within said fifteen (15) day period, Landlord shall be deemed to have elected option (ii) above. If Landlord elects to exercise option (ii) above, Tenant agrees to provide at its expense, direct access from any sublet space or concession area to a public corridor of the Building. The prohibition against a Transfer contained herein shall be construed to include a prohibition against any Transfer by operation of law.

(b) Notwithstanding that the prior express written permission of Landlord to a Transfer may have been obtained under the provisions of Section 4.06(a), the following shall apply:

(1) Tenant shall (i) in the event of an assignment, cause the assignee to expressly assume in writing and to agree to perform all of the covenants, duties and obligations of Tenant hereunder, and such assignee shall be jointly and severally liable therefor along with Tenant; (ii) cause such assignee or sublessee to grant Landlord an express first and prior contract lien and security interest in the same manner as the lien granted by Tenant to Landlord under Section 5.03 hereof; (iii) subordinate to Landlord's statutory lien and the aforesaid contract lien and security interest any liens or other rights which Tenant may claim with respect to any fixtures, equipment, goods, merchandise or other property owned by or leased to the proposed assignee or sublessee or other party intending to occupy the Leased Premises; and (iv) agree with Landlord that in the event

that the rent or other consideration due and payable by a sublessee or assignee under any such permitted Lease or assignment exceeds the Rent for the portion of the Leased Premises so transferred, then Tenant shall pay Landlord as additional rental hereunder fifty percent (50%) of such excess rental and other consideration immediately upon receipt thereof by Tenant from such transferee.

(2) A signed counterpart of all instruments relative to a Transfer (executed by all parties to such transaction with the exception of Landlord) shall be submitted by Tenant to Landlord prior to or contemporaneously with the request for Landlord's written consent thereto; and, Tenant shall reimburse Landlord for all reasonable attorney's fees incurred in connection with Landlord's review and approval of such instruments;

(3) No usage of the Lease Premises different from the usage herein provided to be made by Tenant shall be permitted without the prior written consent of the Landlord, and all of the terms and provisions of this Lease shall continue to apply after a Transfer; and

(4) In the event Landlord consents to a Transfer, Tenant will nevertheless remain directly and primarily liable for the performance of all the covenants, duties and obligations of Tenant hereunder (including, without limitation, the obligation to pay all Rent herein provided to be paid), and Landlord shall be permitted to enforce the provisions of this Lease against the undersigned Tenant or any transferee, or both, without demand upon or proceeding in any way against any other persons. Notwithstanding the foregoing, in the event Tenant assigns the Lease to a third party which is reasonably acceptable to Landlord and which is publicly traded, has a market capitalization of at least $10 billion and whose price/earnings ratio as of the business day immediately preceding the date of such

assignment is not greater than the average price/earnings ratio for the stocks comprising the Standard & Poors 500 index as of the same date, then, in such case, Tenant shall be relieved of all liability as Tenant hereunder following the date of such assignment.

(c) If Tenant is a corporation then any transfer of this Lease by merger, consolidation or dissolution or any change in ownership or power to vote a majority of the voting stock in Tenant outstanding at the time of execution of this Lease shall constitute a Transfer for the purposes of this Lease; provided, however, that acquisition of all stock of a corporate tenant by any corporation, the stock of which is registered pursuant to the Securities Act of 1933 or the merger of a corporate tenant into such a corporation, the stock of which is so registered, shall not be deemed to be a violation of Section 4.06(a). For purposes of this Section 4.06(c), the term "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation involved.

(d) If Tenant is a general partnership having one or more corporations as partners or if Tenant is a limited partnership having one or more corporations as general partners, the provisions of Section 4.06(c) shall apply to each of such corporations as if such corporations alone had been the Tenant hereunder. If Tenant is a general or limited partnership, joint venture,

or other form of association, the transfer of a majority of the ownership interests therein shall constitute a Transfer for the purposes of this Lease.

(e) The consent by Landlord to a particular Transfer shall not be deemed a consent to any other subsequent Transfer. If this Lease, the Leased Premises or the Tenant's leasehold interest therein, or if any portion of the foregoing is transferred, or if the Leased Premises are occupied in whole or in part by anyone other than Tenant without the prior consent of Landlord as provided herein, Landlord may nevertheless collect rent from the transferee or other occupant and apply the net amount collected to the Rent payable hereunder, but no such transaction or collection of rent or application thereof by Landlord shall be deemed a waiver of the provisions hereof or a release of Tenant from the further performance by Tenant of its covenants, duties and obligations hereunder.

(f) Notwithstanding anything to the contrary, no approval or consent shall be required for a Transfer to a "subsidiary", "affiliate" or a "successor" of Tenant.

For purposes of this Section 4.06, a "subsidiary", "affiliate" or a "successor" of Tenant shall mean the following:

(1) An "affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by or is under common control with Tenant. For this purpose, "control" shall mean the possession, directly or indirectly, or the power to direct or cause a direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

(2) A "subsidiary" shall mean any corporation not less than fifty percent (50%) of whose outstanding stock shall, at the time, be owned directly or indirectly by Tenant.

(3) A "successor" of Tenant shall mean; (i) a corporation with which Tenant, its corporate successors or assigns, is merged or consolidated in accordance with applicable statutory provisions for merger or consolidation of a corporation, or (ii) a corporation acquiring the lease hereby demised in conjunction with such corporation's acquisitions of all or substantially all of the assets of Tenant, its corporate successors or assigns, or (iii) any corporate successor to a successor corporation becoming such by either of the methods described in (i) or (ii). Notwithstanding anything to the

contrary contained herein, in the event of a Transfer to an affiliate, subsidiary or successor (as defined herein) all excess rental or other consideration shall be for the sole benefit of Tenant. Landlord's right to terminate this Lease as to the space so affected as described in 4.06(a)(i) shall be null and void.

4.07 Alterations, Additions, Improvements. Tenant will make no alteration, change, improvement, repair, replacement or addition to the Leased Premises without the prior written consent of Landlord, which consent will not be unreasonably withheld or delayed. Tenant may remove its trade fixtures, office supplies and movable office furniture and equipment not attached to the Building provided (i) such removal is made prior to the termination or expiration

of the Term; (ii) Tenant is not then in default in the timely performance of any obligation or covenant under this Lease; and (iii) Tenant promptly repairs all damage caused by such removal. All other property and the Leased Premises and any alteration or addition to the Leased Premises and any other articles attached or affixed to the floor, wall, or ceiling of the Leased Premises is a part of the property of Landlord and shall be surrendered with the Leased Premises as part thereof at the termination or expiration of this Lease, without payment or compensation therefor. If, however, Landlord so requests in writing, Tenant will, prior to termination or expiration of this Lease, remove any and all alterations, additions, fixtures, equipment and property placed or installed by Tenant or installed by Landlord at Tenant's expense in the Leased Premises and will repair any damage caused by such removal, so long as Landlord stipulates in writing the removal or such items to be removed contemporaneously with Landlord's approval of any requested alterations, additions or improvements by Tenant.

4.08 Compliance with Laws and Usage; Building Rules and Regulations; Liens. Tenant, at its cost, shall comply with all federal, state, municipal and other laws and ordinances applicable to the Leased Premises and the business conducted therein by Tenant (including, but not limited to, all statutes, rules and regulations covering the use, storage, transportation and disposal of hazardous substances, including petroleum and other petrochemicals), and with the Building Rules and Regulations attached hereto as Exhibit "I" hereto as such rules and regulations are modified and supplemented by Landlord from time to time, and such other rules and regulations as may be adopted by Landlord from time to time, which when sent by Landlord to Tenant in writing shall be thereafter carried out and observed by Tenant (so long as such rules and regulations, and any changes or modifications thereto, are uniformly and consistently applied to all Tenants of the Building); will not engage in any activity which would cause landlord's fire and extended coverage insurance to be canceled or the rate thereof to be increased (or, at Landlord's option, will pay any such increase); and will not commit any act which is a nuisance or annoyance to Landlord or to other tenants in the Building or which might, in the reasonable judgment of Landlord, appreciably damage Landlord's goodwill or reputation, or tend to injure or depreciate the value of the Complex. Tenant has no authority to encumber the Complex or Leased Premises with any lien, and Tenant shall not suffer or permit any such lien to exist. Should any such lien hereafter be filed, Tenant shall promptly discharge the same at its sole cost.

4.09 Access by Landlord. Tenant shall permit Landlord and its agents or representatives to enter into and upon any part of the Leased Premises at all reasonable hours with reasonable prior advance written notice (emergencies excepted) to inspect same; to clean (after Normal Building Operating Hours); to make repairs, alterations or additions thereto, as Landlord may deem necessary or desirable; to show the Leased Premises to prospective purchasers or tenants (only during the last 9 months of the Term); or for any other purpose deemed reasonable by Landlord; and Tenant shall not be entitled to any abatement or reduction or Rent by reason thereof. In connection with the foregoing, Landlord will minimize interference with Tenant's business to the extent reasonably possible.

4.10 Landlord's Mortgagee. Contemporaneously with the execution hereof, Tenant and American National Insurance Company, the current mortgagee under the mortgage constituting the current and only mortgage lien on the Complex or the Leased Premises ("Landlord's Mortgagee") have executed a Subordination, Non-Disturbance and Attornment Agreement in the

form attached hereto and made a part hereof as Exhibit "H." Tenant agrees with Landlord and with the mortgagee of any mortgage or the beneficiary of any deed of trust hereafter placed against and constituting a lien on the Complex or the Leased Premises ("Landlord's Future Mortgagee") that any Landlord's Future Mortgagee shall have the right at any time to elect, by notice in writing given to Tenant, to make this Lease superior to the lien of such mortgage or deed of trust and upon the giving of such notice to Tenant, this Lease shall be deemed prior and superior to the mortgage or deed of trust in respect to which such notice is given; and at Landlord's Mortgagee's request Tenant shall execute a recordable instrument establishing this Lease as superior to such lien; or Landlord's Future Mortgagee may, by like notice, make this Lease subordinate to such mortgage or deed of trust. If Landlord's Future Mortgagee shall elect to make this Lease subordinate to such mortgage or deed of trust, Tenant agrees to attorn to such Landlord's Future Mortgagee so long as such Landlord's Future Mortgagee also agrees to not disturb Tenant's possession under this Lease in the event such Landlord Future Mortgagee becomes the owner of the Building through foreclosure or otherwise. In confirmation of such subordination, attornment and non-disturbance agreement, Tenant shall execute promptly any reasonable Subordination, Attornment and Non-Disturbance Agreement that Landlord or such Landlord's Future Mortgagee may request. Without limiting the foregoing, Tenant agrees to enter into a Subordination, Non-Disturbance and Attornment Agreement substantially in the form attached as Exhibit "H." Tenant further agrees that any Landlord's Mortgagee or Landlord's Future Mortgagee may demand the payment of Rent and performance of this Lease at any time. Tenant hereby constitutes Landlord as Tenant's attorney-in-fact to execute such Subordination, Attornment and Non-Disturbance Agreement for and on behalf of Tenant should Tenant fail to execute such agreement within fifteen (15) days after written request to do so. In the event of the enforcement by Landlord's Mortgagee or Landlord's Future Mortgagee of the remedies provided for by law or by such mortgage or deed of trust, Tenant will, upon request of any person or party succeeding to the interest of Landlord as a result of such enforcement, automatically become the Tenant of such successor in interest without change in terms or other provisions of such lease provided, however, that such successor in interest shall not be (i) bound by any payment of Rent for more than one month in advance except payments in the nature of security for the performance by Tenant of its obligations under this Lease; (ii) subject to any offset, defense or damages arising out of a default (except as provided for in Section 3.01(c) and Section 5.02 of this Lease Agreement) or any obligations any preceding Landlord; or (iii) bound by any amendment or modification of this Lease made without the written consent of such successor in interest, provided Tenant has been given prior notice of the identity of such successor in interest. Upon request by such successor in interest, Tenant shall execute and deliver reasonable instruments confirming the attornment provided for herein.

4.11 Estoppel Certificate. At Landlord's request from time to time, Tenant will within ten (10) days, without further consideration, execute an estoppel certificate addressed to Landlord's Mortgagee or to such party as Landlord may designate certifying to such notice provisions and other matters as Landlord's Mortgagee or as the other party designated by Landlord may reasonably request. At Landlord's request from time to time, Tenant will within ten (10) days execute, without further consideration, a certificate stating the commencement and expiration dates of the Term, the rental then payable hereunder, that (to its actual knowledge) there are no defaults on the part of Landlord or claims against Landlord hereunder (or if there are any, stating

the same with particularity), and such other information pertaining to this Lease as Landlord may reasonably request, addressed to such party as Landlord may designate.

Article 5
Mutual Covenants

5.01 Condemnation, Loss or Damage. If the Leased Premises, Complex, or any part thereof shall be taken or condemned for any public purpose (or conveyed in lieu or in settlement thereof) to such an extent as to render the remainder of the Building or Leased Premises, in the opinion of an independent architect selected by Landlord, not reasonably suitable for occupancy, this Lease shall, at the option of Landlord, forthwith cease and terminate (and if the Leased Premises, including access thereto, shall be taken or condemned, or conveyed in lieu or in settlement thereof, to such an extent as to render the remainder of the Leased Premises, in Tenant's opinion, unsuitable for its occupancy, this Lease shall, at the option of Tenant, forthwith cease and terminate), and all proceeds from any taking or condemnation of the Building and the Leased Premises shall belong to and be paid to Landlord; provided, however, any award for Tenant's personal property and improvements in excess of Building Standard shall be paid to Tenant. If this Lease is not so terminated, Landlord shall repair any damage resulting from such taking, to the extent and in the manner provided in Section 5.02, and Base Rental and Additional Rent hereunder shall be abated to the extent the Leased Premises are rendered untenantable during the period of repair and thereafter be adjusted on an equitable basis considering the areas of the Leased Premises taken and remaining. Nothing contained herein shall preclude the Tenant from seeking a separate damage award from the condemning authority.

5.02 Fire or Other Casualty; Certain Repairs.

(a) In the event of a fire or other casualty in the Leased Premises, to the extent that the Building or Leased Premises shall be partially destroyed by fire or other casualty so as to render the Leased Premises untenantable in whole or in part in the opinion of Landlord and Tenant, or if, as a result of such fire or other casualty, Tenant is denied access to the Leased Premises, the Base Rental and Additional Rent provided for herein shall abate as to the portion of the Leased Premises rendered untenantable until such time as the Leased Premises are made tenantable as determined by Landlord and Landlord agrees to commence and prosecute such repair work promptly and with reasonable diligence, or if such destruction results in the Leased Premises being untenantable in substantial part for a period reasonably estimated by Landlord to be six (6) months or longer after the date of the destruction, or in the event of total or substantial damage or destruction of the Building where Landlord decides not to rebuild, then all Rent owed up to the date of such damage or destruction shall be paid by Tenant and this Lease shall terminate upon notice thereof to Tenant. Landlord will give Tenant written notice of its decisions, estimates or elections under this Section 5.02 within sixty (60) days after any such damage or destruction. If Landlord elects to rebuild following the damage or destruction of the Leased Premises in accordance with this Section 5.02, then if such repairs are not completed within nine (9) months after the date of such damage or destruction, Tenant shall have the right to cancel this Lease Agreement upon payment to Landlord of all Rent due and owing through the date of such damage or destruction.

(b) Should Landlord elect to effect any repairs under Sections 5.01 or 5.02(a), Landlord shall only be obligated to restore or rebuild the Leased Premises to a Building Standard condition, and then only to the extent that insurance proceeds are actually available to Landlord therefor, plus (i) an amount equal to Landlord's deductible under each applicable insurance policy, and (ii) the amount that would have been available under an insurance policy that should have been applicable but proceeds from which are not available due to Landlord's failure to maintain the policy as and to the extent required under

this Lease. In the event the Base Rental and Additional Rent or any portion of the Base Rental and Additional Rent is abated under Sections 5.01 or 5.02(a), the expiration date of the Term specified in Section 1.02 shall be extended for the period of such abatement. If insurance proceeds are insufficient to rebuild and Landlord elects not to rebuild with other funds, this Lease will terminate effective the date of destruction.

5.03 Holding Over. If Tenant should remain in possession of the Leased Premises after the termination or expiration of the Term without written consent of Landlord, then Tenant shall be deemed to be occupying the Leased Premises as a tenant-at-sufferance, subject to all the covenants and obligations of this Lease, except that the daily Rent shall be one hundred fifty percent (150%) the Base Rental in effect immediately prior to such expiration or termination, but such holding over shall not extend the Term.

5.04 Assignment by Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and property referred to herein, and upon any such transfer of assignment and assumption of Landlord's obligations by such assignee, no further liability or obligation shall thereafter accrue against Landlord hereunder.

5.05 Control of Common Areas and Parking Facilities by Landlord. All public lobbies, foyers, corridors and restrooms, all automobile parking areas including (without limitation), the Garage, driveways, entrances and exits thereto, and other facilities furnished by Landlord, including all parking areas, truck way or ways, loading areas, pedestrian walkways, ramps, landscaped areas, stairways and other areas and improvements provided by Landlord for the general use, in common, of tenants, their officers, agents, employees, invitees, licensees, visitors and customers shall be at all times subject to the exclusive control and management of Landlord; Landlord shall have the right, in its reasonable discretion and at any time, to change or modify any of the facilities and areas mentioned in this Section so long as such change or modification does not unduly interfere or disrupt Tenant's use of this Leased Premises under Section 1.03 and Section 5.18 of this Lease Agreement; and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations (herein called the "Building Rules and Regulations") with respect to all facilities and areas mentioned in this Section; the initial Building Rules and Regulations are set out in Exhibit "I" hereto and are of equal dignity herewith (which shall be consistently and uniformly applied to all tenants and visitors of the Building).

5.06 Default by Tenant.

(a) Each of the following occurrences relative to Tenant shall constitute an "Event of Default:"

(1) Failure or refusal of Tenant to make the timely payment of any Rent payable under this Lease within five (5) business days following written notice from Landlord, that the same is due and payable, but not yet received by Landlord;

(2) The filing or execution or occurrence of a petition in bankruptcy or other insolvency proceeding by or against Tenant or petition or answer seeking relief under any provision of the Bankruptcy Act; or as assignment for the benefit of creditors or composition; or a petition or other proceeding by or against the Tenant for the appointment of a trustee, receiver or liquidator of Tenant or any of Tenant's property; or a proceeding by any governmental authority for the dissolution or liquidation of Tenant or any guarantor of Tenant;

(3) Failure by Tenant in the performance or compliance with any of the agreements, terms, covenants or conditions provided in this Lease, other than those referred to in (1) and (2) above, for a period of thirty (30)

days (or longer so long as Tenant is diligently pursuing any compliance or cure) after notice from Landlord to Tenant specifying the items in default.

(b) This Lease and the Term and estate hereby made are subject to the limitation that if and whenever any Event of Default shall occur, Landlord may, at its option and without further written notice to Tenant, in addition to all other remedies given hereunder or by law or equity, do any one or more of the following:

(1) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Leased Premises to Landlord;

(2) Enter upon and take possession of the Leased Premises and expel or remove Tenant and any other occupant and all property therefrom with or without having terminated the Lease; and

(3) Alter locks and other security devices at the Leased Premises so that Tenant will not have access to the Leased Premises (other than to retrieve files, chattels and personal belongings, which Landlord shall provide access to the Leased Premises for such purposes during the normal business hours of the Building). Landlord may take these actions without incurring any liability and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law; Tenant hereby waiving any right to claim damage for such re-entry expulsion.

(c) Once all applicable written notices are given, cure periods have elapsed and an Event of Default has occurred, any right of Tenant to receive notice of Landlord's intent to exercise any of its remedies is hereby waived.

(d) Exercise by Landlord of any one or more remedies shall not constitute an acceptance of surrender of the Leased Premises by Tenant, it being understood that such surrender can be effected only by the written agreement of the Landlord and Tenant, with the prior written consent of any Landlord's Mortgagee (as defined in Section 4.10).

(e) If Landlord terminates this Lease by reason of an Event of Default, Tenant shall pay to Landlord the sum of all Rent and other indebtedness accrued hereunder to the date of such termination, the amounts stated in Section 5.06(f) hereof, plus, as liquidated damages, an amount equal to the then present value of the Rent and all other indebtedness as would otherwise have been required to be paid by Tenant to Landlord during the period following the termination of the Term measured from the date of such termination to the date of expiration stated in section 1.02, less the then present fair market rental value of the Leased Premises for such period as reasonably determined by arbitration proceedings.

(f) If Landlord repossesses the Leased Premises without terminating the Lease, then Tenant shall pay to Landlord all Rent and other indebtedness accrued to the date of such repossession, plus Rent and other sums required to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Leased Premises during said period (after deducting expenses incurred by Landlord as provided below); reentry by Landlord will not affect the obligations of Tenant for the unexpired Term. Tenant shall not be entitled to any excess of any Rent obtained by reletting over the Rent herein reserved. Actions to collect amounts due by Tenant may be brought on one or more occasions, without the necessity of Landlord's waiting until expiration of the Term.

(g) In case of an Event of Default, to the extent the same were not paid or deducted, as appropriate, under Section 5.06(e) or (f), Tenant shall also pay to Landlord: (i) broker's fees incurred by Landlord in connection with reletting the whole or any part of the Leased Premises; (ii) the cost of removing and storing Tenant's or any other occupant's property; (iii) and the

cost of repairing, altering, remodeling or otherwise putting the Leased Premises into condition acceptable to a new tenant or tenants; and (iv) all reasonable expenses incurred by Landlord in enforcing Landlord's remedies, including reasonable attorney's fees and court costs. Notwithstanding the above, Tenant's obligation pursuant to this Section (g) shall be limited to the total of items (i), (ii), (iii) and (iv) multiplied by the percentage obtained by dividing the remainder of Tenant's Lease Term by the substitute tenant(s) lease term.

(h) Upon termination or repossession of the Leased Premises for an Event of Default, Landlord shall use reasonable efforts to relet the Leased Premises, or any portion thereof, and to collect rental after releting. In the event of releting, Landlord may relet the whole or any portion of the Leased Premises for any period, to any tenant, and for any use and purpose. In no event shall Landlord be required to extend any preference to the releting of the Leased Premises or any portion thereof over other vacant space in the Building. Notwithstanding the above, Landlord shall not discriminate against the Leased Premises over the leasing of other vacant space in the Building.

(i) Any and all property which may be removed from the Leased Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and stored, as the case may be, by or at the direction of Landlord at the risk, cost and expense of Tenant, and Landlord shall use reasonable efforts to safeguard such property. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant

from storage within thirty (30) days after removal from the Leased Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

(j) If Tenant should fail to make any payment or perform any obligation hereunder, and such failure continues beyond any applicable cure period allowed hereunder, Landlord, without obligation to do so and without thereby waiving such failure or default, may make such payment and/or perform such obligation for the account of Tenant (and enter the Lease Premises for such purpose), and Tenant shall pay upon demand all costs, expenses and disbursements (including reasonable attorneys' fees) incurred by Landlord in taking such remedial action, plus interest thereon at the highest rate of interest permitted by law.

(k) In addition to the foregoing, if Tenant abandons or fails to occupy the Leased Premises (without the payment of rent), or any significant portion thereof, Landlord may, at its election, terminate this Lease.

5.07 Non-Waiver. Neither acceptance of rent by Landlord nor failure by a party to complain of any action, non-action or default of the other shall constitute a waiver of any of the first party's rights hereunder. Waiver by either party of any right for any default of the other shall not constitute a waiver of any right for either a subsequent default of the same obligation or any other default. Notwithstanding anything contained herein to the contrary, should Tenant default under this Lease and subsequently cure such default to Landlord's satisfaction, Landlord shall acknowledge such cure in writing, and Landlord agrees no further action shall be taken against Tenant as a consequence thereof.

5.08 Independent Obligations. The obligation of Tenant to pay all Rent and other sums hereunder provided to be paid by Tenant and the obligation of Tenant to perform Tenant's other covenants and duties hereunder constitute independent unconditional obligations to be performed at all times provided for hereunder, save and except only when an abatement thereof or reduction therein is hereinabove expressly provided for and not otherwise. Tenant waives and

relinquishes all rights which Tenant might have to claim any nature of lien against or withhold, or deduct from or offset against any Rent and other sums provided hereunder to be paid Landlord by Tenant.

5.09 Time of Essence. In all instances where any act is required at a particular indicated time or within an indicated period, it is understood and stipulated that time is of the essence.

5.10 Remedies Cumulative. Either party may restrain or enjoin any breach or threatened breach of any covenant, duty or obligation of the other herein contained without the necessity of proving the inadequacy of any legal remedy or irreparable harm. The remedies of the parties hereunder shall be deemed cumulative and no remedy of either party, whether exercised by the party or not, shall be deemed to be in exclusion of any other.

5.11 Insurance, Liability, Indemnity, Subrogation and Waiver.

(a) Tenant shall maintain at its sole expense fire and extended coverage insurance with vandalism, malicious mischief and theft endorsements and with the additional of the all other peril coverage (formerly known as all risk) and a sprinkler leakage endorsement and flood coverage (where applicable), on all of its personal property, including removable trade fixtures, located in the Leased Premises and on non-Building Standard leasehold improvements and all additions and improvements made by Tenant in excess of Building Standard leasehold improvements.

(b) Tenant shall, at its sole expense, maintain in effect at all times commercial general liability insurance, including contractual liability coverage, naming Landlord as an additional insured, issued by and binding upon some solvent insurance company authorized to do business in Texas and satisfactory to Landlord and with an A.M. Best rating of at least A-VI, with bodily injury and property damage limits of no less than $1,000,000.00 combined single limit for each occurrence and $3,000,000.00 in the aggregate for all liability including products and completed operations coverage. Tenant shall provide to Landlord (i) copies of such insurance policies prior to the Commencement Date of the Term, (ii) upon written request from Landlord, certificates of renewal at least thirty (30) days prior to the expiration date of any such policies, and (iii) copies of new policies at least thirty (30) days prior to terminating, or changing insurance companies for, any such policies.

(c) Tenant agrees to release, indemnify, defend and hold harmless Landlord and Landlord's partners, agents, directors, officers, employees, invitees and contractors, from and against any and all liabilities, claims, demands, expenses, fees, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature (including, but not limited to, legal and investigative costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made) arising or growing out of or in any way connected with Tenant's use, occupancy, management or control of the Leased Premises, Tenant's use of the Complex, Tenant's operations or activities in the Building or the Complex, any breach of this Lease by Tenant or the negligence or intentional misconduct of Tenant, or its agents, directors, officers or employees. Landlord agrees to release, indemnify, defend and hold harmless Tenant, and Tenant's partners, agents, directors, officers, employees, invitees and contractors, from and against any and all liabilities, claims, demands, expenses, fines, penalties, suits, proceedings, actions, and causes of action of any kind and every kind and nature (including, but not limited to, legal and investigative costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made) arising or growing out of or in any way connected with Landlord's use, occupancy and management or control of the Leased Premises, Landlord's use of the Complex, Landlord's operations or activities in the Building or the Complex, any breach of this Lease by Landlord, or the negligence or intentional misconduct of Landlord, or their respective agents, directors, officers or employees. This obligation to indemnify shall not

be limited in any way by any limitation of the amount or type of damages, compensation or benefit payable under applicable worker's compensation acts, disability benefit acts or other employee benefit acts. The provisions of this paragraph shall survive the termination of the Lease with respect to any claim arising before such termination.

(d) ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, TENANT AND LANDLORD HEREBY RELEASE AND WAIVE ALL CLAIMS, RIGHTS OF RECOVERY AND CAUSES OF ACTION THAT EITHER PARTY OR ANY PARTY CLAIMING BY, THROUGH OR UNDER EITHER PARTY BY SUBROGATION OR OTHERWISE MAY NOW OR HEREAFTER HAVE AGAINST EACH OTHER OR THEIR RESPECTIVE PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS FOR ANY LOSS OR DAMAGE THAT MAY OCCUR TO THE COMPLEX, LEASED PREMISES, TENANT IMPROVEMENTS OR ANY OF THE CONTENTS OF ANY OF THE FOREGOING BY REASON OF FIRE OR OTHER CASUALTY, OR ANY OTHER CAUSE INCLUDING GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR NEGLIGENCE OF LANDLORD OR TENANT, LANDLORD'S OR TENANT'S PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS (THE "INSURED CLAIMS"), TO THE EXTENT SUCH INSURED CLAIMS ARE COVERED BY INSURANCE POLICES REQUIRED TO BE MAINTAINED UNDER THE TERMS OF THIS LEASE.

(e) Tenant and Landlord agree that each shall not be responsible or liable to the other or to their agents, customers or invitees, for bodily injury (fatal or non-fatal) or property damage occasioned by the acts or omissions of any other tenant or such tenant's employees, agents, contractors, customers or invitees within the Complex, or for any loss or damage to any property or persons occasioned by theft, fire act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or any other cause beyond the control of either party, or for any inconvenience or loss to either party (other than as may arise as a result of breach of covenant under this Lease) in connection with any of the repair, maintenance, damage, destruction, restoration or replacement referred to in this Lease, provided the party causing such inconvenience or loss uses reasonable efforts to avoid or minimize the same.

(f) Landlord Insurance. Landlord covenants and agrees that it maintain or cause to be maintained in full force and effect, at all times, "all risk" fire and extended coverage insurance covering the Building and the Building Standard leasehold improvements in amounts equal to ninety-five percent (95%) of the insurable value thereof (actual replacement value without deduction for physical depreciation) and rental abatement insurance in an amount sufficient to cover rentals from the Building (except non-continuing charges). Landlord agrees to maintain throughout the Term comprehensive general public liability and broad form property damage insurance with a Best rating of at least A-VI, in such amounts as shall be appropriate for a first-class office building project similar to the Building, but in any event with limits of not less than One Million and No/100 Dollars ($1,000,000.00) for injury to or death of any one person, Five Million and No/100 Dollars ($5,000,000.00) for injury to or death of any number of persons in any one occurrence, and One Million and No/100 Dollars ($1,000,000.00) for damage to or destruction of property for any one occurrence. Landlord will maintain employer's liability insurance with a minimum limit of One Million and No/100 Dollars ($1,000,000.00) for bodily injury.

5.12 Venue; Governing Law. This Lease shall be governed by the laws of the State of Texas. All monetary and other obligations of Landlord and Tenant are performable exclusively in Houston, Harris County, Texas.

5.13 Notice. Any notice which may or shall be given under the terms of this Lease shall be in writing and shall be either delivered by hand (with receipt of notice verified by signature) or sent by United States Registered or Certified Mail, postage prepaid, if for Landlord to c/o Fidinam Capital, 11811 North Freeway, Suite 300, Houston, Texas 77060, Attn: Charles S. Iupe; if for Tenant

to Attn: David Mullen, Vice President - Human Resources at the Leased Premises. Such addresses may be changed from time to time by either party by giving notice as provided above. Notice shall be deemed given when delivered (if delivered by hand) or when postmarked (if sent by mail).

5.14 Entire Agreement, Binding Effect, Severability. This Lease and any written addenda and all exhibits hereto (which are expressly incorporated herein by this reference) shall constitute the entire agreement between Landlord and Tenant; no prior written or prior or contemporaneous oral promises, inducements, representations or agreements not embodied herein shall be binding or have any force or effect. Landlord's agents do not and will not have authority to make any promises, agreements, or representations not expressly contained in this Lease, and Tenant will make no claim on account of any representation whatsoever, whether made by a renting agent, broker, officer or other representative of Landlord, or which may be contained in any circular, prospectus or advertising relating to the Leased Premises, the Building, the Complex or otherwise, unless the same is specifically set forth in the Lease. This Lease shall not be amended, changed or extended except by written instrument signed by both parties hereto. The provisions of this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties, but this provision shall in no way alter the restrictions on assignment and subletting applicable to Tenant hereunder. If any provision of this Lease or the application thereof to any person or circumstance shall at any time or to any extent be held invalid or unenforceable, and the basis of the bargain between the parties hereto is not destroyed or rendered ineffective thereby, the remainder of the Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

5.15 Right of Reentry. Upon the expiration or termination of the Term for whatever cause, Landlord shall have the right to immediately reenter and reassume possession of the Leased Premises and remove Tenant's property therefrom, and Tenant expressly acknowledges such right. In connection with the exercise of Landlord's remedies hereunder, Landlord agrees to store Tenant's property, either on the Leased Premises or elsewhere, that Tenant has left in the Leased Premises following the expiration or termination of the term of this Lease, for thirty (30) days after the expiration or termination of the term of this Lease. Landlord shall use reasonable efforts to safeguard Tenant's property during such period, but shall have no other obligation to ensure that it is maintained or otherwise cared for during such thirty (30) day period. In the event Tenant fails to remove such property at the expiration of thirty (30) day period, Landlord shall be free to dispose of the property by whatever means and in whatever manner it deems appropriate.

5.16 Number and Gender; Captions; References. Pronouns, where used herein, of whatever gender, shall include natural persons, corporations, and associations of every kind and character, and the singular shall include the plural and vice versa where and as often as may be appropriate. Article and section headings under this Lease are for convenience of reference and

shall not affect the construction or interpretation of this Lease. Whenever the terms "hereof," "hereby," "herein," or words of similar import are used in this Lease, they shall be construed as referring to this Lease in its entirety rather than to a particular section or provision, unless the context specifically indicates to the contrary. Any reference to a particular "Article" or "Section" shall be construed as referring to the indicated article or section of this Lease.

5.17 Delinquent Payments; Handling Charge. Any payments required of Tenant hereunder, whether as Rent or otherwise, shall bear interest from the time due (subject to the grace periods as provided in Section 5.06 of this Lease Agreement) until paid at the maximum rate of interest permitted by law. Furthermore, should Tenant fail to timely pay any installment of Rent hereunder, Landlord shall have the option to charge Tenant, as additional Rent hereunder, a

fee equal to five percent (5%) of the delinquent installment to reimburse Landlord for its cost and inconvenience incurred in dealing with Tenant's delinquent payment. In no event, however, shall the charges imposed under this Section 5.20 and elsewhere in this Lease, to the extent the same are considered to be interest under applicable law, exceed the maximum rate of interest allowable under applicable law.

5.18 Quiet Enjoyment. Tenant, on paying all sums herein called for and performing and observing all of its covenants and agreements hereunder (subject to the compliance or cure periods as provided in Section 5.06 of this Lease Agreement), shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Leased Premises during the Term subject to the provisions of this Lease and applicable governmental laws, rules, and regulations; and Landlord agrees to warrant and forever defend Tenant's right to such occupancy against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through, or under Landlord, but not otherwise, subject only to the provisions of this Lease and all applicable governmental laws, rules, and regulations.

5.19 Signs. Unless otherwise specifically permitted pursuant to the Lease, no signs, symbols or identifying marks shall be placed in or upon the Complex, in the halls, elevators, staircases, entrances, or exterior of the Building or Garage, or upon the doors or walls of the Leased Premises without prior written approval of Landlord. Landlord agrees to provide and install, at Tenant's cost, all letters or numerals on doors in the Leased Premises. All such letters and numerals shall be in the Building Standard graphics, and no others shall be used or permitted on the Leased Premises without written permission from Landlord.

5.20 Brokerage. Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, other than Trione & Gordon, L.L.P., and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provision of this Paragraph, in addition to all of Tenant's indemnities and covenants expressly set forth in this Lease, shall survive the termination of this Lease.

5.21 Limitation of Implied Warranty. Landlord's duties and warranties are limited to those expressly stated in this Lease and shall not include any implied duties or implied warranty now

or in the future. LANDLORD HAS NOT MADE, AND TENANT MAY NOT RELY ON, ANY REPRESENTATION OR WARRANTIES WITH REGARD TO THE BUILDING, LEASED PREMISES OR OTHERWISE, EXPRESSED OR IMPLIED, EXCEPT AS STATED IN THIS LEASE. IN PARTICULAR, LANDLORD HAS NOT AUTHORIZED ANY AGENT OR BROKER TO MAKE A REPRESENTATION OR WARRANTY INCONSISTENT WITH THE TERMS OF THIS LEASE AND TENANT MAY NOT RELY ON ANY SUCH INCONSISTENT REPRESENTATION OR WARRANTY.

5.22 Environmental and Land Use Matters. Landlord represents and warrants that, after diligent inquiry, it has no knowledge of the existence of asbestos in the Complex, or other Hazardous Materials in, on, under or about the Complex (except in quantities that do not violate Environmental Laws or constitute a threat to human health, or that could require remediation were such existence known to applicable governmental authorities). In the event asbestos or other Hazardous Materials were used in the construction of the Complex, and, as a consequence, applicable Environmental Laws require removal or abatement, Landlord will comply with such Environmental Laws at its sole cost and expense and such cost shall not be part of the Actual Operating Expenses of the Building under Section 2.02(e). Neither Landlord nor Tenant shall use, store, treat, transport, manufacture, refine, handle, produce or dispose of hazardous materials on, or affecting the Leased Premises in any manner that violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treating, transportation, manufacture, refinement, handling, production

or disposal of Hazardous Materials (collectively, "Environmental Laws"). For purposes of this agreement, "Hazardous Materials" shall mean any flammable substances, explosives, radioactive materials, hazardous wastes, toxic substances, pollutants, pollution, or related materials specified in any of the Environmental Laws. Tenant indemnifies Landlord against, and agrees to hold Landlord harmless from, any and all loss, cost or expense that Landlord may incur as a result of violations by Tenant or any of its agents, employees or invitees, of Environmental Laws in connection with the use of the Leased Premises which violations occurred in the period in which Tenant leased the Leased Premises, and such indemnity shall survive the term of this agreement and any and all renewal terms. Landlord indemnifies Tenant against, and agrees to hold Tenant harmless from, any and all loss, cost or expense that Tenant may incur as a result of violations by Landlord, or any of its agents, employees, or invitees, of Environmental Laws in connection with the use of the premises of which the Leased Premises are a part which violations occurred in the period in which Landlord leased such premises under the Lease, and such indemnity shall survive the term of this agreement and any and all renewal terms. The indemnities of this Section 5.22 shall expire on a date five (5) years after the termination of the Term unless the indemnified party has notified the indemnitor party before such date that a violation or suspected violation had been discovered or claimed, in which case the indemnity will survive as to the claimed or suspected violation to the maximum extent permitted by law.

5.23 Newpark Agreements. The parties hereto acknowledge that Tenant is an existing sublessee of Newpark Drilling Fluids, L.L.C. ("Newpark") of certain space in the Building pursuant to Sublease Agreement dated February 15, 2000 (the "Newpark Sublease"). The Newpark Sublease will be terminated effective the Commencement Date hereof (pursuant to Exhibit "K"). It is the intent of the parties that no interruption in rent payments covering the space described in the Newpark Sublease shall occur.

5.24 Guaranty. Guarantor agrees to guarantee payment and performance of all of Tenant's obligations, including, but not limited to, payment of Rent hereunder. This guaranty obligation is absolute and unconditional. If Tenant defaults hereunder, and as a result an Event of Default occurs, Guarantor is primarily liable for all of Tenant's obligations hereunder and Landlord shall have the right to make demand on, and bring an action directly against Guarantor, and will not be required to first exhaust its remedies against Tenant. This guaranty obligation will not be limited, reduced or affected by any amendment to this Lease (whether or not approved by Guarantor), any waiver by Landlord of any default or remedy hereunder, or by the bankruptcy, dissolution or any other event that may occur with respect to Tenant. Guarantor acknowledges that Landlord is relying primarily upon the credit of Guarantor, but for this guaranty agreement, would not enter into this Lease with Tenant.

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5.25 EXECUTED in multiple counterparts, each of which shall have the force and effect of an original on the date first above written.

"LANDLORD"

BROADFIELD ASSOCIATES, L.P.,
a Texas limited partnership

By: Broadfield Management, L.L.C.,
A Texas limited liability company,
its general partner

By: /s/ Charles Iupe

Name: Charles Iupe

Title: President

"TENANT"

TRANSOCEAN OFFSHORE DEEPWATER DRILLING INC., a Delaware corporation

By: /s/ David Mullen

David Mullen
Vice President - Human Resources

"GUARANTOR"

TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation

By: /s/ David Mullen

David Mullen
Vice President - Human Resources

[Signature page to Lease Agreement dated April 18, 2001 between Broadfield Associates, L.P., a Texas limited partnership, as Landlord, Transocean Offshore Deepwater Drilling Inc., a Delaware corporation, as Tenant, and Transocean Sedco Forex Inc., a Cayman Islands corporation, as Guarantor.]

ADDENDUM TO LEASE BETWEEN
BROADFIELD ASSOCIATES, L.P., AS LANDLORD,
AND TRANSOCEAN OFFSHORE DEEPWATER DRILLING INC., AS TENANT

1. BASE RENTAL

Tenant shall pay monthly Base Rental beginning on the Rent Commencement Date for the Leased Premises pursuant to the following schedule:

Premises	Period	Annual Base Rental/ Rentable Square Foot
1/st/ & 2/nd/ Floors	RCD - 08/31/05	$22.50
	09/01/05 - 03/31/11	$23.50
3/rd/ Floor	("RCD") - 08/31/03	$18.50
	09/01/03 - 08/31/05	$19.75
	09/01/05 - 03/31/11	$20.75
4/th/ Floor	Commencement Date - 08/31/03	$18.00
	09/01/03 - 08/31/05	$19.25
	09/01/05 - 03/31/11	$20.75
5th Floor (if leased pursuant to Additional Premises Option)	RCD - 08/31/03	$18.50
	09/01/03 - 08/31/05	$19.75
	09/01/05 - 03/31/11	$20.75
5/th/ Floor (If leased	RCD - 08/31/05	$19.75

pursuant to Expansion Option)	09/01/05 - 03/31/11	$20.75
6/th/ Floor	RCD - 08/31/05	$22.50
	09/01/05 - 03/31/11	$23.50
Entirety of the Leased Premises	During Extended Term	$23.50

Base Rental shall be payable monthly on the first (1st) day of each month during the Term of the Lease beginning on December 1, 2001 (the "Rent Commencement Date" or the "RCD"); provided, however, if the Commencement Date is delayed due to circumstances described in Sections 3.03(b) or (c) of the Lease, the Rent Commencement Date will be delayed by a like number of days. Notwithstanding the foregoing, Tenant's obligation to pay Rent for the 25,890 rentable square feet of space on the fourth (4th) floor of the Building shall commence effective the Commencement Date hereof, and Tenant shall not be granted any abatement of Rent for the Leased Premises on the fourth (4/th/) floor if the Commencement Date is delayed.

2. ADDITIONAL PREMISES OPTION; EXPANSION OPTIONS.

(a) Tenant will have the option (the "Additional Premises Option"), which may be exercised (in writing to Landlord) at any time after the Effective Date of the Lease and before December 31, 2001, to expand the Initial Leased Premises to include all of the space, being 25,890 square feet of Rentable Area, on the fifth (5/th/) floor of the Building (the "Additional Premises"). In exercising the Additional Premises Option, the following will apply:

Tenant may exercise the Additional Premises Option as to all or a portion of the fifth (5th) floor in a single exercise. However, the minimum space taken by Tenant on the fifth (5th) floor pursuant to the Additional Premises Option shall be 2,500 square feet of Rentable Area and, except for an exercise of the Additional Premises Option covering all of the fifth (5th) floor, no exercise of the Additional Premises Option covering a portion of the fifth (5th) floor shall cover more than 24,890 square feet of Rentable Area. Furthermore, no space in the Additional Premises occupied by Newpark (currently 5,940 square feet of Rentable Area) may be taken by Tenant pursuant to the Additional Premises Option until all of the other space in the Additional Premises is taken by Tenant hereunder. The Additional Premises will be leased on the same terms as the Initial Leased Premises hereunder. For purposes of clarification, no Landlord Improvements will be required of Landlord with respect to the Additional Premises. The Base Rental for the Additional Premises is set forth in paragraph 1 of this Addendum. Landlord shall deliver the Additional Premises to Tenant in its current (as of the Effective Date hereof) "as-is" condition (including, but not limited to, restrooms and related fixtures and plumbing, all permanent millwork and doors, hot water heaters, sinks, ice machines, dishwashers, refrigerators, electrical equipment and facilities and supplemental HVAC systems). Space in the Additional Premises that is not occupied by Newpark (currently 19,950 square feet of Rentable Area) will be delivered to Tenant within thirty (30) days after Landlord receives Tenant's notice of exercise of the Additional Premises Option. The balance of the space in the Additional Premises will be delivered to Tenant within one hundred twenty (120) days after Landlord receives Tenant's notice of exercise of the Additional Premises Option. The Additional Premises will be delivered to Tenant with all personal property of Newpark removed therefrom and the Additional Premises broom-cleaned and vacuumed.

(b) To the extent that Tenant does not exercise the Additional Premises Option with respect to all of the Additional Premises pursuant to clause (a) foregoing, Tenant will have the option (the "Fifth Floor Expansion Option"), which may be exercised (in writing to Landlord) at any time or times after December 31, 2001 and before August 31, 2009, to expand the Leased Premises to include all of the remaining space in the Additional Premises not leased by

Tenant under the Additional Premises Option ("Expansion Space"). In exercising the Fifth Floor Expansion Option, all the following will apply:

(i) Tenant will not have the right to exercise the Fifth Floor Expansion Option as to the portion of the Fifth Floor Expansion Space occupied by

Newpark on the Effective Date unless it has previously or concurrently exercised the Fifth Floor Expansion Option as to the remainder of the Fifth Floor Expansion Space not occupied by Newpark on the Effective Date.

(ii) Tenant may exercise the Fifth Floor Expansion Option on multiple occasions as to a portion of the Fifth Floor Expansion Space; provided, however, the minimum space taken by Tenant on the fifth (5th) floor pursuant to the Fifth Floor Expansion Option shall be 2,500 square feet of Rentable Area, and after the initial exercise, each subsequent exercise of the Fifth Floor Expansion Option shall cover Fifth Floor Expansion Space that is contiguous to space on the fifth floor that was the subject of a previous exercise of the Fifth Floor Expansion Option by Tenant (so long as contiguous space on the fifth floor is available), and further provided, no exercise of the Fifth Floor Expansion Option covering a portion of the fifth (5th) floor shall result in less than 1,000 square feet of contiguous Rentable Area, with access to Building Common Areas, remaining available for lease to third parties.

(iii) All of the space occupied by Newpark in the Fifth Floor Expansion Space as of the Effective Date must be taken, if at all, in a single exercise of the Fifth Floor Expansion Option.

(iv) Notwithstanding the foregoing provisions of this clause (b), at any time after December 31, 2002, and unless and until Landlord receives Tenant's notice of exercise of the Fifth Floor Expansion Option, Landlord (and/or Newpark) will, subject to the right of first refusal allowed Tenant under paragraph 3 of this Addendum, be free to sublease and/or lease space in the Fifth Floor Expansion Space to third parties, and to the extent that occurs, such space will be removed from space available to Tenant under the Fifth Floor Expansion Option without the necessity of further act. Provided, however, if such space that was leased or subleased by Landlord or Newpark on the fifth floor to third parties subsequently becomes vacant anytime before August 31, 2009, such space will, upon becoming vacant, become subject to Tenant's Fifth Floor Expansion Option.

The Fifth Floor Expansion Space leased under the Fifth Floor Expansion Option will be leased on the same terms as the Leased Premises hereunder. The Base Rental for the Fifth Floor Expansion Space is set forth in paragraph 1 of the Addendum. The Fifth Floor Expansion Space will be delivered to Tenant in the condition it is in as of the Effective Date (including, but not limited to, restrooms and related fixtures and plumbing, all permanent millwork and doors, hot water heaters, sinks, ice machines, dishwashers, refrigerators, electrical equipment and facilities and supplemental HVAC systems, to the extent such improvements currently exist on the fifth (5th) floor), reasonable wear and tear excepted, and except to the extent of modifications made by Newpark thereto as permitted in its existing Lease with Landlord in effect as of the date

hereof, being Lease Agreement dated May 28, 1998, as amended by Amendment dated April 19, 2001 (the "Newpark Lease"), within one hundred and twenty (120) days from the date of Tenant's notice, with all personal property of Newpark removed therefrom and the Fifth Floor Expansion Space broom-cleaned and vacuumed. Notwithstanding the foregoing, any Fifth Floor Expansion Space that was leased or subleased by Landlord or Newpark to a third party pursuant to the provisions of paragraph (b)(iv) foregoing, and subsequently became vacant before August 31, 2009, and thereafter was the subject of the exercise of a Fifth Floor Expansion Option by Tenant, will be delivered to Tenant in its then-existing, as-is condition, with all personal property of third parties removed therefrom and broom-cleaned and vacuumed. If any improvement described in the foregoing parenthetical clause currently exists on the fifth (5th) floor, Newpark shall not remove the same unless it substitutes equivalent improvements therefor.

(c) If, but only if, either (i) Tenant has taken all of the space on the fifth floor of the Building pursuant to either clause (a) or (b) foregoing, or paragraph 3 below, or (ii) Landlord and/or Newpark has leased or subleased to third parties all of the space on the fifth floor not taken by Tenant, Tenant will have the option (the "Sixth Floor Expansion Option") to expand the Leased Premises to include all of the space on the sixth (6/th/) floor of the Building ("Sixth Floor Expansion Space"). In exercising the Sixth Floor Expansion Option, all the following will apply:

(i) All of the Sixth Floor Expansion Space must be taken, if at all, in a single exercise of the Sixth Floor Expansion Option;

(ii) The Sixth Floor Expansion Space leased under the Sixth Floor Expansion Option will be leased on the same terms as the Leased Premises hereunder. The Base Rental for the Sixth Floor Expansion space is set forth in paragraph I of the Addendum. The Sixth Floor Expansion Space will be delivered to Tenant in the condition it is in as of the Effective Date (including, but not limited to, restrooms and related fixtures and plumbing, all permanent millwork and doors, hot water heaters, sinks, ice machines, dishwashers, refrigerators, electrical equipment and facilities and supplemental HVAC systems, to the extent such improvements currently exist on the sixth (6th) floor), reasonable wear and tear excepted, and except to the extent of modifications made by Newpark thereto as permitted in the Newpark Lease. If any improvement described in the foregoing parenthetical clause currently exists on the sixth (6th) floor, Newpark shall not remove the same unless it substitutes equivalent improvements therefor.

(iii) The Sixth Floor Expansion Option may be exercised, if at all, by written notice given Landlord by Tenant no earlier that April 1, 2002, and no later than August 31, 2009. Landlord shall deliver the Sixth Floor Expansion Space in the condition described in clause (c)(iii) hereof, to Tenant within nine (9) months from the date of Tenant's notice, with all personal property of Newpark removed therefrom and the Sixth Floor Expansion Space broom-cleaned and vacuumed.

(iv) Notwithstanding the foregoing provisions of this clause (c), at any time after August 31, 2005, and unless and until Landlord receives Tenant's notice of exercise of the

Sixth Floor Expansion Option, Landlord (and/or Newpark) will, subject to the right of first refusal allowed Tenant under paragraph 3 of this Addendum, be free to sublease and/or lease space in the Sixth Floor Expansion Space to third parties, and to the extent that occurs, such space will be removed from space available to Tenant under the Sixth Floor Expansion Option without the necessity of further act. Provided, however, if such space that was leased or subleased by Landlord or Newpark on the sixth floor to third parties subsequently becomes vacant anytime before August 31, 2009, such space will, upon becoming vacant, become subject to Tenant's Sixth Floor Expansion Option.

(d) The lease term for the Additional Premises, Fifth Floor Expansion Space or Sixth Floor Expansion Space, as applicable, shall commence (including all monetary obligations) on the earlier to occur of (i) the date that Tenant occupies the Additional Premises, Fifth Floor Expansion Space or Sixth Floor Expansion Space, as applicable, or (ii) the date that is one hundred twenty (120) days after Landlord delivers the Additional Premises, Fifth Floor Expansion Space or Sixth Floor Expansion Space to Tenant and shall be coterminous with the Term of the Lease.

3. RIGHT OF FIRST REFUSAL

Without limiting Tenant's rights under paragraph 2 foregoing, Tenant will have the continuing and reoccurring right of first refusal throughout the Term ("Right of First Refusal") to expand the Leased Premises to include any space on the fifth (5th) and sixth (6/th/) floors of the Building (to the extent not leased by Tenant hereunder) that is offered to a third party (the "ROFR Space"). In that regard, in the event Landlord receives a bona fide third party offer to lease any portion of the ROFR Space which Landlord intends to accept ("Third Party Offer"), Landlord will deliver notice to Tenant accompanied by a written summary of the economic and all other material terms of such offer. Tenant shall have ten (10) business days to deliver written acceptance of the terms of such offer to Landlord. If Tenant fails to deliver written acceptance, within said ten (10) day period, Landlord shall be free to Lease the space covered by the Third Party Offer to the third party on terms no more favorable to the third party than the Third Party Offer. In the event Landlord does not consummate the execution of a lease with the third party on such basis within one hundred eighty (180) days after Tenant's rejection of the Third Party Offer, Tenant's Right of First Refusal shall again apply. In the event that the term of the Third Party Offer expires before the Expiration Date, Tenant will have the right to extend the term of the ROFR Space to be conterminous with the Term hereof, with the rent during any extension period of the term of the ROFR Space being at the highest per square foot rental rates to be paid by Tenant under this Lease during such period. If the term of the Third Party Offer expires after the Expiration Date, Tenant will have the right to lease the ROFR Space for a term conterminous with the Term hereof, providing Landlord the right to extend an equivalent proration of any monetary allowances provided by Landlord in the Third Party Offer. Notwithstanding anything in this lease to the contrary, Tenant will have the same leasehold improvements allowance as the third party offeree, if Tenant exercises the rights herein granted.

4. LEASEHOLD IMPROVEMENTS ALLOWANCE

Landlord will construct and install the improvements described on Exhibit "F" to the Lease ("Landlord Improvements") on the first (1/st/), second (2/nd/) and third (3/rd/) floors of the Leased Premises at no cost or charge to Tenant, subject to the provisions of Section 3.03(a) and Section 3.03(b) of this Lease Agreement. Tenant currently occupies the fourth (4th) floor pursuant to the Newpark Sublease and no Landlord Improvements are required therein, except to the extent such Landlord Improvements were not provided as specifically required under the Newpark Sublease.

In addition, subject to the provisions of Exhibit "G" ("Workletter"), Landlord will provide a Leasehold Improvements Allowance to Tenant equal to $28.00 per rentable square foot of the first (1/st/), second (2/nd/) and third (3/rd/) floors of the Leased Premises as an allowance for the costs of Tenant's Leasehold Improvements over and above the Landlord Improvements, which will include fees of design professionals, labor and materials costs, permit fees, signage, cabling and other telecommunication costs, moving expenses and related costs, which may be applied to any improvements desired by Tenant within the Initial Leased Premises or Additional Premises. In the event Tenant does not use the entire Leasehold Improvements Allowance, Tenant shall have the right to apply such unused portion to the first Base Rental payments due hereunder. If Tenant exercises either the Additional Premises Option or the Fifth Floor Expansion Option, Landlord will provide a Leasehold Improvements Allowance equal to $28.00 per rentable square foot for the fifth (5/th/) floor, provided, however, if such exercise occurs after December 31, 2002, the fifth (5/th/) floor Tenant Improvements Allowance will be prorated to equal the result obtained from the following calculation:

$$\$724{,}920 \times \frac{A}{B} = \text{Prorated full fifth floor Tenant Improvements Allowance}$$

where

A = the number of days between the date the term commences for either the Additional Premises or Expansion Space with respect to the fifth floor and March 31, 2011; and

B = the number of days between December 31, 2002 and March 31, 2011.

The foregoing formula provides a full fifth (5th) floor prorated Tenant Improvements Allowance. In the event Tenant exercises the Additional Premises Option or the Fifth Floor Expansion Option as to less than all of the space in the fifth (5th) floor, the prorated Tenant Improvements will be further prorated to reflect the total number of rentable square feet taken by Tenant thereunder.

No Leasehold Improvement Allowance will be given for space on the fourth (4/th/) floor of the Leased Premises but the Leasehold Improvements Allowance may be utilized for any improvements made by Tenant to the fourth (4/th/) floor, provided such improvements are made within ten (10) months after the Commencement Date.

In the event Tenant exercises the Sixth Floor Expansion Option, Landlord will provide a Leasehold Improvements Allowance equal to $5.00 per rentable square foot on the sixth (6/th/) floor ($129,450), provided, however, if the lease term for the Sixth Floor Expansion Space commences after March 31, 2006, the sixth floor Tenant Improvements Allowance will be prorated to equal the result obtained from the following calculation:

$$\$129{,}450 \times \frac{A}{B} = \text{Prorated sixth floor Tenant Improvements Allowance}$$

where

A = the number of days between the date the lease term commences for the Sixth Floor Expansion Space and March 31, 2011; and;

B = the number of days between March 31, 2006 and March 31, 2011.

5. SIGNAGE

Tenant shall have the right to (i) non-exclusive monument signage (more prominent than that of any tenant in the Complex, including Newpark), or (ii) an exclusive monument sign, plus exclusive signage affixed to the upper most portion of the Building on the east and/or south sides thereof. The location, size and design of the exclusive monument or Building signage will be agreed upon by Tenant and Landlord, in their reasonable judgment, prior to its erection. The parties agree that Tenant's existing Building monument signage will be modified to be the uppermost signage position, provided that Tenant chooses the option of non-exclusive monument signage. The monument signage will be at Landlord's expense (unless Tenant desires an exclusive monument sign, in which case such signage will be at Tenant's expense). The Building signage will be at Tenant's expense. Any subsequent signage desired by Tenant, subject to Landlord's approval, will be at Tenant's expense.

6. RENEWAL OPTIONS

(a) Provided an Event of Default does not exist on the part of Tenant hereunder, Tenant will have the option to renew the Lease in its entirety, or at a minimum for one full floor, for either (i) two terms of five years, or (ii) one term of ten years, at Tenant's option (each a "Renewal Option"). In order to exercise such option, Tenant must give Landlord written notice of its intention to exercise at least nine (9) months prior to the expiration of the Term. The renewal notice will specify which Renewal Option Tenant has selected and the amount of space covered thereby. All of the terms and conditions of this Lease shall continue into the renewal period except that Base Rental for the renewal period will be equal to the Prevailing Market Rental Terms.

(b) Landlord will advise Tenant of its opinion of Prevailing Market Rental Terms within thirty (30) days after receipt of Tenant's renewal notice. If Landlord and Tenant do not agree on Prevailing Market Rental Terms, the parties will negotiate in good faith and attempt to reach agreement. If Landlord and Tenant cannot agree on the determination of the Prevailing Market Rental Terms within sixty (60) days after the date Landlord receives Tenant's renewal notice, the unresolved dispute shall be submitted to arbitration within five (5) days after the end of such sixty (60) day period. If Tenant is not satisfied with the decision of the arbitrators, Tenant shall have the right to rescind any exercise of an option to renew the lease for which the Prevailing Market Rental Terms were determined within ten (10) business days following the decision of the Arbitration Panel.

(c) For purposes hereof, the term "Prevailing Market Rental Terms" means the rental rate and other economic terms (including tenant inducements such as allowances and rental abatement) that a willing tenant would pay and a willing landlord would accept in arm's length, bona fide negotiations for a new lease of the space for which the Prevailing Market Rental Terms is being determined to be executed at the time of determination and to commence on the commencement of Tenant's lease of that space under this Lease. The determination of the Prevailing Market Rental Terms will be based upon other lease transactions made in the Building and other comparable office buildings in the market area, and will take into consideration the terms of the Lease (including any leasehold improvements allowance to be provided to Tenant under the terms of the Lease), and all relevant terms and conditions of any comparable leasing transactions, including, without limitation: (i) location, quality and age of the Building; (ii) use and size of the space in question; (iii) location and/or floor level within the Building; (iv) extent of the leasehold improvement allowances; (v) the amount of any abatement of rental or other charges; parking charges or including of same in rental; (vi) lease takeover/assumptions; (vii) club memberships; (viii) relocation allowances; (ix) refurbishment and repainting allowances; (x) any and all other concessions or inducements; (xi) extent of services provided or to be provided; (xii) distinctions between "gross" and "net" leases; (xiii) base year or dollar amount for escalation purposes (for both operating costs and ad valorem/real estate taxes); (xiv) any other

adjustments (including by way of indexes) to base rental rate; (xv) credit standing and financial stature of the tenant; and (xvi) length of term.

7 ARBITRATION

Any determination of the Prevailing Market Rental Terms, Base Operating Expense Rate or Actual Operating Expenses ("Arbitral Dispute(s)") that is submitted to arbitration shall be made under procedures set forth below. Pending the final determination of any dispute, Tenant shall continue to pay the amount(s) equal to the amounts paid by Tenant for rent during the last month of the Term; in the event of a final determination, Landlord or Tenant shall refund to the other party any overpayment. The determination of any Arbitral Dispute shall be submitted to an "Arbitration Panel" comprised of three (3) members, each of whom shall be a licensed real estate broker, with no less than ten (10) years experience in negotiating office leases in Houston. As a condition to selection, each panel member must also have negotiated at least one (1) major office lease (50,000 square feet or more) in West Houston during the thirty-six (36) months preceding his or her selection to the arbitration panel. No more than one (1) panel member may be with the same brokerage firm. No panel member may have an economic interest in the

outcome of the arbitration, other than a reasonable fee (not to exceed $2,000.00). Landlord and Tenant shall each bear the expense of the panel member of its own selection, and shall equally share the expense of the Third Panel Member.

The Arbitration Panel shall be selected as follows:

A. Within ten (10) business days after submission of the determination of the Prevailing Market Rental Terms, Base Operating Expense Rate or Actual Operating Expenses to the Arbitration Panel, Tenant shall select its panel member meeting the criteria established above (`Tenant's Panel Member"). If Tenant fails to timely select the Tenant Panel Member, Landlord may notify Tenant in writing of such failure, and if Tenant fails to select the Tenant Panel Member within five (5) business days from Landlord's notice, then Landlord may select the Tenant Panel Member on Tenant's behalf, at Tenant's expense.

B. Within ten (10) business days after the Tenant Panel Member is selected, Landlord shall select its panel member meeting the criteria established above ("Landlord's Panel Member"). If Landlord fails to timely select the Landlord Panel Member, Tenant may notify Landlord in writing of such failure, and if Landlord fails to select the Landlord Panel Member within five (5) business days from Tenant's notice, then Tenant may select the Landlord Panel Member on Landlord's behalf.

C. Within ten (10) business days after the Landlord Panel Member is selected, the Tenant Panel Member and the Landlord Panel Member shall jointly select a third panel member meeting the criteria of Paragraph (i) above (`the Third Panel Member"). If the Landlord Panel Member and the Tenant Panel Member fail to timely select the Third Panel Member and such failure continues for more than five (5) business days after written notice of such failure is delivered to the Landlord Panel Member and Tenant Panel Member by either Landlord or Tenant, either Landlord or Tenant may request the managing officer of the American Arbitration Association to appoint the Third Panel Member.

D. Within ten (10) business days after the selection of the three member Arbitration Panel, Landlord and Tenant shall each submit to the Arbitration Panel a written statement identifying the specific items in dispute bearing upon the computation of the Prevailing Market Rental Terms, Base Operating Expense Rate or Actual Operating Expenses. The Arbitration Panel shall make its decision within twenty (20) days after submission of such written statement of particulars. The Arbitration Panel shall select either Landlord's determination or Tenant's determination of the above item under Arbitral Dispute, whichever in the panel's judgment most closely resembles the actual Prevailing Market Rental

Terms, Base Operating Expense Rate or Actual Operating Expenses. The Arbitration Panel shall reach its decision by majority vote and shall communicate its decision by written notice to the parties.

E. The decision by the Arbitration Panel shall be final and conclusive and shall be nonappealable and enforceable in any court having jurisdiction. All hearings and proceedings held by the Arbitration Panel shall take place in Houston, Texas.

F. The determination of any Arbitral Dispute resolution procedure described in this Paragraph shall be governed by the Commercial Rules of the American Arbitration Association, subject to the Texas General Arbitration Act, to the extent such act is applicable hereto.

G. Until the Prevailing Market Rental Terms, Base Operating Expense Rate or Actual Operating Expenses have been finally determined, Tenant shall pay Rent equal to the amounts Landlord claims are due by Tenant, and an appropriate refund shall be made to the other party within thirty (30) days after a final determination of the item under Arbitral Dispute is made. Notwithstanding the foregoing, if Landlord and Tenant disagree with the Prevailing Market Rental Terms for any extended Term under Tenant's Renewal Option and Tenant elects to submit same to arbitration under this Paragraph, Tenant shall continue to pay the Rent due hereunder during the last month of the Term, until a final determination of the Prevailing Market Rental Terms is made.

H. Tenant shall bear all fees, costs and expense of the Tenant Panel Member and Landlord shall bear all fees, costs and expenses of the Landlord Panel Member. Each party shall bear the fees, costs and expenses of its own attorneys and consultants. Each party shall also bear the fees, costs and expenses (equally) of the Third Panel Member and all other costs and expenses of the Arbitration Panel in conducting the arbitration.

8. TECHNOLOGY

So long as no Event of Default on the part of Tenant exists under the terms of this Lease, Tenant shall be granted the right during the Term to install, repair, maintain and replace (i) whip and dish antennas and related equipment on the roof of the Building, (ii) a back-up generator (with fuel tank) in the main Building mechanical room (if feasible), or in a mutually agreed location in the Garage, and (iii) cabling from the antennas and equipment (described herein) to the Leased Premises, utilizing the Building's conduits, chases and risers, and (iv) fiber optic service (termination tie-in) in the phone room on the first (1/st/) floor of the Building, all at no additional rental, fee or charge. All of the foregoing is referred to as the "Technology and Communication Equipment". All installation, repair, maintenance and replacement of the Technology and Communication Equipment will be done at Tenant's sole cost and expense, and such work will be coordinated with and supervised by Landlord (such supervision being at no charge to Tenant) Notwithstanding the foregoing, Landlord will be responsible and pay for the costs of extending and maintaining the fiber optic service to the Building's phone room on the first (1st) floor. Tenant will be obligated to engage Landlord's roofing contractor (at a reasonable charge) to perform any penetrations or modifications. Tenant will indemnify and hold Landlord harmless from and against any damages to the Complex, or to any other tenant's leased premises in the Building caused by the installation, repair, maintenance replacement and operation of the Technology and Communication Equipment. If, as a result of the operation of Tenant's Technology and Communications Equipment, Landlord experiences an increase in Operating Expenses, Tenant will reimburse Landlord, on demand, for all of the actual increase in Operating Expenses attributable to such Technology and Communications Equipment so long as Landlord advises Tenant promptly (i) upon request by Tenant, of any such increases that it anticipates

given its understanding of Tenant's proposed installation and operation of any such equipment, and (ii) of such increases as they are actually incurred.

9. ADDITIONAL SECURITY

Tenant shall have the right, at its sole cost and expense, to provide additional security service (i.e., equipment and personnel) for the Leased Premises at any time during the Term ("Additional Security"). Tenant will be obligated to provide Landlord with written notice of its election to provide such Additional Security at least thirty (30) days in advance, unless such security is, in Tenant's reasonable opinion, required and necessary in the case of an emergency situation, whereby Tenant will not be required to provide Landlord notice in advance. Tenant shall only hire reputable "third party" security service providers, to be approved in writing by Landlord, which such approval shall not be unreasonably withheld or delayed. Tenant will indemnify and hold Landlord harmless from and against all claims, liability, damages, expenses and costs (including reasonable legal fees) asserted against or incurred by Landlord arising out of the acts or omissions of the Additional Security personnel provided by Tenant hereunder.

10. DEFAULT BY LANDLORD

If Landlord shall fail to perform any of its obligations under this Lease and such failure (i) materially adversely affects Tenant's use and enjoyment of the Leased Premises, or (ii) results in a substantial likelihood of personal injury or material damage to Tenant's personal property situated in the Leased Premises, and such failure continues for thirty (30) days after written notice thereof from Tenant to Landlord and Landlord's mortgagee of which Tenant had notice, then Tenant shall have the right to cure such default and thereafter seek recovery of the sums spent to cure such default from Landlord; provided, however, Tenant shall not be entitled to offset the cost of such cure against future payments of Rent or any other obligations due from Tenant under this Lease, unless and until a final, non-appealable judgment is rendered against Landlord which is not paid in the time permitted therefore (or, if no time for payment is provided for, within thirty (30) days after the date such non-appealable judgment is rendered), in which event Tenant shall be entitled to offset only the amount of such judgment against Rent or other obligations hereunder.

11. BROKERAGE FEES

Pursuant to a separate agreement between Landlord and Trione & Gordon, L.L.P. ("Broker") dated January 4, 2001 ("Commission Agreement"), Landlord has agreed to pay Broker a commission as therein provided ("Commission"). Landlord hereby agrees that if Landlord fails and/or refused to timely pay such Commission, as it becomes due and payable under the Commission Agreement, then Tenant shall have the right to offset any unpaid Commission against the next installment(s) of Rent due and payable under this Lease and extend such funds to Broker as payment of any unpaid Commission, until such unpaid Commission is paid in the manner described in the Commission Agreement.

12. MANAGEMENT AND OTHER SERVICES

Landlord will provide building management consisting of (i) a full time on-site property manager, full time on-site engineer and a full time on-site porter Monday through Friday during regular Building hours, and (ii) an on-site security guard between the hours of 4:00 p.m. and midnight. If Tenant is dissatisfied with the quality of any management or service (including, but not limited to, janitorial and security services) being provided to the Complex by companies retained by Landlord for such services ("Service Providers"), Tenant may given Landlord written notice of its dissatisfaction and reason therefor. If

Landlord is unable to remedy the situation giving rise to Tenant's dissatisfaction within thirty (30) days, Landlord and Tenant will jointly interview one or more other Service Providers to provide such services to the Complex. Upon Landlord's and Tenant's agreement on a new Service Provider to provide such services, Landlord agrees to terminate the current Service Provider and retain the Service Provider mutually acceptable to Landlord and Tenant, provided, however, all termination penalties, charges or damages payable to the terminated Service Provider under its contract or applicable law will be included as part of the Actual Operating Expenses, and if the cost of the new Service Provider exceeds the costs which are customarily being paid for such service by building owners of buildings similar to the Building to third party service providers in the Greater Houston Market area, Tenant shall bear and be responsible for all of such excess costs.

DECLARATION OF LEASE COMMENCEMENT DATE

WHEREAS, Broadfield Associates, L.P. ("Landlord") and Transocean Deepwater Offshore Drilling Inc. ("Tenant") entered into a Lease Agreement dated April 18, 2001 (the "Lease Agreement"), covering certain Leased Premises described as 103,260 rentable square feet of the Park 10 Centre Building, whose address is 1311 Broadfield, Suite 600, in the City of Houston, Harris County, Texas; and

NOW, THEREFORE, Landlord and Tenant do hereby declare and stipulate that Landlord's Improvements (as that term is defined in the Lease) were completed on April 28, 2001. They do further stipulate and declare that the Commencement Date of said Lease Agreement is April 28, 2001, and the Rent Commencement Date is December 1, 2001. The Term of the Lease will expire on March 31, 2011.

EXECUTED in duplicate counterparts this 14/th/ day of June, 2001.

Landlord: BROADFIELD ASSOCIATES, L.P.

By: Broadfield Management, L.L.C., its general partner

By: /s/ CHARLES IUPE

Title: President

Tenant: TRANSOCEAN DEEPWATER OFFSHORE DRILLING INC.

By: /S/ [ILLEGIBLE]

Title: VICE PRESIDENT

EXHIBIT 10.127

LEASE AGREEMENT WITH NEWPARK DRILLING FLUIDS, INC. FOR A PORTION OF THE TRANSOCEAN HOUSTON BUILDING

LEASE AGREEMENT

Between

Broadfield Associates, L.L.C

as Landlord

and

Newpark Drilling Fluids, Inc.

as Tenant

and

Newpark Resources, Inc.

as Guarantor

TABLE OF CONTENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered as of the 28/th/ day of May, 1998, between Broadfield Associates, L.L.C., a Texas limited liability company, ("Landlord"), Newpark Drilling Fluids, Inc., a Texas corporation, ("Tenant"), and Newpark Resources, Inc., a Delaware corporation ("Guarantor").

Article 1
Leased Premises, Term, and Use

1.01. Leased Premises.

(a) Upon the terms, provisions and conditions hereof, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises reflected on the floor plans set forth in Exhibit "A" hereto in the building known as the Newpark Resources Building which will be constructed by Landlord in accordance with Exhibit "D" hereto ("Building"). Such premises, together with any other space in the Complex leased by Tenant pursuant hereto, are herein called the

"Leased Premises." References in this Lease to the "Complex" shall mean the Building, the parking garage ("Garage") adjacent to and servicing the Building and all other facilities, parking areas, improvements, structures, and landscaping areas relating to or servicing the Building and Garage and located on or installed in or to be located on or installed in the land ("Land") described in Exhibit "B" hereto.

(b) The "Rentable Area" of the Leased Premises is hereby stipulated and agreed for all purposes to be the greater of (i) three (3) entire floors within the Building or (ii) 78,000 rentable square feet ("Minimum Rentable Area"). Tenant understands that the Rentable Area is greater than the square footage of the area contained within the Leased Premises (the "add-on factor"), and includes an amount attributable to areas within the building not leased or held for lease such as lobbies, foyers, corridors, restrooms, machine rooms, mechanical rooms, electrical rooms, telephone and equipment rooms, janitor rooms and other similar facilities, for purposes of this Lease, Landlord agrees to calculate the add-on factor of each single and multi-tenant floor utilizing the Building and Owners Managers Association's definition (ANSIZ65.1-1996).

1.02. Term. Subject to the terms, provisions and conditions hereof, this Lease shall continue in force for a term ("Term") of one hundred twenty-three (123) calendar months, beginning on the 1st day of June, 1999 (such commencement date being subject to adjustment as provided in Sections 3.03(b) and (c), and being hereinafter called the "Commencement Date") and ending on the 31st day of August, 2009. If the Commencement Date is after June 1, 1999, due to the circumstances described in Section 3.03(b) or (c) hereof, within ten (10) days following the Commencement Date, Landlord and Tenant agree to execute a memorandum in the form attached hereto as Exhibit "G" which specifies the exact Commencement Date and Term of the Lease.

1.03. Use. Tenant (and its permitted assignees and sublessees, if any) will occupy and use the Leased Premises solely for general business office and laboratory purposes of a lawful nature and for no other purpose, except as may be described in the Addendum.

Article 2
Rental

2.01. Base Rental. Tenant shall pay as Base Rental during the term of this Lease, monthly rental in the amounts set forth in the Addendum hereto, Paragraph 1.

2.02. Operating Expenses. In addition to Base Rental, Tenant shall pay, as additional rent, Tenant's Proportionate Share of Actual Operating Expenses in excess of the Base Operating Expenses Rate.

(a) The "Base Operating Expenses Rate" is stipulated to be $6.50 per square foot of net rentable area of the Leased Premises on an annual basis.

(b) The term "Actual Operating Expenses" shall mean, with respect to each calendar year during the term of this agreement, the actual Operating Expenses for that year computed in accordance with the provisions of Section 2.02 (e). The "Actual Operating Expenses Rate" for each such calendar year during the term hereof shall be calculated by dividing the Actual Operating Expenses for a calendar year by the net rentable area in the building. The term "Tenant's Proportionate Share of the Actual Operating Expenses" shall mean, with respect to each calendar year, an amount equal to the product of (i) the difference between the Actual Operating Expenses Rate in the calendar year and the Base Operating Expenses Rate, multiplied by (ii) the Rentable Area of the premises.

(c) In the event the Actual Operating Expenses Rate, as calculated above, during any calendar year during the term of this Lease shall be greater

than the Base Operating Expenses Rate, Tenant shall be obligated to pay to Landlord, in addition to the Base Rental, and Parking Rental, as additional rent, an amount equal to Tenant's Proportionate Share of the Actual Operating Expenses. In order to implement the above, Landlord shall provide to Tenant within ninety (90) days, or as soon thereafter as reasonably possible, after the end of the calendar year in which the commencement of the term of this agreement occurs, a statement of the Actual Operating Expenses for the prior calendar year, the Actual Operating Expenses Rate for the prior calendar year and Tenant's Proportionate Share of the Actual Operating Expenses. In the event the Actual Operating Expenses Rate for the prior calendar year is in excess of the Base Operating Expenses Rate, Tenant shall pay to Landlord within thirty (30) days after Tenant's receipt of the statement, an amount equal to Tenant's Proportionate Share of the Actual Operating Expenses for the prior calendar year. If the term of this agreement commences other than on the first day of a calendar year, Tenant's Proportionate Share of the Actual Operating Expenses shall be a pro rata amount based on the ratio of the number of days of the term of the lease during the first calendar year to 365 days.

(d) At the time Landlord gives the annual statement of Actual Operating Expenses for each year during the term of this agreement, Landlord may, at Landlord's option, provide Tenant a schedule of projected Operating Expenses for the next calendar year expressed as an expense per net rentable square foot in the project on an annual basis (herein referred to as the "projected Operating Expenses Rate"). Tenant shall thereafter pay an adjusted monthly rental which shall include the Base Rental stated in Section 2.01 and an amount (herein referred to as a "projected Operating Expenses Installment") equal to one-twelfth (1/12th) of an amount equal to the product of (i) the difference between the projected Operating Expenses Rate for the next calendar year and the Base Operating Expenses Rate, multiplied by (ii) the Rentable Area in the leased premises. Landlord shall provide Tenant a statement, within ninety (90) days (or as soon thereafter as reasonably possible) after the end of each calendar year during the term of this agreement, showing the Actual Operating Expenses and the Actual Operating Expenses Rate for such calendar year, as compared to the projected Operating Expenses and the projected Operating Expenses Rate for the calendar year. In the event Tenant's Proportionate Share of the Actual Operating Expenses for such calendar year shall exceed the aggregate of the projected Operating Expenses Installments actually collected by Landlord from Tenant for such calendar year, Tenant shall pay to Landlord within thirty (30) days following Tenant's receipt of a statement, the amount of such excess. If, however, Tenant's Proportionate Share of the Actual Operating Expenses for the calendar year is less than the aggregate of the projected Operating Expenses installments actually collected by Landlord from Tenant, for the calendar year, Landlord shall pay to Tenant within thirty (30) days after the giving of the statement to Tenant, the amount of the overpayment of the projected Operating Expenses Installments. If the expiration of the lease term is more than ninety (90) days from the date of the statement, Landlord may, at Landlord's option, retain the excess and apply same to the next installments of Tenant's projected Operating Expenses Installment. If the expiration or termination of this Lease occurs other than on the last day of a calendar year, the amount to be paid by Tenant or reimbursed to Tenant hereunder shall be a pro rata amount based on the ratio of the number of days of the term of this agreement in such last calendar year to 365 days.

(e) "Actual Operating Expenses" shall mean the operating expenses of the Complex and all expenditures by Landlord to own, maintain and operate the Complex. All operating expenses shall be determined on an accrual basis in accordance with generally accepted accounting principles which shall be consistently applied. Such operating expenses shall include all expenses, costs and disbursements of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the ownership, operation, and maintenance of the Complex, including, but not limited to, the following:

(1) Wages and salaries of all employees engaged in direct operation operation and maintenance of the Complex, employer's social

security taxes, unemployment taxes or insurance and any other taxes which may be levied on such wages and salaries, and the cost of disability and hospitalization insurance and pension or retirement benefits for such employees;

(2) Cost of leasing or purchasing all supplies, tools, equipment and materials used in the operation, maintenance and ownership of the Complex;

(3) Cost of all utilities for the Complex, including the cost of water and power, sewage, heating, lighting, air-conditioning and ventilating for the Complex;

(4) Cost of all maintenance and service agreements for the Complex and surrounding grounds, including but not limited to janitorial service, security service, equipment leasing, energy management system leasing, landscape maintenance, alarm service, window cleaning and elevator maintenance;

(5) Cost of all insurance relating to the Complex, including, but not limited to, casualty insurance, rental insurance and liability insurance applicable to the Complex and Landlord's personal property used in connection therewith as well as any deductible sum required by any such policies;

(6) All taxes and assessments and governmental charges (including but not limited to mortgage taxes and other taxes and assessments passed on to Landlord by a mortgagee holding a lien on the Complex), whether federal, state, county or municipal and whether they be by taxing districts or authorities presently taxing the Leased Premises or by others, subsequently created or otherwise and any other taxes, association dues and assessments attributable to the Complex or its operation excluding, however, income taxes, estate and inheritance taxes, excess profit taxes, franchise taxes, taxes imposed on or measured by the income of Landlord from operation of Complex, sales and other taxes imposed on amounts paid by Tenant hereunder (including, without limitation, sales taxes imposed on the Parking Charge, as hereinafter defined), and taxes imposed on account of a transfer of ownership of the Complex or the Land;

(7) Cost of repairs and general maintenance (excluding such repairs and general maintenance paid by insurance proceeds or by Tenant or other third parties and alterations attributable solely to tenants of the Building other than Tenant);

(8) Legal expenses and accounting expenses incurred with respect to the Complex;

(9) Fees for management services, whether provided by an independent management company, by Landlord or by any affiliate of Landlord;

(10) Costs in order to comply with federal or state laws or municipal ordinances or codes or regulations promulgated under any of the same;

(11) Amortization of the cost of installation of capital investment items which are primarily for the purpose of reducing (or avoiding increases in) operating costs or which may be required by governmental authority. The costs of such capital investment items under

this Section 2.02(d)(11) shall include costs incurred in financing the purchase of such items, including loan fees and interest. All costs of such capital investment items shall be amortized over the reasonable life of such items with the reasonable life and amortization schedule being determined in accordance with generally accepted accounting principles and in no event to extend beyond the reasonable life of the Complex;

(12) Replacement of flourescent lamps in Building Standard light fixtures and incandescent bulb or flourescent lamp replacement in public toilet and restroom areas, Complex common areas and stairwells;

(13) Rent or rental value of Landlord's leasing and management offices on or near the Building (provided, in the event Landlord's leasing and management offices are located outside the Building, such rent or rental value shall be prorated);

(14) Actual Operating Expenses shall not include (i) expenditures classified as capital expenditures for Federal income tax purposes (except as set forth in Section 2.02(d)(11), (ii) costs for which Landlord is entitled to specific reimbursement by Tenant, any other tenant of the Building, or any other third party, (iii) allowances for expenses to be incurred by Landlord for improvements to Leased Premises, (iv) leasing commissions, and all non-cash expenses (including depreciation), and (v) debt service on any indebtedness secured by the Complex (except debt service on indebtedness to purchase or pay for items specified as permissible Basic Operating Costs under Section 2.02(d)(1) through (12)), (vi) unless otherwise permitted pursuant to this Lease, the cost of any improvements, repairs, alterations, additions, changes, replacements, equipment, tools and other items which under generally accepted accounting principles are required to be classified as capital expenditures, (whether incurred directly or through a lease or service contract or otherwise) other than amortization of the cost of capital (and the installation thereof) items which are reasonably expected to reduce operating costs for the benefit of all of the Building's tenants or which may be required by any governmental authority (all of such costs, including interest costs, shall be amortized over the reasonable life of the capital items, with a reasonable life and amortization schedule being determined by Landlord according to generally accepted accounting principles), (vii) depreciation of the Building, and all equipment, fixtures, improvements and facilities used in connection therewith, except as provided in (vi) above, (viii) advertising, promotional expenses, leasing commissions, attorneys fees (unless incurred as a result of Landlord's effort to reduce Actual Operating Expenses), costs and disbursements and other expenses incurred in connection with negotiations with tenants or prospective tenants or other occupants in the Building, (ix) any property

taxes, assessments, or other governmental charges to the extent that Landlord is reimbursed for same by any tenant of the Building (excluding reimbursements paid through additional rent payments), (x) the cost of repairs or other work occasioned by any casualty which is covered by insurance, but only to the extent of the insurance proceeds received by Landlord net of deductibles and cost of adjustment, (xi) the cost of renovating or otherwise improving or decorating, painting or redecorating space in the Building which is or normally would be occupied by tenants, except in connection with general maintenance of the Building, (xii) Landlord's costs of electricity and other services sold or provided to tenants in the Building and for which Landlord is reimbursed by such tenants as a separate additional charge, (xiii) expenses incurred in connection with services or other benefits which are in excess of the services provided by Landlord pursuant to Section 3.01 hereof, but are provided to other tenants or occupants of the Building, (xiv) costs (limited to penalties, fines and associated legal expenses) incurred due to violation by Landlord of the terms and conditions of any lease or

rental arrangement covering space in the Building, (xv) overhead and profit increment paid to subsidiaries, partners or other affiliates of Landlord and salaries and associated costs of Landlord's employees for services on or to the Building, to the extent only that the cost of such services exceeds competitive costs of such services were they not so rendered by a subsidiary or other affiliate of Landlord, (xvi) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord, (xvii) all items and services for which tenants reimburse Landlord, but only to the extent Landlord is reimbursed for same, (xviii) the costs incurred related to maintaining Landlord's existence, either as a corporation, partnership or other entity, (xix) the costs incurred in connection with correcting defects in the construction of the Building or in the Building equipment (except the conditions resulting from ordinary wear and tear and use shall not be deemed defects for the purposes of this category), (xx) interest on debt or amortization payments on any mortgage or mortgages or rental payments under any ground or underlying leases (except to the extent that same may be made to pay insurance and taxes), (xxi) interest and penalties due to late payments of taxes, utility bills and other such costs, (xxii) salaries or other compensation paid to employees of Landlord above the grade of building manager, (xxiii) the cost of any repairs occasioned by eminent domain to the extent that such costs are reimbursed to Landlord by governmental authorities in eminent domain proceedings, (xxiv) costs (limited to penalties, fines and associated legal expenses) incurred due to the violation by Landlord of any applicable federal, state and/or local government laws, codes and similar regulations that would not have been incurred but for such violations by Landlord, (xxv) transfer tax, and (xxvi) management fees incurred by Landlord for the management of the Building which exceed three percent (3%) of gross rentals of the Building.

(15) Notwithstanding any other provision herein to the contrary, it is agreed that in the event the Building is not fully occupied during any year or any

portion of any year of the Term, an adjustment shall be made in computing the Actual Operating Expenses for that year so that such expenses shall be increased for that year to the amount that, in Landlord's judgment, would have been incurred had the total Rentable Area of the entire Building been fully occupied during the entirety of that year. It is the intent of this Section that Landlord shall not be required to bear any portion of the Actual Operating Expenses which exceed the Base Operating Expenses Rate for any year or partial year of the Term of this Lease.

(f) Provided that Tenant is not in default under this Lease, and subject to this paragraph, Tenant, at its sole expense, shall have the right, upon giving reasonable notice, to audit Landlord's books and records relating to any increased or additional rental payable hereunder for the immediately preceding calendar year for the purpose of determining whether the provisions of this Section 2.02 have been followed. If Tenant elects to exercise this right, Tenant must do so within one hundred twenty (120) days after the date Landlord delivers to Tenant the statement described in Section 2.02(b) or Tenant shall be deemed to have accepted the Actual Operating Expenses as presented by Landlord. If Tenant elects to audit Landlord's books and records, such audit shall be conducted by a certified public accountant licensed in Texas. Should Tenant's audit reveal that Landlord's determination of Actual Operating Expenses exceeded Actual Operating Expenses by an amount exceeding five percent (5%), then, provided Landlord's CPA reasonably agrees with the conclusions reached by Tenant's CPA, Landlord shall reimburse Tenant for the reasonable costs of performing such audit and shall further promptly reimburse to Tenant the total excess amount paid; provided, however, nothing herein shall preclude Tenant from seeking reimbursement of any contested amount it claims to have paid to Landlord irrespective of whether Landlord's CPA is in agreement with such audit results.

2.03. Parking. Landlord hereby agrees to make available to Tenant and Tenant hereby agrees to pay for and take, during the full term of this Lease, 3.5 parking permits for each 1,000 rentable square feet leased by Tenant, of which up to ninety (90) of such permits may be assigned permits located in the covered portion of the Building Garage. With the exception of Tenant's assigned permits in the covered portion of the Building Garage, all of Tenant's permits shall be provided on an unassigned, first come, first served basis.

The monthly rate for each of the parking permits for assigned parking shall be $ 25.00 plus taxes, and for unassigned parking shall be $0.00 plus taxes. Said rentals shall be due and payable to Landlord as additional Rent ("Parking Rental") on the first day of each calendar month during the term of this Lease. Failure by Tenant to pay Parking Rentals when due shall constitute an Event of Default pursuant to Section 5.08(a) herein. Tenant agrees to comply with Landlord's Parking rules and regulations as described in the attached Exhibit "F". Notwithstanding the above, Parking Rental for Tenant's assigned parking permits shall be abated months one (1) through sixty-three (63) of the Lease Term. Any additional assigned or unassigned parking permits granted Tenant as a result of an expansion of the Leased Premises shall be provided at the then prevailing monthly rate offered by comparable office buildings in the Park Ten area of Houston, Texas, including the Building. Effective upon the expiration of month sixty-three (63) of the primary Lease Term, Tenant shall have

the one (1) time option of reducing the number of assigned permits in the Building Garage. In order to exercise this option, Tenant shall notify Landlord not later than expiration of month sixty-one (61) of the primary Lease Term, and shall include in such notice the number and location of assigned permits it shall pay for and take during the remainder of primary Lease Term.

2.04. Payment of Rent. The term "Rent" as used herein shall mean the Base Rental, the Tenant's proportionate Share of Actual Operating Expenses in excess of the Base Operating Expenses Rate, the Parking Rentals and all other amounts provided for in this Lease to be paid by Tenant, all of which shall constitute rental in consideration for this Lease and the leasing of the Leased Premises. The term "Additional Rent" as used herein means Rent exclusive of Base Rental. The Rent shall be due and payable in advance in monthly installments on the first day of each calendar month during the Term hereof, in legal tender of the United States of America to Landlord at the address shown in Section 5.16 or to such other person or at such other address as Landlord may from time to time designate in writing. The Rent shall be paid without notice, demand, abatement, deduction or offset except as otherwise expressly provided for in the Lease . In no event shall the Landlord accept or be bound by any payment of Rent more than thirty (30) days in advance, unless otherwise agreed to in writing between Landlord and Tenant. If the Term commences or ends on other than the first or last day of a calendar month, then the installment of Base Rental and the Parking Rentals for such partial month shall be appropriately prorated. If the Term commences or ends at any time other than the first day of a calendar year, the Tenant's Proportional Share of Actual Operating Expenses in excess of the Base Operating Expenses Rate shall be prorated for such year according to the number of days of the Term during such year. In no event shall Base Rental or monthly installments thereof be less than the amounts specified in Section 2.01.

2.05. First Month's Rental. Landlord hereby acknowledges receipt of $125,128.00, representing the first month's rental paid in advance, to be applied to the Rent for the first month of the Term when due. In the event Tenant leases more area of the Building than the Minimum Rentable Area, then Tenant agrees to remit the equivalent of one (1) month's rental to Landlord for the additional space within ten (10) days following the receipt of invoice.

Article 3
Landlord's Services

3.01. Services to be Furnished by Landlord.

(a) Landlord shall use reasonable efforts to furnish, subject to the Building Rules and Regulations (hereinafter defined) and Tenant's performance of its obligations hereunder, the following services:

(1) Air-conditioning and heating in season, during Normal Building Operating Hours (hereafter defined), at such temperatures and in such amounts as are considered by Landlord to be standard, and in accordance with other comparable buildings in the Park Ten area of Houston, Texas;

(2) Hot and cold water for laboratory, lavatory and drinking purposes in amounts considered by Landlord to be standard, and in accordance with other comparable office buildings in the Park Ten area of Houston, Texas. If Tenant requires water in excess of such amounts for laboratory purposes, the costs of furnishing such excess water will be borne solely by Tenant.

(3) Janitor service in and about the Building and the Leased Premises five (5) days per week, and semi-annual window washing; however, Tenant shall pay, as additional Rent upon presentation of a statement therefor by Landlord, the additional costs attributable to the cleaning of improvements within the Leased Premises other than Building Standard (hereinafter defined) improvements;

(4) Elevators for access to and egress from the Leased Premises on a non-exclusive basis 7 days per week, 24 hours per day;

(5) Electrical facilities to furnish sufficient power for typewriters, calculating machines, photocopying machines, fax machines, computers and other machines of similar low voltage electrical consumption such that the total electrical power consumption shall not exceed one and one-half (1 1/2) watts per square foot of the rentable area contained within the Leased Premises; but not including electricity required for electronic data processing equipment, special lighting in excess of Building Standard (defined as one (1) 2'x4' fluorescent fixture per ninety (90) rentable square feet), and any other electrical equipment which requires a voltage other than 110/120 volts single phase (other than photo duplication machines, which shall be considered building standard so long as Tenant's consumption of electricity does not exceed 1.5 watts per square foot of rentable area continued within the Leased Premises. If the installation of said electrical equipment requires additional air conditioning capacity above that provided by the Building Standard system, then the additional air conditioning installation and operating costs will be the obligation of Tenant. Landlord, at its option and at Tenant's expense, may cause an electric current meter or such similar device to be installed in or near the Leased Premises so as to measure the amount of electric current consumed by Tenant.

(6) Replacement of fluorescent lamps in Building Standard light fixtures and incandescent bulb or fluorescent lamp replacement in public toilet and restroom areas, Complex common areas and stairwells; and

(7) Equipment and personnel to limit access to the Building after normal business hours which shall consist of an unmanned security cardkey access system similar in design and quality found in similar buildings in the Park Ten area; PROVIDED, HOWEVER, SO LONG AS LANDLORD IS PROVIDING THE AFOREMENTIONED SECURITY CARDKEY ACCESS SYSTEM, LANDLORD SHALL HAVE NO FURTHER RESPONSIBILITY TO PREVENT, AND SHALL

NOT BE LIABLE TO TENANT FOR, AND SHALL BE INDEMNIFIED BY TENANT AGAINST, LIABILITY OR LOSS TO TENANT, ITS AGENTS, EMPLOYEES AND VISITORS ARISING OUT OF LOSSES DUE TO THEFT, BURGLARY, OR DAMAGE OR INJURY TO PERSONS OR PROPERTY CAUSED BY PERSONS GAINING ACCESS TO THE BUILDING, GARAGE OR THE LEASED PREMISES, AND TENANT HEREBY RELEASES LANDLORD FROM ALL LIABILITY RELATING THERETO, REGARDLESS OF WHETHER SUCH LOSSES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF LANDLORD. Landlord shall furnish an adequate number of cardkeys for the Leased Premises (not to exceed 3.5 cardkeys per 1,000 square feet of Rentable Area), and any additional cardkeys will be furnished at a charge equal to Landlord's actual cost on an order signed by Tenant or Tenant's authorized representative. All such cardkeys shall remain the property of Landlord. No additional locks shall be allowed on any door of the Leased Premises without Landlord's permission, and Tenant shall not make or permit to be made any duplicates of such cardkeys, except those furnished by Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all the cardkeys for the Leased Premises, and give to Landlord the explanation of the combination of all locks for safes, safe cabinets, and vault doors, if any, in the Leased Premises.

(b) "Normal Building Operating Hours" shall be from 7:00 a.m. to 6:00 p.m. Monday through Friday, and 7:00 a.m. to 1:00 p.m. Saturday, exclusive of Sundays and "holidays". Service on Sundays, building holidays and outside of Normal Building Operating Hours shall be provided only upon Tenant's request and agreement in advance to bear the cost of operations attributable to such additional services, not to exceed Landlord's actual cost plus a reasonable repair/depreciation charge. "Holidays" shall refer to New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday following Thanksgiving Day, Christmas Day, and other holidays commonly observed by a majority of the tenants of the Building. If the holiday occurs on Saturday or Sunday, the Friday preceding or the Monday following may, at Landlord's discretion, be observed as a holiday.

(c) Failure by Landlord to any extent to furnish services hereunder or any cessation thereof shall not render Landlord liable in any respect for damages to either person or property, nor be construed as an eviction of Tenant, nor work an abatement of Rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. Should any of such services be interrupted, Landlord shall use reasonable diligence to restore the same promptly, but Tenant shall have no claim for rebate of Rent, damages, or eviction on account thereof, and Tenant waives all rights it may have at law or in equity, including any rights Tenant may have arising from implied warranties of suitability. Notwithstanding the above, Landlord acknowledges that there are certain Essential Landlord Services in the absence of which Tenant would not be able to conduct business in or utilize the Leased Premises for the purpose they were let. For purposes herein, Essential Landlord Services shall be defined, and strictly limited to, air conditioning and heating, hot and cold water (for laboratory, lavatory and drinking purposes only), elevator service, sewer service and electrical

power. In the event Essential Landlord Services are interrupted, and such interruption is not caused by the act or omission of Tenant, and such interruption continues for a period of five (5) consecutive business days, then commencing upon the sixth (6th) consecutive business day Tenant (as its sole and exclusive remedy) shall be entitled to an abatement of Base Rental and Additional Rent until such time as the Essential Landlord Services are restored.

(d) Tenant shall pay to Landlord, monthly as billed, as Additional Rent hereunder, such charges as may be separately metered for (i) any utility services utilized by Tenant for computers, data processing equipment or other similar electrical equipment; (ii) extra lighting; (iii) air-conditioning, heating and other services in excess of that stated in Sections 3.01(5) hereof; or (iv) other air-conditioning, heating and services not standard for the Building or provided at times other than Normal Building Operating Hours. Tenant

shall pay all costs associated with providing separate utility meters to the Leased Premises. In the event separate utility meters are provided to the Leased Premises, Landlord may elect to have all charges for the utilities separately metered to the Leased Premises, and if such utility consumption exceeds the Building Standard amounts described in Section 3.01a(5), Tenant will be responsible for the costs of utilities in excess of Building Standard amounts. In the event that Landlord furnishes extra or additional services to be paid for by Tenant, a failure to pay for such services within ten (10) days after notice shall constitute an Event of Default and shall further authorize Landlord, at Landlord's discretion and without notice, to discontinue all such services.

3.02. Access by Tenant Prior to Commencement of Term. Landlord shall permit Tenant and its employees, agents and suppliers to enter the Leased Premises prior to the Commencement Date to enable Tenant to do such things as may be required by Tenant to make the Leased Premises ready for Tenant's occupancy. If such permission is granted, such parties will not interfere with or delay the performance of any activities by Landlord or other occupants of the Building. Landlord may withdraw such permission upon twenty-four (24) hours notice to Tenant if Landlord determines that any such interference or delay has been or may be caused. Any such entry into the Leased Premises shall be at Tenant's risk and Landlord shall not be liable in any way for personal injury, death, or property damage which may be suffered in or about the Leased Premises or the Building by Tenant or its employees, agents, contractors, suppliers or workmen, and Tenant hereby indemnifies Landlord therefrom.

3.03. Condition of Building, Premises and Leasehold Improvements.

(a) Landlord will cause the Building to be constructed in accordance with Exhibit "D." The Leased Premises shall be delivered to Tenant at the Commencement Date with the leasehold improvements and tenant finish set forth and described on Exhibit "C" attached hereto. The cost of all installation of improvements to the Leased Premises requested by Tenant following the Commencement Date (calculated at Landlord's actual cost plus an additional charge of five percent (5 %) to cover overhead) shall be for Tenant's account and at Tenant's cost (and Tenant shall pay ad valorem taxes thereon), which cost shall be payable by Tenant to Landlord as a part of the Rent hereunder promptly upon being invoiced therefor, and failure by Tenant to pay such cost in full

within thirty (30) days after the date of billing shall constitute failure to pay Rent when due and an Event of Default by Tenant hereunder giving rise to all remedies available to Landlord under this Lease.

(b) Subject to Section 3.03(c), if on the Commencement Date specified in Section 1.02 the Building has not been completed or any of the work described in Exhibit "C" that is required to be performed by Landlord at Landlord's expense has not been substantially completed as reasonably determined by Landlord, or if Landlord is unable to tender possession of the Leased Premises to Tenant on the Commencement Date, then the Commencement Date (and commencement of installments of Rent) shall be postponed until the Building is completed and/or such work to be performed in the Leased Premises at Landlord's expense is substantially completed as reasonably determined by Landlord or until Landlord is able to tender possession of the Leased Premises to Tenant, as the case may be, and such postponement shall operate to extend the expiration date specified in Section 1.02 hereof in order to give full effect to the stated duration of the Term. The deferment of installments of Rent and postponement of the Commencement Date pursuant to this Section 3.03(b) shall, except as provided below, be Tenant's exclusive remedy for Landlord's delay of completion of improvements to the Leased Premises or failure to tender possession of the Leased Premises to Tenant of Building and/or Tenant shall have no claim against Landlord because of any such delay in completion of Improvements or failure to deliver the Leased Premises. Notwithstanding the foregoing, if the Building and/or Landlord's work for the Leased Premises is not substantially complete by June 1, 2000, either Tenant or Landlord shall have the right to terminate this Lease.

(c) No delay in the completion of the Leased Premises resulting from (i) delay or failure on the part of Tenant in furnishing information or other matters required in, by or in connection with Exhibit "C", (ii) changes ordered by Tenant in the Leasehold Improvements (hereinafter defined), or (iii) delay or failure on the part of Tenant to pay any amounts required to be paid by Tenant for construction of improvements to the Leased Premises, shall delay the Commencement Date, expiration date, or commencement of payment of Rent. If prior to the Commencement Date Tenant shall enter into possession of all or any part of the Leased Premises, (other than an entry with Landlord's consent pursuant to Section 3.02) then the Term, the payment of monthly installments of Rent and all other obligations of Tenant to be performed during the Term shall commence on, and the Commencement Date shall be deemed for all purposes to be, the date of such entry, and the total amount of Rent shall be increased accordingly, provided that no such early entry shall operate to change the expiration date provided herein.

(d) Unless otherwise agreed to in writing between Landlord and Tenant, all alterations, physical additions, or improvements in or to the Leased Premises (including fixtures) shall, when made, become the property of Landlord and shall be surrendered to Landlord upon termination of this Lease, whether by lapse of time or otherwise; provided, however, this clause shall not apply to trade fixtures, moveable equipment or furniture owned by Tenant or any other party. Notwithstanding the above, upon request by Landlord, Tenant agrees to remove all equipment and fixtures from its laboratory facility upon termination of the Lease.

(e) Tenant shall indemnify and hold harmless Landlord from and against all costs (including attorneys' fees and costs of suit), losses, liabilities, or causes of action arising out of or relating to any alterations, additions or improvements made by Tenant to the Leased Premises, including but not limited to any mechanics' or materialmen's liens asserted in connection therewith.

(f) Tenant shall not be deemed to be the agent or representative of Landlord in making any such alterations, physical additions or improvements to the Leased Premises, and shall have no right, power or authority to encumber any interest in the Complex in connection therewith other than Tenant's leasehold estate under this Lease. However, should any mechanics' or other liens be filed against any portion of the Complex or any interest therein (other than Tenant's leasehold estate hereunder) by reason of Tenant's acts or omissions or because of a claim against Tenant or its contractors, Tenant shall cause the same to be canceled or discharged by record of bond or otherwise within thirty (30) business days after notice by Landlord. If Tenant shall fail to cancel or discharge said lien or liens, within said thirty (30) business day period, which failure shall be deemed to be a default hereunder, Landlord may, at its sole option and in addition to any other remedy of Landlord hereunder, cancel or discharge the same and upon Landlord's demand, Tenant shall promptly reimburse Landlord for all costs incurred in canceling or discharging such lien or liens.

(g) Upon the Commencement Date, Landlord represents and warrants that the Complex and Leased Premises, as same shall be constructed or improved in accordance with this Lease, including Exhibits "C" and "D" will be in compliance with all applicable building codes, rules, regulations and applicable laws governing occupancy of the Building ("Applicable Laws") including Title III of the Americans with Disabilities Act of 1990, Public Law 101-336, as amplified by the final rule promulgated by the Department of Justice in Section 28 of the Code of the Federal Regulations, part 35, as the aforesaid Act of Regulations may be hereafter modified or amended (the "ADA"). If, subsequent to the Commencement Date, any Applicable Law or the ADA is modified or new legislation enacted so that the Leased Premises or any improvements, personal property, fixtures or any other matter or thing comprising of or located within the Leased Premises must be removed, altered, modified, improved, reconstructed, added or changed in order to cause the Leased Premises, or any aspect thereof, to be in

compliance with the requirements of such Applicable Law or the ADA, Landlord shall use reasonable best efforts to notify Tenant of the same, in which event Tenant shall promptly undertake such removal, alteration, modification improvement, reconstruction, addition or change at the sole cost of the Tenant, so that the Leased Premises and all aspects thereof shall be in compliance with such Applicable Law or the ADA and any other law, code, statute, regulation or ordinance applicable to the Leased Premises. Prior to commencing work necessary to cause the Leased Premises to comply with the requirements of the ADA and all other Applicable Laws, the Tenant shall notify the Landlord of the work to be undertaken by the Tenant in this regard. The failure of the Tenant to undertake work necessary to cause the Leased Premises to comply with the requirements of such Applicable Law or the ADA within thirty (30) days after receipt of notice to undertake such work, whether from the Landlord or regulatory authority, shall constitute an Event of Default pursuant to the terms and provisions of this Lease. The cost of improving, altering, modifying, or otherwise changing the Leased Premises in order to comply with the requirements of the ADA shall be the Tenant's cost, notwithstanding the fact that compliance

with such Applicable Law or the ADA was necessitated by, or as a result of, alterations in the Leased Premises, which alterations were or are to be undertaken by the Landlord at the Landlord's sole cost and expense. In the event that the Leased Premises, the Building, the Complex or any portion or aspect of any of them is determined to fail to comply with such Applicable Law or the ADA, such failure of compliance shall not constitute a default or a failure of performance on the part of the Landlord pursuant to the terms and provisions of this Lease. In the event that the Landlord determines, in its sole discretion, that portions of the Building or the Complex should be improved, altered, modified or otherwise changed in order to cause the Building or the Complex, or any portion of any of them, to be in compliance with the requirements of such Applicable Law or the ADA, it shall undertake such improvements, alterations, modification or changes to the Building or the Complex as the Landlord deems necessary to cause such improvements to comply with the requirements of such Applicable Law or the ADA. Notwithstanding anything to the contrary contained in this Lease following the Commencement Date, all costs and expenses for labor, materials, architectural fees, engineering fees, overhead, insurance, services or supplies incurred by the Landlord in causing the Building or the Complex to comply with the requirements of any Applicable Law or the ADA shall constitute Actual Operating Expenses of the Building even though such costs may be in the nature of capital improvements or expenses, and shall be reimbursed to the Landlord as a part of Actual Operating Expense in accordance with the terms and provisions of this Lease.

3.04. Repair and Maintenance by Landlord. After the Commencement Date and completion of Tenant's punch list items, Landlord shall not be required to make any improvements or repairs of any kind or character to the Leased Premises or the Complex, other than such repairs as may be required to the Building corridors and lobbies and structural members of the Building and Garage and as contained in the Addendum, any damage to the Leased Premises caused by Landlord, or its contractors, making other space in the Building ready for occupancy by other tenants, and such repairs and maintenance as may be deemed necessary solely by Landlord for normal operations for the Complex consistent with the standards maintained by owners of similar buildings in the Park Ten area. This Section 3.04 shall not apply in the case of damage or destruction by fire or other casualty (as to which Section 5.02 shall apply), or damage resulting from an eminent domain taking (as to which Section 5.01 shall apply). Except to the extent not reasonably avoidable in connection with temporary construction, renovation, repair, maintenance or other necessary activities of Landlord in the Building, and except in connection with the exercise of remedies it may have against Tenant in the event of default by Tenant under this Lease, Landlord shall conduct its business and control its agents, employees and contractors in such manner as not to create any nuisance, or interfere with, annoy or disturb Tenant in its occupancy of the Leased Premises. Landlord shall not, in its operation of the Building, cause any strong, unusual, offensive or objectionable odors, gases or vapors to be produced within, or to migrate to, the Building,

Garage or Leased Premises at such times as they are occupied by Tenant or its employees or invitees except to the extent not reasonably avoidable in connection with temporary construction, renovation, repair, maintenance or other necessary activities of Landlord in the Building. Landlord will make reasonable efforts to notify Tenant prior to any construction or other activity in the Building which may temporarily disturb Tenant in its normal business operations. Landlord agrees it will not engage in construction or other activity in the

Building which will interfere unreasonably with Tenant's conduct of business on the Leased Premises and there will be no core drilling on the floors on which the Leased Premises are located or on any adjacent floors between the hours of 8:00 AM and 5:00 PM, Monday through Friday.

Article 4
Tenant's Covenants

4.01. Payments by Tenant. Tenant agrees to timely pay the Rent and all rents and sums provided to be paid to Landlord hereunder at the times and in the manner herein provided.

4.02. Certain Taxes. Tenant shall pay all ad valorem taxes on all improvements installed in the Leased Premises that are in excess of those installed by Landlord from time to time as Building Standard or in excess of the items to be installed by Landlord at Landlord's cost under Exhibit "C" or specified in Section 3.03(a) hereof.

4.03. Repairs by Tenant. Tenant shall, at its cost, repair or replace any damage to the Building, or any part thereof, caused by Tenant or Tenant's agents, employees, invitees or visitors; provided if Tenant fails to make such repairs or replacements promptly, Landlord may, at its option, make such repairs or replacements and the cost thereof (plus five percent (5%) for overhead to Landlord) shall be payable by Tenant on demand as a part of the Rent hereunder, and failure of Tenant to pay such costs within thirty (30) days, following written notice from Landlord, shall constitute a failure to pay Rent when due and an Event of Default by Tenant hereunder.

4.04. Care of the Leased Premises. Tenant shall maintain the Leased Premises in a clean, attractive condition, and not commit or allow any waste or damage to be committed on or to any portion of the Leased Premises, and at the expiration or termination of this Lease shall deliver up the Leased Premises to Landlord in as good condition as at date of possession by Tenant, ordinary wear and tear and damage from casualty or condemnation excepted.

4.05. Tenant Floor Plans: See Exhibit "C".

4.06. Assignment or Sublease.

(a) Tenant shall not assign this Lease or sublease the Leased Premises or any part thereof or mortgage, pledge or hypothecate its leasehold interest or grant any concession or license within the Leased Premises (any such assignment, sublease, mortgage, pledge, hypothecation, or grant of a concession or license being hereinafter referred to in this Section 4.06 as a "Transfer") without the prior express written permission of Landlord, which will not be unreasonably withheld or delayed; provided, however, that Landlord's right to terminate this Lease as to any space for which Tenant requests permission to make a Transfer shall not be limited, qualified or in any way affected by or subject to the agreement that permission will not be unreasonably withheld, it being understood and agreed that if Tenant requests Landlord's permission to make a Transfer, Landlord shall have the right, in its sole discretion, for any reason or for no reason, to terminate this Lease as to the space

so affected as hereinafter provided. Any attempt to effect a Transfer without such permission of Landlord shall be void and of no effect. Tenant acknowledges that any assignment or sublease is also subject to the prior written consent of any Landlord's Mortgagee (as defined in Section 4.10). Without limiting the generality of what may constitute reasonable grounds for withholding permission, it is stipulated and agreed that during the initial eighteen (18) months of the Lease Term, a refusal to permit a Transfer to another tenant in the Building, or a refusal to permit a Transfer to a proposed assignee or sublessee with whom Landlord has been negotiating to lease space in the Building shall be deemed reasonable. At all times a refusal to permit a Transfer that is related to the creditworthiness or financial condition of the proposed assignee or sublessee shall be deemed reasonable. In order for Tenant to make a Transfer, Tenant must request in writing Landlord's permission within at least sixty (60) days in advance of the date on which Tenant desires to make a Transfer, after which Landlord shall then have a period of thirty (30) days following receipt of such notice within which to notify Tenant in writing that Landlord elects (i) to terminate this Lease as to the space so affected as of the date so specified by Tenant in which event Tenant will be relieved of all further obligations hereunder as to such space, (ii) to permit Tenant to assign or sublet such space, subject, however, to prior written approval of the proposed assignee or sublessee by Landlord, or (iii) to refuse consent to Tenant's requested Transfer and to continue this Lease in full force and effect as to the entire Leased Premises. If Landlord shall fail to notify Tenant in writing of such election within said thirty (30) day period, Landlord shall be deemed to have elected option (iii) above. If Landlord elects to exercise option (ii) above, Tenant agrees to provide at its expense, direct access from any sublet space or concession area to a public corridor of the Building. The prohibition against a Transfer contained herein shall be construed to include a prohibition against any Transfer by operation of law. Tenant shall not cause or permit any advertisement for a proposed Transfer to be published without the prior approval of Landlord, and during the initial eighteen (18) months of the Lease Term, no advertisement of a rental rate less than that which Landlord is then asking for similar space in the Building will be permitted.

(b) Notwithstanding that the prior express written permission of Landlord to a Transfer may have been obtained under the provisions of Section 4.06(a), the following shall apply:

(1) Tenant shall (i) in the event of an assignment, cause the assignee to expressly assume in writing and to agree to perform all of the covenants, duties and obligations of Tenant hereunder, and such assignee shall be jointly and severally liable therefor along with Tenant; (ii) cause such assignee or sublessee to grant Landlord an express first and prior contract lien and security interest in the same manner as the lien granted by Tenant to Landlord under Section 5.03 hereof; (iii) subordinate to Landlord's statutory lien and the aforesaid contract lien and security interest any liens or other rights which Tenant may claim with respect to any fixtures, equipment, goods, merchandise or other property owned by or leased to the proposed assignee or sublessee or other party intending to occupy the Leased Premises; and (iv) agree with Landlord that in the event that the rent or other consideration due and payable by a sublessee or assignee under any such permitted sublease or assignment exceeds the Rent for the portion of the Leased Premises so transferred, then Tenant

shall pay Landlord as additional rental hereunder fifty percent (50%) of such excess rental and other consideration immediately upon receipt thereof by Tenant from such transferee.

(2) A signed counterpart of all instruments relative to a Transfer (executed by all parties to such transaction with the exception of Landlord) shall be submitted by Tenant to Landlord prior to or contemporaneously with the request for Landlord's written consent

thereto; and, Tenant shall reimburse Landlord for all reasonable attorney's fees incurred in connection with Landlord's review and approval of such instruments;

(3) No usage of the Lease Premises different from the usage herein provided to be made by Tenant shall be permitted without the prior written consent of the Landlord, and all of the terms and provisions of this Lease shall continue to apply after a Transfer; and

(4) In any case where Landlord consents to a Transfer, Tenant will nevertheless remain directly and primarily liable for the performance of all the covenants, duties and obligations of Tenant hereunder (including, without limitation, the obligation to pay all Rent herein provided to be paid), and Landlord shall be permitted to enforce the provisions of this Lease against the undersigned Tenant or any transferee, or both, without demand upon or proceeding in any way against any other persons.

(c) If Tenant is a corporation then any transfer of this Lease by merger, consolidation or dissolution or any change in ownership or power to vote a majority of the voting stock in Tenant outstanding at the time of execution of this Lease shall constitute a Transfer for the purposes of this Lease; provided, however, that acquisition of all stock of a corporate tenant by any corporation, the stock of which is registered pursuant to the Securities Act of 1933 or the merger of a corporate tenant into such a corporation, the stock of which is so registered, shall not be deemed to be a violation of Section 4.06(a). For purposes of this Section 4.06(c), the term "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation involved.

(d) If Tenant is a general partnership having one or more corporations as partners or if Tenant is a limited partnership having one or more corporations as general partners, the provisions of Section 4.06(c) shall apply to each of such corporations as if such corporations alone had been the Tenant hereunder. If Tenant is a general or limited partnership, joint venture, or other form of association, the transfer of a majority of the ownership interests therein shall constitute a Transfer for the purposes of this Lease.

(e) The consent by Landlord to a particular Transfer shall not be deemed a consent to any other subsequent Transfer. If this Lease, the Leased Premises or the Tenant's leasehold interest therein, or if any portion of the foregoing is transferred, or if the Leased Premises are occupied in

whole or in part by anyone other than Tenant without the prior consent of Landlord as provided herein, Landlord may nevertheless collect rent from the transferee or other occupant and apply the net amount collected to the Rent payable hereunder, but no such transaction or collection of rent or application thereof by Landlord shall be deemed a waiver of the provisions hereof or a release of Tenant from the further performance by Tenant of its covenants, duties and obligations hereunder.

(f) Notwithstanding anything to the contrary, no approval or consent shall be required for a Transfer to a "subsidiary", "affiliate" or a "successor" of Tenant.

For purposes of this Section 4.06, a "subsidiary", "affiliate" or a "successor" of Tenant shall mean the following:

(1) An "affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by or is under common control with Tenant. For this purpose, "control" shall mean the possession, directly or indirectly, or the power to direct or cause a direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

(2) A "subsidiary" shall mean any corporation not less than fifty percent (50%) of whose outstanding stock shall, at the time, be owned directly or indirectly by Tenant.

(3) A "successor" of Tenant shall mean; (i) a corporation with which Tenant, its corporate successors or assigns, is merged or consolidated in accordance with applicable statutory provisions for merger or consolidation of a corporation, or (ii) a corporation acquiring the lease hereby demised in conjunction with such corporation's acquisitions of all or substantially all of the assets of Tenant, its corporate successors or assigns, or (iii) any corporate successor to a successor corporation becoming such by either of the methods described in (i) or (ii). Notwithstanding anything to the contrary contained herein, in the event of a Transfer to an affiliate, subsidiary or successor (as defined herein) all excess rental or other consideration shall be for the sole benefit of Tenant. Landlord's right to terminate this Lease as to the space so affected as described in 4.06(a)(i) shall be null and void.

4.07. Alterations, Additions, Improvements. Tenant will make no alteration, change, improvement, repair, replacement or addition to the Leased Premises without the prior written consent of Landlord, which consent will not be unreasonably withheld or delayed; provided, however, that Landlord shall have no obligation to consent to any alteration or change if, in Landlord's sole opinion, the residual value of the resulting improvements to the Leased Premises will be less than before such alteration or change, unless Tenant, at its expense, agrees to reconstruct the Leased Premises to the condition that existed prior to such alteration, change, improvement, repair, replacement or additions. Tenant may remove its trade fixtures, office supplies and movable office furniture and equipment not attached to the Building provided (i) such removal is made prior to the

termination or expiration of the Term; (ii) Tenant is not then in default in the timely performance of any obligation or covenant under this Lease; and (iii) Tenant promptly repairs all damage caused by such removal. All other property and the Leased Premises and any alteration or addition to the Leased Premises and any other articles attached or affixed to the floor, wall, or ceiling of the Leased Premises is a part of the property of Landlord and shall be surrendered with the Leased Premises as part thereof at the termination or expiration of this Lease, without payment or compensation therefor. If, however, Landlord so requests in writing, Tenant will, prior to termination or expiration of this Lease, remove any and all alterations, additions, fixtures, equipment and property placed or installed by Tenant or installed by Landlord at Tenant's expense in the Leased Premises and will repair any damage caused by such removal.

4.08. Compliance with Laws and Usage; Building Rules and Regulations; Liens. Tenant, at its cost, shall comply with all federal, state, municipal and other laws and ordinances applicable to the Leased Premises and the business conducted therein by Tenant (including, but not limited to, all statutes, rules and regulations covering the use, storage, transportation and disposal of hazardous substances, including petroleum and other petrochemicals), and with the Building Rules and Regulations set out in Exhibit "E" hereto as such rules and regulations are modified and supplemented by Landlord from time to time, and such other rules and regulations as may be adopted by Landlord from time to time, which when sent by Landlord to Tenant in writing shall be thereafter carried out and observed by Tenant; will not engage in any activity which would cause landlord's fire and extended coverage insurance to be canceled or the rate thereof to be increased (or, at Landlord's option, will pay any such increase); and will not commit any act which is a nuisance or annoyance to Landlord or to other tenants in the Building or which might, in the reasonable judgment of Landlord, appreciably damage Landlord's goodwill or reputation, or tend to injure or depreciate the value of the Complex. Tenant has no authority to

encumber the Complex or Leased Premises with any lien, and Tenant shall not suffer or permit any such lien to exist. Should any such lien hereafter be filed, Tenant shall promptly discharge the same at its sole cost.

4.09. Access by Landlord. Tenant shall permit Landlord or its agents or representatives to enter into and upon any part of the Leased Premises at all reasonable hours with reasonable prior advance notice (emergencies excepted) to inspect same; to clean (after Normal Building Operating Hours); to make repairs, alterations or additions thereto, as Landlord may deem necessary or desirable; to show the Leased Premises to prospective purchasers or tenants; or for any other purpose deemed reasonable by Landlord; and Tenant shall not be entitled to any abatement or reduction or Rent by reason thereof. In connection with the foregoing, Landlord will minimize interference with Tenant's business to the extent reasonably possible.

4.10. Landlord's Mortgagee. Tenant agrees with Landlord and with the mortgagee of any mortgage or the beneficiary of any deed of trust now or hereafter constituting a lien on the Complex or the Leased Premises ("Landlord's Mortgagee") that any Landlord's Mortgagee shall have the right at any time to elect, by notice in writing given to Tenant, to make this Lease superior to the lien of such mortgage or deed of trust and upon the giving of such notice to Tenant, this Lease shall be deemed prior and superior to the mortgage or deed of trust in respect to which such notice is given;

and at Landlord's Mortgagee's request Tenant shall execute a recordable instrument establishing this Lease as superior to such lien; or Landlord's Mortgagee may, by like notice, make this Lease subordinate to such mortgage or deed of trust. If Landlord's Mortgagee shall elect to make this Lease subordinate to such mortgage or deed of trust, Tenant agrees to attorn to such Landlord's Mortgagee so long as such Landlord's Mortgagee also agrees to not disturb Tenant's possession under this Lease in the event such Landlord Mortgagee becomes the owner of the Building. In confirmation of such subordination, attornment and non-disturbance agreement, Tenant shall execute promptly any reasonable Subordination, Attornment and Non-Disturbance Agreement that Landlord or such Landlord's Mortgagee may request. Without limiting the foregoing, Tenant agrees to enter into a Subordination, Non-Disturbance and Attornment Agreement in the form attached as Exhibit "H." Tenant further agrees that any Landlord's Mortgagee may demand the payment of Rent and performance of this Lease at any time. Tenant hereby constitutes Landlord as Tenant's attorney-in-fact to execute such Subordination, Attornment and Non-Disturbance Agreement for and on behalf of Tenant should Tenant fail to execute such agreement within fifteen (15) days after written request to do so. In the event of the enforcement by Landlord's Mortgagee of the remedies provided for by law or by such mortgage or deed of trust, Tenant will, upon request of any person or party succeeding to the interest of Landlord as a result of such enforcement, automatically become the Tenant of such successor in interest without change in terms or other provisions of such lease provided, however, that such successor in interest shall not be (i) bound by any payment of Rent for more than one month in advance except payments in the nature of security for the performance by Tenant of its obligations under this Lease; (ii) subject to any offset, defense or damages arising out of a default or any obligations any preceding Landlord; or (iii) bound by any amendment or modification of this Lease made without the written consent of such successor in interest, provided Tenant has been given prior notice of the identity of such successor in interest. Upon request by such successor in interest, Tenant shall execute and deliver reasonable instruments confirming the attornment provided for herein.

4.11. Estoppel Certificate. At Landlord's request from time to time, Tenant will promptly, without further consideration, execute an estoppel certificate addressed to Landlord's Mortgagee or to such party as Landlord may designate certifying to such notice provisions and other matters as Landlord's Mortgagee or as the other party designated by Landlord may reasonably request. At Landlord's request from time to time, Tenant will promptly execute, without further consideration, a certificate stating the commencement and expiration

dates of the Term, the rental then payable hereunder, that there are no defaults on the part of Landlord or claims against Landlord hereunder (or if there are any, stating the same with particularity), and such other information pertaining to this Lease as Landlord may reasonably request, addressed to such party as Landlord may designate.

Article 5
Mutual Covenants

5.01. Condemnation, Loss or Damage. If the Leased Premises, Complex, or any part thereof shall be taken or condemned for any public purpose (or conveyed in lieu or in settlement thereof) to such an extent as to render a material portion of the remainder of the Building or Leased Premises,

in the opinion of an independent architect selected by Landlord, not reasonably suitable for occupancy, this Lease shall, at the option of Landlord, forthwith cease and terminate, and all proceeds from any taking or condemnation of the Building and the Leased Premises shall belong to and be paid to Landlord; provided, however, any award for Tenant's personal property and improvements in excess of Building Standard shall be paid to Tenant. If this Lease is not so terminated, Landlord shall repair any damage resulting from such taking, to the extent and in the manner provided in Section 5.02, and Base Rental and Additional Rent hereunder shall be abated to the extent the Leased Premises are rendered untenantable during the period of repair and thereafter be adjusted on an equitable basis considering the areas of the Leased Premises taken and remaining. Nothing contained herein shall preclude the Tenant from seeking a separate damage award from the condemning authority.

5.02. Fire or Other Casualty; Certain Repairs.

(a) In the event of a fire or other casualty in the Leased Premises, Tenant shall immediately give notice thereof to Landlord. If the Building or Leased Premises shall be partially destroyed by fire or other casualty so as to render the Leased Premises untenantable in whole or in part in the opinion of Landlord and Tenant, or if, as a result of such fire or other casualty, Tenant is denied access to the Leased Premises, the Base Rental and Additional Rent provided for herein shall abate as to the portion of the Leased Premises rendered untenantable until such time as the Leased Premises are made tenantable as determined by Landlord and Landlord agrees to commence and prosecute such repair work promptly and with reasonable diligence, or if such destruction results in the Leased Premises being untenantable in substantial part for a period reasonably estimated by Landlord to be six (6) months or longer after the date of the destruction, or in the event of total or substantial damage or destruction of the Building where Landlord decides not to rebuild, then all Rent owed up to the date of such damage or destruction shall be paid by Tenant and this Lease shall terminate upon notice thereof to Tenant. Landlord shall give Tenant written notice of its decisions, estimates or elections under this Section 5.02 within sixty (60) days after any such damage or destruction.

(b) Should Landlord elect to effect any repairs under Sections 5.01 or 5.02(a), Landlord shall only be obligated to restore or rebuild the Leased Premises to a Building Standard condition, and then only to the extent that insurance proceeds are actually available to Landlord therefor. In the event the Base Rental and Additional Rent or any portion of the Base Rental and Additional Rent is abated under Sections 5.01 or 5.02(a), the expiration date of the Term specified in Section 1.02 shall be extended for the period of such abatement. If insurance proceeds are insufficient to rebuild and Landlord elects not to rebuild with other funds, this Lease will terminate effective the date of destruction.

5.03. Holding Over. If Tenant should remain in possession of the Leased Premises after the termination or expiration of the Term without written consent of Landlord, then Tenant shall be deemed to be occupying the Leased Premises as

a tenant-at-sufferance, subject to all the covenants and obligations of this Lease, except that the daily Rent shall be one hundred fifty percent (150%)

the Base Rental in effect immediately prior to such expiration or termination, but such holding over shall not extend the Term.

5.04. Assignment by Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Building and property referred to herein, and upon any such transfer of assignment and assumption of Landlord's obligations by such assignee, no further liability or obligation shall thereafter accrue against Landlord hereunder.

5.05. Recourse Limitation. Tenant specifically agrees to look solely to the value of Landlord's equity interest in the Building at the time a cause of action in favor of Tenant against Landlord accrues, it being agreed that Landlord (and its partners, officers, directors and shareholders) shall never be personally liable for any such judgment. In addition, Tenant also agrees that Tenant shall not be entitled to recover from Landlord nor any of its agents, servants, employees, partners, officers, directors or shareholders any indirect, special or consequential damages Tenant may incur as a result of a default under this Lease or other action by Landlord, its agents, servants, employees, partners, officers, directors or shareholders. The provisions contained in the foregoing sentences shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord, or any other action not involving the liability of Landlord to respond in monetary damages from assets other than Landlord's interest in the Building.

5.07. Control of Common Areas and Parking Facilities by Landlord. All public lobbies, foyers, corridors and restrooms, all automobile parking areas including (without limitation), the Garage, driveways, entrances and exits thereto, and other facilities furnished by Landlord, including all parking areas, truck way or ways, loading areas, pedestrian walkways, ramps, landscaped areas, stairways and other areas and improvements provided by Landlord for the general use, in common, of tenants, their officers, agents, employees, invitees, licensees, visitors and customers shall be at all times subject to the exclusive control and management of Landlord; Landlord shall have the right, in its sole discretion and at any time, to change or modify any of the facilities and areas mentioned in this Section; and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations (herein called the "Building Rules and Regulations") with respect to all facilities and areas mentioned in this Section; the initial Building Rules and Regulations are set out in Exhibit "E" hereto and are of equal dignity herewith. Notwithstanding the above, Landlord shall not have the right to change or modify any of the facilities and areas in this Section if such change or modification would have the effect of materially restricting Tenant's access to the Leased Premises.

5.08. Default by Tenant.

(a) Each of the following occurrences relative to Tenant shall constitute an "Event of Default:"

(1) Failure or refusal of Tenant to make the timely payment of any Rent payable under this Lease within five (5) business days following written notice from

Landlord, that the same is due and payable, but not yet received by Landlord; provided, in no event shall such notice be required of Landlord in excess of two (2) times during any twelve (12) month period;

(2) The filing or execution or occurrence of a petition in bankruptcy or other insolvency proceeding by or against Tenant or Guarantor, or petition or answer seeking relief under any provision of the Bankruptcy Act; or as assignment for the benefit of creditors or composition; or a petition or other proceeding by or against the Tenant or Guarantor for the appointment of a trustee, receiver or liquidator of Tenant or Guarantor or any of Tenant's or Guarantor's property; or a proceeding by any governmental authority for the dissolution or liquidation of Tenant or any guarantor of Tenant;

(3) Failure by Tenant in the performance or compliance with any of the agreements, terms, covenants or conditions provided in this Lease, other than those referred to in (1), (2) or (3) above, for a period of thirty (30) days after notice from Landlord to Tenant specifying the items in default; or

(4) The occurrence of any other event herein provided to be an Event of Default.

(b) This Lease and the Term and estate hereby made are subject to the limitation that if and whenever any Event of Default shall occur, Landlord may, at its option and without further written notice to Tenant, in addition to all other remedies given hereunder or by law or equity, do any one or more of the following:

(1) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Leased Premises to Landlord;

(2) Enter upon and take possession of the Leased Premises and expel or remove Tenant and any other occupant and all property therefrom with or without having terminated the Lease; and

(3) Alter locks and other security devices at the Leased Premises so that Tenant will not have access to the Leased Premises. Landlord may take these actions without incurring any liability and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law; Tenant hereby waiving any right to claim damage for such re-entry expulsion.

(c) Once all applicable written notices are given, cure periods have elapsed and an Event of Default has occurred, any right of Tenant to receive notice of Landlord's intent to exercise any of its remedies is hereby waived.

(d) Exercise by Landlord of any one or more remedies shall not constitute an acceptance of surrender of the Leased Premises by Tenant, it being understood that such surrender can be effected only by the written agreement of the Landlord and Tenant, with the prior written consent of any Landlord's Mortgagee (as defined in Section 4.10).

(e) If Landlord terminates this Lease by reason of an Event of Default, Tenant shall pay to Landlord the sum of all Rent and other indebtedness accrued hereunder to the date of such termination, the amounts stated in Section 5.08(f) hereof, plus, as liquidated damages, an amount equal to the then present value of the Rent and all other indebtedness as would otherwise have been required to be paid by Tenant to Landlord during the period following the termination of the Term measured from the date of such termination to the date of expiration stated in section 1.02, less the then present fair market rental value of the Leased Premises for such period as reasonably determined by Landlord.

(f) If Landlord repossesses the Leased Premises without terminating the Lease, then Tenant shall pay to Landlord all Rent and other indebtedness accrued to the date of such repossession, plus Rent and other sums required to be paid by Tenant during the remainder of the Term, diminished by any net sums

thereafter received by Landlord through reletting the Leased Premises during said period (after deducting expenses incurred by Landlord as provided below); reentry by Landlord will not affect the obligations of Tenant for the unexpired Term. Tenant shall not be entitled to any excess of any Rent obtained by reletting over the Rent herein reserved. Actions to collect amounts due by Tenant may be brought on one or more occasions, without the necessity of Landlord's waiting until expiration of the Term.

(g) In case of an Event of Default, to the extent the same were not paid or deducted, as appropriate, under Section 5.08(e) or (f), Tenant shall also pay to Landlord: (i) broker's fees incurred by Landlord in connection with reletting the whole or any part of the Leased Premises; (ii) the cost of removing and storing Tenant's or any other occupant's property; (iii) and the cost of repairing, altering, remodeling or otherwise putting the Leased Premises into condition acceptable to a new tenant or tenants; and (iv) all reasonable expenses incurred by Landlord in enforcing Landlord's remedies, including reasonable attorney's fees and court costs. Notwithstanding the above, Tenant's obligation pursuant to this Section (g) shall be limited to the total of items (i), (ii), (iii) and (iv) multiplied by the percentage obtained by dividing the remainder of Tenant's Lease Term by the substitute tenant(s) lease term.

(h) Upon termination or repossession of the Leased Premises for an Event of Default, Landlord shall use reasonable efforts to relet the Leased Premises, or any portion thereof, and to collect rental after reletting. In the event of reletting, Landlord may relet the whole or any portion of the Leased Premises for any period, to any tenant, and for any use and purpose. In no event shall Landlord be required to extend any preference to the reletting of the Leased Premises or any portion thereof over other vacant portions of the Building.

(i) Any and all property which may be removed from the Leased Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and stored, as the case may be, by or at the direction of Landlord at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Leased Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

(j) If Tenant should fail to make any payment or perform any obligation hereunder, and such failure continues beyond any applicable cure period allowed hereunder, Landlord, without obligation to do so and without thereby waiving such failure or default, may make such payment and/or perform such obligation for the account of Tenant (and enter the Lease Premises for such purpose), and Tenant shall pay upon demand all costs, expenses and disbursements (including reasonable attorneys' fees) incurred by Landlord in taking such remedial action, plus interest thereon at the highest rate of interest permitted by law.

(k) In addition to the foregoing, if Tenant abandons or fails to occupy the Leased Premises, or any significant portion thereof, Landlord may, at its election, terminate this Lease.

5.09. Right to Relocate. Notwithstanding anything herein to the contrary, Landlord shall in all cases retain the right and power to relocate Tenant within the Building in space which is comparable in size and location and suited to Tenant's use; such right and power to be exercised reasonably and such relocation to be made at Landlord's sole cost and expense. Landlord shall not be liable or responsible for any claims, damages, or liabilities in connection with or occasioned by such relocation. Landlord's reasonable exercise of such right and power shall include, but shall in no way be limited to, a relocation to

consolidate the rentable area occupied in order to provide Landlord services more efficiently, or a relocation to provide contiguous vacant space for a prospective tenant. Notwithstanding the above, Landlord shall not have the right to relocate Tenant from the top two (2) floors of the Building, and shall have the right to relocate Tenant only from the remainder of the Leased Premises, if any, which is located on a portion of an entire floor of the Building.

5.10. Non-Waiver. Neither acceptance of rent by Landlord nor failure by Landlord to complain of any action, non-action or default of Tenant shall constitute a waiver of any of Landlord's rights hereunder. Waiver by Landlord of any right for any default of Tenant shall not constitute a waiver of any right for either a subsequent default of the same obligation or any other default. Notwithstanding anything contained herein to the contrary, should Tenant default under this Lease and subsequently cure such default to Landlord's satisfaction, Landlord shall acknowledge such cure in writing, and Landlord agrees no further action shall be taken against Tenant as a consequence thereof.

5.11. Independent Obligations. The obligation of Tenant to pay all Rent and other sums hereunder provided to be paid by Tenant and the obligation of Tenant to perform Tenant's other covenants and duties hereunder constitute independent unconditional obligations to be performed at all times provided for hereunder, save and except only when an abatement thereof or reduction therein is hereinabove expressly provided for and not otherwise. Tenant waives and relinquishes all rights which Tenant might have to claim any nature of lien against or withhold, or deduct from or offset against any Rent and other sums provided hereunder to be paid Landlord by Tenant.

5.12. Time of Essence. In all instances where any act is required at a particular indicated time or within an indicated period, it is understood and stipulated that time is of the essence.

5.13. Remedies Cumulative. Landlord may restrain or enjoin any breach or threatened breach of any covenant, duty or obligation of Tenant herein contained without the necessity of proving the inadequacy of any legal remedy or irreparable harm. The remedies of Landlord hereunder shall be deemed cumulative and no remedy of Landlord, whether exercised by Landlord or not, shall be deemed to be in exclusion of any other.

5.14. Insurance, Liability, Indemnity, Subrogation and Waiver.

(a) Tenant shall maintain at its sole expense fire and extended coverage insurance with vandalism, malicious mischief and theft endorsements and with the additional of the all other peril coverage (formerly known as all risk) and a sprinkler leakage endorsement and flood coverage (where applicable), on all of its personal property, including removable trade fixtures, located in the Leased Premises and on non-Building Standard leasehold improvements and all additions and improvements made by Tenant.

(b) Tenant shall, at its sole expense, maintain in effect at all times commercial general liability insurance, including contractual liability coverage, naming Landlord as an additional insured, issued by and binding upon some solvent insurance company authorized to do business in Texas and satisfactory to Landlord and with an A.M. Best rating of at least A-VI, with bodily injury and property damage limits of no less than $1,000,000.00 combined single limit for each occurrence and $3,000,000.00 in the aggregate for all liability including products and completed operations coverage. Tenant shall provide to Landlord (i) copies of such insurance policies prior to the Commencement Date of the Term, (ii) upon written request from Landlord, certificates of renewal at least thirty (30) days prior to the expiration date of any such policies, and (iii) copies of new policies at least thirty (30) days prior to terminating, or changing insurance companies for, any such policies.

(c) Tenant agrees to release, indemnify, defend and hold harmless Landlord and Landlord's partners, agents, directors, officers, employees,

invitees and contractors, from and against any and all liabilities, claims, demands, expenses, fees, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature (including, but not limited to, legal and investigative costs and all other reasonable costs, expenses and liabilities from the first notice that

any claim or demand is to be made or may be made) arising or growing out of or in any way connected with Tenant's use, occupancy, management or control of the Leased Premises, Tenant's use of the Complex, Tenant's operations or activities in the Building or the Complex, any breach of this lease by Tenant or the negligence or intentional misconduct of Tenant, or its agents, directors, officers or employees. This obligation to indemnify shall not be limited in any way by any limitation of the amount or type of damages, compensation or benefit payable under applicable worker's compensation acts, disability benefit acts or other employee benefit acts. The provisions of this paragraph shall survive the termination of the Lease with respect to any claim arising before such termination.

(d) Anything herein to the contrary notwithstanding, Tenant hereby releases and waives all claims, rights of recovery and causes of action that Tenant or any party claiming by, through or under Tenant by subrogation or otherwise may now or hereafter have against the Landlord or any of Landlord's partners, directors, officers, employees or agents for any loss or damage that may occur to the Complex, Leased Premises, Tenant improvements or any of the contents of any of the foregoing by reason of fire or other casualty, or any other cause except gross negligence or willful misconduct (but including negligence of Landlord or Landlord's partners, directors, officers, employees, or agents) that could have been insured against under the terms of (i) any standard fire and extended coverage insurance policies required under the terms of this Lease, or (ii) any other loss covered by insurance required to be maintained under the terms of this Lease.

(e) Tenant and Landlord agree that each shall not be responsible or liable to the other or to their agents, customers or invitees, for bodily injury (fatal or non-fatal) or property damage occasioned by the acts or omissions of any other tenant or such tenant's employees, agents, contractors, customers or invitees within the Complex, or for any loss or damage to any property or persons occasioned by theft, fire act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or any other cause beyond the control of either party, or for any inconvenience or loss to either party in connection with any of the repair, maintenance, damage, destruction, restoration or replacement referred to in this Lease.

(f) Landlord Insurance. Landlord covenants and agrees that Landlord will maintain or cause to be maintained in full force and effect, at all times, "all risk" fire and extended coverage insurance covering the Building and the Building Standard leasehold improvements in amounts equal to ninety-five percent (95%) of the insurable value thereof (actual replacement value without deduction for physical depreciation) and rental abatement insurance in an amount sufficient to cover rentals from the Building (except non-continuing charges). Landlord shall maintain throughout the Term comprehensive general public liability and broad form property damage insurance with a Best rating of at least A-VI, in such amounts as shall be appropriate for a first-class office building project similar to the Building, but in any event with limits of not less than One Million and No/100 Dollars ($1,000,000.00) for injury to or death of any one person, Five Million and No/100 Dollars ($5,000,000.00) for injury to or death of any number of persons in any one occurrence, and One Million and No/100 Dollars ($1,000,000.00) for damage to or destruction of property for any one

occurrence. Landlord shall also maintain employer's liability insurance with a minimum limit of One Million and No/100 Dollars ($1,000,000.00) for bodily injury.

5.15. Venue; Governing Law. This Lease shall be governed by the laws of the State of Texas. All monetary and other obligations of Landlord and Tenant are performable exclusively in Houston, Harris County, Texas.

5.16. Notice. Any notice which may or shall be given under the terms of this Lease shall be in writing and shall be either delivered by hand or sent by United States Registered or Certified Mail, postage prepaid, if for Landlord to c/o Fidinam Capital, 11811 North Freeway, Suite 300, Houston, Texas 77060, Attn: Charles S. Iupe; or if for Tenant (i) prior to the Commencement Date to Tenant at 15810 Park Ten, Suite 300, Houston, Texas, _____, Attn: Mike Journey, V.P. or (ii) subsequent to the Commencement Date to the Leased Premises, attn: Mike Journey, V.P. Such addresses may be changed from time to time by either party by giving notice as provided above. Notice shall be deemed given when delivered (if delivered by hand) or when postmarked (if sent by mail).

5.17. Entire Agreement, Binding Effect, Severability. This Lease and any written addenda and all exhibits hereto (which are expressly incorporated herein by this reference) shall constitute the entire agreement between Landlord and Tenant; no prior written or prior or contemporaneous oral promises, inducements, representations or agreements not embodied herein shall be binding or have any force or effect. Landlord's agents do not and will not have authority to make any promises, agreements, or representations not expressly contained in this Lease, and Tenant will make no claim on account of any representation whatsoever, whether made by a renting agent, broker, officer or other representative of Landlord, or which may be contained in any circular, prospectus or advertising relating to the Leased Premises, the Building, the Complex or otherwise, unless the same is specifically set forth in the Lease. This Lease shall not be amended, changed or extended except by written instrument signed by both parties hereto. The provisions of this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties, but this provision shall in no way alter the restrictions on assignment and subletting applicable to Tenant hereunder. If any provision of this Lease or the application thereof to any person or circumstance shall at any time or to any extent be held invalid or unenforceable, and the basis of the bargain between the parties hereto is not destroyed or rendered ineffective thereby, the remainder of the Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

5.18. Right of Reentry. Upon the expiration or termination of the Term for whatever cause, Landlord shall have the right to immediately reenter and reassume possession of the Leased Premises and remove Tenant's property therefrom, and Tenant expressly acknowledges such right.

5.19. Number and Gender; Captions; References. Pronouns, where used herein, of whatever gender, shall include natural persons, corporations, and associations of every kind and character, and the singular shall include the plural and vice versa where and as often as may be appropriate. Article

and section headings under this Lease are for convenience of reference and shall not affect the construction or interpretation of this Lease. Whenever the terms "hereof," "hereby," "herein," or words of similar import are used in this Lease, they shall be construed as referring to this Lease in its entirety rather than to a particular section or provision, unless the context specifically indicates to the contrary. Any reference to a particular "Article" or "Section" shall be construed as referring to the indicated article or section of this Lease.

5.20. Delinquent Payments; Handling Charge. Any payments required of Tenant hereunder, whether as Rent or otherwise, shall bear interest from the time due

until paid at the maximum rate of interest permitted by law. Furthermore, should Tenant fail to timely pay any installment of Rent hereunder, Landlord shall have the option to charge Tenant, as additional Rent hereunder, a fee equal to five percent (5%) of the delinquent installment to reimburse Landlord for its cost and inconvenience incurred in dealing with Tenant's delinquent payment. In no event, however, shall the charges imposed under this Section 5.20 and elsewhere in this Lease, to the extent the same are considered to be interest under applicable law, exceed the maximum rate of interest allowable under applicable law.

5.21. Quiet Enjoyment. Tenant, on paying all sums herein called for and performing and observing all of its covenants and agreements hereunder, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Leased Premises during the Term subject to the provisions of this Lease and applicable governmental laws, rules, and regulations; and Landlord agrees to warrant and forever defend Tenant's right to such occupancy against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through, or under Landlord, but not otherwise, subject only to the provisions of this Lease and all applicable governmental laws, rules, and regulations.

5.22. Signs. Unless otherwise specifically permitted pursuant to the Lease, no signs, symbols or identifying marks shall be placed in or upon the Complex, in the halls, elevators, staircases, entrances, or exterior of the Building or Garage, or upon the doors or walls of the Leased Premises without prior written approval of Landlord. Landlord agrees to provide and install, at Tenant's cost, all letters or numerals on doors in the Leased Premises. All such letters and numerals shall be in the Building Standard graphics, and no others shall be used or permitted on the Leased Premises without written permission from Landlord.

5.23. Brokerage. Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, other than J. B. Richardson and Company, L.L.C. and Fidinam Investment Consulting, Inc., and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provision of this Paragraph, in addition to all of Tenant's indemnities and covenants expressly set forth in this Lease, shall survive the termination of this Lease. In the event of a sale or other conveyance of the Building, Landlord, as Grantor, agrees to obtain and deliver to J.B. Richardson

& Company L.L.C. a written agreement from the Grantee assuming payment of any and all commissions then due or any additional commissions, which may become payable to J.B. Richardson & Company, L.L.C., at which time Landlord's liability for such payment of commissions shall be forever relieved.

5.24. Limitation of Implied Warranty. Landlord duties and warranties are limited to those expressly stated in this Lease and shall not include any implied duties or implied warranty now or in the future. LANDLORD HAS NOT MADE, AND TENANT MAY NOT RELY ON, ANY REPRESENTATION OR WARRANTIES WITH REGARD TO THE BUILDING, LEASED PREMISES OR OTHERWISE, EXPRESSED OR IMPLIED, EXCEPT AS STATED IN THIS LEASE. IN PARTICULAR, LANDLORD HAS NOT AUTHORIZED ANY AGENT OR BROKER TO MAKE A REPRESENTATION OR WARRANTY INCONSISTENT WITH THE TERMS OF THIS LEASE AND TENANT MAY NOT RELY ON ANY SUCH INCONSISTENT REPRESENTATION OR WARRANTY.

5.25. Environmental and Land Use Matters. Tenant shall not use, store, treat, transport, manufacture, refine, handle, produce or dispose of hazardous materials on, or affecting the Leased Premises in any manner that violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treating, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials (collectively, "Environmental Laws"). For purposes of this agreement, "Hazardous Materials" shall mean any flammable substances, explosives, radioactive materials,

hazardous wastes, toxic substances, pollutants, pollution, or related materials specified in any of the Environmental Laws. Tenant indemnities Landlord against, and agrees to hold Landlord harmless from, any and all loss, cost or expense that Landlord may incur as a result of violations by Tenant or any of its agents, employees or invitees, of Environmental Laws in connection with the use of the Leased Premises which violations occurred in the period in which Tenant leased the Leased Premises, and such indemnity shall survive the term of this agreement and any and all renewal terms. The indemnity of Landlord shall expire on a date five (5) years after the termination of the lease term unless Landlord has notified Tenant before such date that a violation or suspected violation had been discovered or claimed, in which case the indemnity will survive as to the claimed or suspected violation to the maximum extent permitted by law.

5.26. Name of Building and Building Signage. So long as an Event of Default shall not exist on the part of Tenant, Landlord and Tenant mutually covenant and agree that provided Tenant (but not any unrelated subtenant or unrelated assignee or transferee) leases and occupies more Rentable Area than any other tenant in the Building, Tenant shall be permitted the non-exclusive use of a monument sign to be provided by Landlord in a mutually acceptable location which sign shall be of a size, constructed of materials and affixed in a location which shall be approved by Landlord prior to erection of same, which approval shall not be unreasonably withheld. Other than to the extent provided in this Section, Tenant shall not be permitted to place signage on any part of the Building exterior except for Tenant's name which shall be of a size, constructed of materials and affixed in a location which shall be approved by Landlord prior to erection of same, which approval shall not be unreasonably withheld, conditioned or delayed. Should an Event of Default occur

hereunder, or should Tenant fail to lease and occupy more Rentable Area than any other tenant in the Building, Landlord hereby reserves and shall have the right at any time and from time to time to change the name of the Building and remove Tenant's name from the Building signage and Building as Landlord may deem advisable, and Landlord shall not incur any liability whatsoever to Tenant as a consequence thereof. Tenant shall bear all costs associated with the materials used to affix its identity to the monument sign, and shall bear the entire expense of erecting its name on the Building exterior.

5.27. Guaranty. Guarantor agrees to guaranty payment and performance of all of Tenant's obligations, including, but not limited to, payment of Rent hereunder. This guaranty obligation is absolute and unconditional. If Tenant defaults hereunder, and as a result an Event of Default occurs, Guarantor is primarily liable for all of Tenant's obligations hereunder and Landlord shall have the right to make demand on, and bring an action directly against Guarantor, and will not be required to first exhaust its remedies against Tenant. This guaranty obligation will not be limited, reduced or affected by any amendment to this Lease (whether or not approved by Guarantor), any waiver by Landlord of any default or remedy hereunder, or by the bankruptcy, dissolution or any other event that may occur with respect to Tenant. Guarantor acknowledges that Landlord is relying primarily upon the credit of Guarantor, and but for this Guaranty Agreement, would not enter into this Lease with Tenant.

EXECUTED in multiple counterparts, each of which shall have the force and effect of an original on the date first above written.

BROADFIELD ASSOCIATES, L.L.C.,
a Texas limited liability company

By: /s/ Charles Iupe

Name: Charles Iupe
Title: Managing General Partner
"LANDLORD"

NEWPARK DRILLING FLUIDS, INC.,
a Texas corporation

By: /s/ James A. Sampey
Name: JAMES A. SAMPEY
Title: President
"TENANT"

NEWPARK RESOURCES, INC.,
a Delaware corporation

By: /s/ James D. Cole
Name: JAMES D. COLE
Title: President
"GUARANTOR"

[Signature page to Lease Agreement dated 28/th/ May 1998 between Broadfield Associates, L.L.C., a Texas limited liability company, as Landlord, Newpark Drilling Fluids, Inc., a Texas corporation, as Tenant, and Newpark Resources, Inc., a Delaware corporation, as Guarantor]

ADDENDUM TO LEASE BETWEEN
BROADFIELD ASSOCIATES, LLC, AS LANDLORD, AND NEWPARK DRILLING FLUIDS, INC., AS TENANT, AND NEWPARK RESOURCES, INC., AS GUARANTOR

1. BASE RENTAL

Tenant shall pay monthly Base Rental for the initial Leased Premises pursuant to the following schedule:

MONTH	MONTHLY BASE RENTAL/RENTABLE SQUARE FOOT
01	$1.6042
02-04	$0.00
05-63	$1.6042
64-123	$1.6708

Upon completion of Tenant's plans and specifications and the determination of the exact Rentable Area to be leased by Tenant in the Building, Landlord and Tenant agree to enter into an amendment of this Lease describing the monthly Base Rental due Landlord during the term of this Lease, it being understood between the parties that Tenant's monthly Base Rental shall be calculated pursuant to the above schedule up to and including 98,000 rentable square feet contained within the Leased Premises. Base Rental shall be payable monthly on the first day of each month during the Term of the Lease.

2. AD VALOREM TAX REIMBURSEMENT

The Base Operating Expenses Rate includes a component for ad valorem taxes in the amount of $2.40 per rentable square foot ("Landlord's Estimate"). If, during the 1999 and 2000 calendar years ("Tax Years") the Harris County Appraisal District assesses the Building below Landlord's Estimate. Landlord agrees to refund Tenant ("Tenant Refund") Tenant's proportionate share of the difference between Landlord's Estimate and the actual taxes due during such Tax Years at the time such taxes are due to be paid by Landlord to the appropriate taxing authority. At Landlord's option, such refund, if any, shall be applied to Tenant in cash, Base Rental abatement, or a combination of both. If Landlord elects to apply such refund in the form of Base Rental abatement, Tenant's monthly Base Rental shall be abated commencing February 1, 2000 (in the event of a 1999 calendar year refund) and February 1, 2001 (in the event of a 2000 calendar year refund) until the value of the rental abatement is equivalent to the value of Tenant's refund, at which time Tenant shall resume payment of monthly Base Rental.

3. AD VALOREM TAX ABATEMENT

In the event any ad valorem taxes applicable to the Building are abated by any taxing authority and, as a result, are not in fact payable by Landlord (the "Abated Taxes"), Tenant and Landlord agree the Actual Operating Expenses for any calendar year shall include the amount of Abated Taxes applicable to such year for purposes of computing Actual Operating Expenses and Tenant's Proportionate Share of Actual Operating Expenses.

During each year of the Lease Term during which the Building receives Abated Taxes, Landlord shall pay to Tenant not later than January 31/st/ of each succeeding year an amount equal to the product of the Abated Taxes for the preceding year multiplied by Tenant's Proportionate Share of Actual Operating Expenses, or as otherwise required by any taxing authority. For each subsequent year of the Lease Term, Landlord shall pay to Tenant not later than January 31/st/ of each succeeding year the amount of the Abated Taxes due Tenant.

4. TENANT'S RIGHT TO CONTRACT THE LEASED PREMISES

Tenant, (but not any subtenant, assignee or transferee of Tenant other than an approved subsidiary, affiliate or successor of Tenant as defined in 4.06 (f)(1), (2), (3)) upon not less than twelve (12) months prior written notice in each instance, shall have two (2) separate options to reduce the Rentable Area under lease ("Contraction Space"). Tenant's first option to contract shall be effective upon expiration of month eighty-seven (87) of the Lease Term. Tenant's second option to contract shall be effective upon expiration of month ninety-nine (99) of the Lease Term. Upon Tenant's timely notice and payment of stipulated damages as defined below, Tenant's obligation to Landlord with respect to the Contraction Space would cease and be of no further force or effect (excepting Tenant's obligations as contained in paragraphs 4.03 and 4.04 of the Lease which would survive). In each instance the Contraction Space shall be limited to and shall not exceed 12,500 rentable square feet. Unless otherwise approved by Landlord, the Contraction Space shall be on a single floor and in a single contiguous unit of space. In no event may the Contraction Space include all or any portion of Tenant's laboratory or special purpose facilities in the Building. Simultaneous with Tenant's notice to landlord of its intent to contract it shall identify the location of the Contraction Space. In the event Tenant desires to contract on a portion of a floor which is configured in a single tenant condition then Tenant, at its sole cost and expense, agrees to construct a Building standard multi-tenant corridor utilizing materials identical to the remaining multi-tenant floors of the Building. Simultaneously, Tenant's unreserved parking permits and reserved parking permits shall be proportionately reduced in the Building Garage. Tenant's right to contract shall be null and void in the event (i) an Event

of Default on the part of Tenant shall exist as of the date of Tenant's Notice to Landlord, (ii) Tenant fails to submit Tenant's Notice to Landlord when due, (iii) Tenant fails to pay stipulated damages when due.

For purposes herein, "stipulated damages" shall be defined as the unamortized sum, calculated as of the effective date of Tenant's contraction, of the following: (i) Tenant's Leasehold Improvement Allowance, (ii) Tenant's Architectural Allowance, (iii) Tenant's Refurbishment Allowance, (iv) brokerage commissions paid by Landlord and (v) two (2) month's Base Rental applicable to the Contraction Space. The sum of items (i), (ii), (iii), (iv) shall be treated as a loan, fully amortized over the Lease Term (but excluding any month in which monthly Base Rental is abated), at twelve percent (12%) annual interest, computed monthly. Stipulated damages shall be due simultaneous with Tenant's notice of its election to contract.

5. TENANT'S RENEWAL OPTION

Provided an Event of Default does not exist on the part of the Tenant, Tenant (but not any subtenant, assignee or transferee of Tenant other than an approved subsidiary, affiliate or successor of Tenant as defined in 4.06 (f) (1), (2), (3)) shall have the option of renewing this Lease for two (2), successive but independent five (5) year periods under the same terms and conditions of the Lease with the exception of Base Rental, which shall be adjusted to ninety-five percent (95%) of the Prevailing Market Rental Rate, as such is defined below, offered by comparable office buildings (including the Building) in the Park Ten area of Houston, Texas. With respect to Tenant's first renewal option, Tenant shall renew not less than seventy-five percent (75%) of the rentable area leased by Tenant at the time Tenant exercises its option to renew the Lease. With respect to Tenant's second renewal option, Tenant shall lease the entire rentable area then under lease. The location of the Leased Premises renewed by Tenant shall be in a contiguous location within the Building reasonably acceptable to Landlord. Unless otherwise approved by Landlord, Tenant agrees to renew its Lease with respect Tenant's laboratory or special purpose facilities in the Building. In order to exercise its option, Tenant must notify Landlord in writing not earlier than fifteen (15) months nor later than twelve (12) months prior to expiration of the Lease Term. Within thirty (30) days following receipt of Tenant's notice, Landlord shall provide Tenant with its determination of the Prevailing Market

Rental Rate. Within thirty (30) days following receipt of the Prevailing Market Rental Rate as determined by Landlord, Tenant shall notify Landlord of its acceptance or rejection of the Prevailing Market Rental Rate. Landlord and Tenant agree to negotiate in good faith concerning the determination of the Prevailing Market Rental Rate, as defined herein, however, if Landlord and Tenant are unable to agree as to be the Prevailing Market Rental Rate within thirty (30) days following the date Tenant rejects Landlord's determination of the Prevailing Market Rental Rate, the resolution shall be submitted to arbitration as described in Paragraph 10 herein.

6. DEFINITION OF PREVAILING MARKET RENTAL RATE

The "Prevailing Market Rental Rate" as used herein shall be that rate charged for comparable space and conditions by comparable office buildings in the Park Ten area of Houston, Texas (including the Building) taking into consideration the location, quality and age of the building, floor level, definition of rentable area, leasehold improvement allowances to be provided, parking charges, space planning, rentable abatement, lease takeovers and/or lease assumptions, relocation expenses and other applicable concessions, brokerage commissions, term of lease, extent of services to be provided, base year or figure for escalation purposes (both operating costs and real estate taxes), adjustments to base rental, applicable distinction between "gross" and "net" leases, credit standing and financial stature of the tenant, the time the particular rate under

consideration became or is to become effective, or any other relevant term or condition. It is agreed that written offers to lease comparable space located elsewhere in the Building from third parties and leases completed in the Building within six (6) months prior to Tenant's exercise of its Renewal Option may be used by Landlord as an indication of the Prevailing Market Rental Rate.

7. TENANT'S PREFERENTIAL RIGHT

So long as not less than twenty-four (24) months remain in the primary Lease Term or any renewal or extension thereof, and further subject to (i) the condition that an Event of Default shall not exist on the part of Tenant or (ii) any option, right or like provision granted to a tenant as a result of Tenant's waiver of its Preferential Right, Landlord hereby grants to Tenant (but not any subtenant, assignee or transferee of Tenant other than an approved subsidiary, affiliate or successor of Tenant as defined in 4.06 (f) (1), (2), (3)) a Preferential Right ("Preferential Right") with respect to the entire rentable area contained within the Building, such space being defined herein as the "Subject Space". In the event Landlord receives interest from a prospective tenant for all or any portion of the Subject Space, in each instance Landlord shall so notify Tenant ("Landlord's Notice") and shall include in such notice the Prevailing Market Rental Rate, as such is defined, for the Subject Space. Within seven (7) business days from the receipt of such notice, Tenant shall notify Landlord (Tenant's Acceptance Notice") of the exercise or the waiver of its Preferential Right. In the event Tenant fails to notify Landlord within such seven (7) business day period, then Tenant shall be deemed as having waived its Preferential Right and Landlord may enter into a lease with such third-party tenant. In the event Tenant exercises its Preferential Right, Landlord and Tenant shall, within ten (10) business days following Tenant's Acceptance Notice to Landlord (or as soon thereafter as possible), enter into a written agreement modifying and supplementing this Lease. In the event Tenant fails to exercise its Preferential Right by timely delivery to Landlord of the said Tenant's Acceptance Notice, then Tenant shall conclusively be deemed to have forfeited and waived its Preferential Right to lease the Subject Space identified in Landlord's Notice. In the event Tenant exercises its Preferential Right by timely delivery to Landlord of Tenant's Acceptance Notice, or if Tenant shall by written notice elect to waive (or by failure to timely deliver to Landlord the said Tenant's Acceptance Notice, waive) its Preferential Right to lease the Subject Space contained in Landlord's Notice, then in either such event, Tenant shall not thereafter by entitled to revoke either such election, or such waiver to its right to lease the Subject Space. Except as may be

specifically modified in such written agreement and except with respect to the rent applicable to the Subject Space, the terms and provisions of the Lease, including the expiration date shall, on the day of delivery of the Subject Space to Tenant, automatically apply and become applicable to the Subject Space; and the Subject Space, as of the date of such delivery, shall automatically and without the necessity of further documentation, become and be deemed to be a part of the Leased Premises. In the event Tenant disagrees with Landlord's determination of the Prevailing Market Rental Rate. Tenant shall still be entitled to exercise its Preferential Right with respect to the Subject Space: provided, in the event Landlord and Tenant are unable to agree on the Prevailing Market Rental Rate within ten (10) days following the date of Tenant's Acceptance Notice, then such determination shall be submitted to arbitration as described in Paragraph 10 herein. Effective as of the Commencement Date of delivery of the Subject Space to Tenant, Tenant's Proportionate Share of Actual Operating Expenses shall be automatically increased so as to include the rentable area within the Subject Space. Although Landlord shall have no obligation to make any alterations or install or modify any improvements within the Subject Space, and by virtue of Tenant's exercise of its Preferential Right it shall be deemed to have accepted the Subject Space in its present "as-is" condition, the Commencement Date shall be defined as the earlier to occur of (i) Tenant's occupancy of all or any portion of the Subject Space or (ii),

sixty (60) days following the date the Subject Space is delivered to Tenant in a vacant condition.

8. REFURBISHMENT ALLOWANCE

Effective upon expiration of month sixty-three (63) of the Lease Term, Landlord shall provide Tenant an allowance of up to $3.00 per rentable square foot contained in the initial Leased Premises, as such is defined in Paragraph 1.01, toward permanent Leasehold Improvements Tenant elects to install in the Leased Premises. Tenant's architectural plans and specifications describing the refurbishment of the Leased Premises shall be subject to Landlord's prior approval.

9. EXPANSION OPTION

Provided Tenant notifies Landlord in writing not later than June 30, 1998, Tenant shall have the option of expanding the Leased Premises by up to an additional 20,000 rentable square feet in a location of the Building acceptable to Landlord and Tenant, otherwise subject to the same terms and conditions applicable to the initial Leased Premises.

10. ARBITRATION

Any determination of the Prevailing Market Rental Rate that is submitted to binding arbitration shall be made under procedures set forth below. Pending the final determination of any dispute, Tenant shall pay the amount(s) claimed by landlord; in the event of a final determination in Tenant's favor, Landlord shall refund to Tenant any overpayment. The determination of the Prevailing Market Rental Rate shall be submitted to an "Arbitration Panel" comprised of three

(3) members, each of whom shall be a licensed real estate broker, with no less than ten (10) years experience in negotiating office leases in Houston. As a condition to selection, each panel member must also have negotiated at least one (1) major office lease (50,000 square feet or more) in West Houston during the thirty-six (36) months preceding his or her selection to the arbitration panel. No more than one (1) panel member may be with the same brokerage firm. No panel member may have an economic interest in the outcome of the arbitration, other than a reasonable fee (not to exceed $2,000.00). Landlord and Tenant shall each bear the expense of the panel member of its own selection, and shall equally share the expense of the Third Panel Member.

The Arbitration Panel shall be selected as follows:

A. Within ten (10) business days after submission of the determination of the Prevailing Market Rental Rate to the Arbitration Panel, Tenant shall select its panel member meeting the criteria established above ("Tenant's Panel Member"). If Tenant fails to timely select the Tenant Panel Member, Landlord may notify Tenant in writing of such failure, and if Tenant fails to select the Tenant Panel Member within five (5) business days from Landlord's notice, then Landlord may select the Tenant Panel Member on Tenant's behalf, at Tenant's expense.

B. Within ten (10) business days after the Tenant Panel Member is selected, Landlord shall select its panel member meeting the criteria established above ("Landlord's Panel Member"). If Landlord fails to timely select the Landlord Panel Member, Tenant may notify Landlord in writing of such failure, and if Landlord fails to select the Landlord Panel Member within five (5) business days from Tenant's notice, then Tenant may select the Landlord Panel Member on Landlord's behalf.

C. Within ten (10) business days after the Landlord Panel Member is selected, the Tenant Panel Member and the Landlord Panel Member shall jointly select a third panel member meeting the criteria of Paragraph (i) above ("the Third Panel Member"). If the Landlord Panel Member and

the Tenant Panel Member fail to timely select the Third Panel Member and such failure continues for more than five (5) busines days after written notice of such failure is delivered to the Landlord Panel Member and Tenant Panel Member by either Landlord or Tenant, either Landlord or Tenant may request the managing officer of the American Arbitration Association to appoint the Third Panel Member.

(iii) Within ten (10) business days after the selection of the three member Arbitration Panel, Landlord and Tenant shall each submit to the Arbitration Panel a written statement identifying the specific items in dispute bearing upon the computation of the Prevailing Marketing Rental Rate. The Arbitration Panel shall make its decision within twenty (20) days after submission of such written statement of particulars. The Arbitration Panel shall select either Landlord's proposed Prevailing Market Rental Rate or Tenant's proposed Prevailing Market Rental Rate, whichever in the panel's judgment most closely resembles the actual Prevailing Market Rental Rate. The Arbitration Panel shall reach its decision by majority vote and shall communicate its decision by written notice to the parties.

(iv). The decision by the Arbitration Panel shall be final, binding and conclusive and shall be non-appealable and enforceable in any court having jurisdiction. All hearings and proceedings held by the Arbitration Penal shall take place in Houston, Texas.

(v). The Prevailing Market Rental Rate determination resolution procedure described in this Paragraph shall be governed by the Commercial Rules of the American Arbitration Association, subject to the Texas General Arbitration Act, to the extend such act is applicable hereto.

(vi). Until the Prevailing Market Rental Rate has been finally determined, Tenant shall pay Base Rental based upon Landlord's good faith determination thereof, and an appropriate refund shall be made to or by Tenant within thirty (30) days after a final determination of the Prevailing Market Rental Rate is made.

(vii). Tenant shall bear all fees, costs and expenses of the Tenant Panel Member and Landlord shall bear all fees, costs and expenses of the Landlord Panel Member. Each party shall bear the fees, costs and expenses of its own attorneys and consultants. The non-prevailing party shall bear the

fees, and costs and expenses of the Third Panel Member and all other costs and expenses of the Arbitration Panel in conducting the arbitration.

EXHIBIT "A"

[FLOOR PLAN]

The initial Leased Premises shall be comprised of the top three (3) floors of the Building. In addition, Tenant may lease a portion of the first (1/st/) floor, not to exceed 2,000 rentable square feet. In the event additional rentable area is required to satisfy section 1.01 (b) of the Lease or if Tenant otherwise increases the rentable area under lease, such premises shall be contiguous to Tenant's Leased Premises on the upper floors of the Building.

EXHIBIT "B"

LEGAL DESCRIPTION

Metes and Bounds Description of 3.879 Acres of Land out of Reserve "C", Park Ten, Section Six and Reserve "B", Block Two, Park Ten,

Section Three, Harris County, Texas.

All that certain 3.879 acres of land out of Reserve "C", Park Ten, Section Six, according to the correction plat recorded in Vol. 297, Page 91, Harris County Map Records, out of Reserve "B", Block Two, Park Ten, Section Three, according to the plat thereof recorded in Volume 259, Page 122, Harris County Map Records and out of the David Middleton Survey, A-535, Harris County, Texas and being more particularly described as follows:

COMMENCING at a 5/8" iron rod marking the northwest corner of said Park Ten, Section Three: Thence N 88 42' 37" - 435.09' along the north line of said Section Three to a point for the northwest corner of said Section Six; Thence S 02 31' 29" E - 564.83' along the west line of said Section Six to a 5/8" iron rod set for the POINT OF BEGINNING of the herein described tract, said POINT located in the south right-of-way line of Park Row (width varies);

THENCE the following courses and distances along the south right-of-way line of Park Row;

N 88 42' 12" E, - 94.03' to the Point of Curvature of a curve to the right, having a radius of 320.00' a central angle of 11 14' 40" and an arc length of 62.80' to a 5/8" iron rod set for the Point of Tangency;

S 80 03' 08" E - 54.65' to the Point of Curvature of a curve to the left, having a radius of 320.00', a central angle of 23 04' 59" and an arc distance of 128.92' to a 5/8" iron rod set for cut-back corner;

S 63 20' 15" E - 15.04' along said cut-back corner to a 5/8" iron rod set in the westerly right-of-way line of Broadfield Boulevard (100' wide);

THENCE S 21 39' 37" E - 316.04' along said westerly right-of-way line to a 5/8" iron rod set for the Point of Curvature of a curve to the right, having a radius of 1,250,00' and a central angle of 04 27' 24";

THENCE along said curve to the right and said westerly right-of-way line an arc distance of 97.23' to a 5/8" iron rod set in the centerline of a 30' wide Texas-New Mexico pipeline easement recorded in County Clerk File No. D-833865, Harris County Deed Records;

THENCE S 88 35' 29" W - 486.68' along said centerline to a 5/8" iron rod set for the southeast corner of a 4.000 acre tract described in a deed from Wolff, Morgan & Company to Servomation Corporation, recorded in County Clerk File No. F-045265, Harris County Deed Records.

EXHIBIT 10.128

MEMBERSHIP INTERESTS PURCHASE AGREEMENT FOR THE DANA DETROIT BUILDING AND THE DANA KALAMAZOO BUILDING

MEMBERSHIP INTERESTS PURCHASE AGREEMENT

between

GEBAM, INC.

as Seller,

and

WELLS REAL ESTATE INVESTMENT TRUST, INC.

as Buyer

Dated as of March 15, 2002

MEMBERSHIP INTERESTS PURCHASE AGREEMENT

THIS MEMBERSHIP INTERESTS PURCHASE AGREEMENT, dated as of March 15, 2002 (this "Agreement"), is by and between GEBAM, INC., a Delaware corporation ("Seller"), and WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation ("Buyer"). The Seller and the Buyer are herein referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, Seller is the beneficial owner of all of the outstanding membership interests (collectively, the "Membership Interests") in (i) DANACQ KALAMAZOO, LLC, a Delaware limited liability company (the "Kalamazoo LLC"), and (ii) DANACQ FARMINGTON HILLS, LLC, a Delaware limited liability company (the "Farmington LLC"). The term "Companies" as used herein shall mean, collectively, the Kalamazoo LLC and the Farmington LLC , and the term "Company" as used herein shall mean, singularly, Kalamazoo LLC and Farmington LLC;

WHEREAS, the Kalamazoo LLC was formed on October 22, 2001, by the filing of the Certificate of Formation (the "Kalamazoo Certificate") pursuant to the Delaware Limited Liability Company Act (6 Del. C. Section 18-101 et seq.). The Kalamazoo LLC was organized by the Limited Liability Company Agreement of Danacq Kalamazoo, LLC, a Delaware Limited Liability Company (the "Kalamazoo Operating Agreement"), dated as of October 22, 2001, executed by Seller;

WHEREAS, the Farmington LLC was formed on October 22, 2001, by the filing of the Certificate of Formation (the "Farmington Certificate") pursuant to the Delaware Limited Liability Company Act (6 Del. C. Section 18-101 et seq.). The Farmington LLC was organized by the Limited Liability Company Agreement of Danacq Farmington Hills, LLC, a Delaware Limited Liability Company (the "Farmington Operating Agreement"), dated as of October 22, 2001, executed by Seller. The term "Certificates" as used herein shall mean, collectively, the Kalamazoo Certificate and the Farmington Certificate. The term "Operating Agreements" as used herein shall mean, collectively, the Kalamazoo Operating

Agreement and the Farmington Operating Agreement;

WHEREAS, the Kalamazoo LLC has (a) purchased the Kalamazoo Property (as hereinafter defined) located in the City of Kalamazoo, County of Kalamazoo, State of Michigan, and (b) leased the Kalamazoo Property to Dana Corporation, a Virginia corporation ("Lessee") pursuant to that certain Lease Agreement dated as of October 26, 2001, between the Kalamazoo LLC, as lessor, and Lessee, as lessee, as amended pursuant to that certain First Amendment to Lease Agreement dated as of December 6, 2001, between the Kalamazoo LLC, as lessor, and Lessee, as lessee (as amended, the "Kalamazoo Lease");

WHEREAS, the Farmington LLC has (a) purchased the Farmington Property (as hereinafter defined) located in the City of Farmington Hills, County of

Oakland, State of Michigan, and (b) leased the Farmington Property to Lessee pursuant to that certain Lease Agreement dated as of October 26, 2001, between the Farmington LLC, as lessor, and Lessee, as lessee, as amended pursuant to that certain First Amendment to Lease Agreement dated as of December 6, 2001, between the Farmington LLC, as lessor, and Lessee, as lessee (as amended, the "Farmington Lease"). The term "Leases" as used herein shall mean, collectively, the Kalamazoo Lease and the Farmington Lease;

WHEREAS, Seller desires to sell the Membership Interests to Buyer, and Buyer desires to purchase the Membership Interests from Seller, upon the terms and conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the mutual representations and warranties herein contained, the Parties hereto agree as follows:

SECTION 1

PURCHASE AND SALE OF MEMBERSHIP INTERESTS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized terms whenever used in this Agreement shall have the meanings ascribed below:

"Business Day" shall mean any day other than Saturday, Sunday, a recognized United States holiday or a day on which banks in New York, New York are permitted or required to be closed for business.

"Existing Title Exceptions" shall mean the documents, instruments and other matters listed and described in Schedule B of the Existing Title Policies.

"Existing Title Policies" shall mean, collectively, the Kalamazoo Title Policy and the Farmington Title Policy.

"Farmington Improvements" shall mean all buildings, structures and improvements situated on the Farmington Land, including, without limitation, that certain building containing approximately 112,480 square feet of floor area, all parking areas, and other amenities located on the Farmington Land and all apparatus, elevators, built-in appliances, equipment, pumps, machinery, plumbing, air conditioning and electrical and other fixtures located on the Farmington Land, exclusive of any of same which are owned by Lessee.

"Farmington Intangible Personal Property" shall mean all intangible personal property owned by Farmington LLC and related to the Farmington Land, Farmington Improvements, and Farmington Personal Property, including all

governmental licenses and permits, the Existing Title Policy relating to the Farmington Land and Farmington Improvements, any guaranties, warranties, or other rights related to the ownership of or use and operation of the Farmington Land, Farmington Improvements, and the Farmington Personal Property, and also specifically including,

whether or not same is deemed to be "intangible" personal property, all right, title and interest of Farmington LLC in and to all plans and specifications with respect to the Farmington Improvements.

"Farmington Land" shall mean all that tract or parcel of land located in the City of Farmington Hills, County of Oakland, State of Michigan, containing approximately 7.7 acres and being more particularly described on Exhibit E attached hereto, together with all rights, privileges and easements
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appurtenant, benefiting or pertaining thereto, including all water rights, mineral rights, development rights, air rights, reversions, or other appurtenances to said property, and all right, title and interest of Farmington LLC, 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 said property.

"Farmington Personal Property" shall mean all personal property now owned or acquired by Farmington LLC prior to Closing and located on or in, or used in connection with, the Farmington Land and Farmington Improvements, including, without limitation, the items set forth and described on Exhibit F
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attached hereto.

"Farmington Property" shall mean, collectively, the Farmington Land, the Farmington Improvements, the Farmington Personal Property, and the Farmington Intangible Personal Property.

"Farmington Title Policy" shall mean that certain owner's policy of title insurance issued by Title Company in favor of Farmington LLC, policy file no. E053708, dated November 6, 2001, including endorsements thereto.

"GECC" shall mean General Electric Capital Corporation, a Delaware corporation.

"Kalamazoo Improvements" shall mean all buildings, structures and improvements situated on the Kalamazoo Land, including, without limitation, that certain building containing approximately 150,000 square feet of floor area, all parking areas, and other amenities located on the Land and all apparatus, elevators, built-in appliances, equipment, pumps, machinery, plumbing, air conditioning and electrical and other fixtures located on the Kalamazoo Land, exclusive of any of same which are owned by Lessee.

"Kalamazoo Intangible Property" shall mean all intangible personal property owned by Kalamazoo LLC and related to the Kalamazoo Land, Kalamazoo Improvements, and Kalamazoo Personal Property, including all governmental licenses and permits, the Existing Title Policy relating to the Kalamazoo Land and Kalamazoo Improvements, any guaranties, warranties, or other rights related to the ownership of or use and operation of the Kalamazoo Land, Kalamazoo Improvements, and the Kalamazoo Personal Property, and also specifically including, whether or not same is deemed to be "intangible" personal property, all right, title and interest of Kalamazoo LLC in and to all plans and specifications with respect to the Kalamazoo Improvements.

"Kalamazoo Land" shall mean all that tract or parcel of land located in the City of Kalamazoo, County of Kalamazoo, State of Michigan,

containing approximately 27 acres and being more particularly described on Exhibit C attached hereto, together with all rights, privileges and easements appurtenant, benefiting or pertaining thereto, including all water rights, mineral rights, development rights, air rights, reversions, or other appurtenances to said property, and all right, title and interest of Kalamazoo LLC, 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 said property.

"Kalamazoo Personal Property" shall mean all personal property now owned or acquired by Kalamazoo LLC prior to Closing and located on or in, or used in connection with, the Kalamazoo Land and Kalamazoo Improvements, including, without limitation, the items set forth and described on Exhibit D attached hereto.

"Kalamazoo Property" shall mean, collectively, the Kalamazoo Land, the Kalamazoo Improvements, the Kalamazoo Personal Property, and the Kalamazoo Intangible Personal Property.

"Kalamazoo Title Policy" shall mean that certain owner's policy of title insurance issued by Title Company in favor of Kalamazoo LLC, policy file no. E053710, dated November 7, 2001, including endorsements thereto.

"Person" shall mean an individual, partnership, corporation, trust, limited liability company, unincorporated association, joint stock company or other entity or association.

"Properties" shall mean, collectively, the Kalamazoo Property and the Farmington Property.

"Tax" or "Taxes" shall mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Internal Revenue Code of 1986, as amended), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but expressly excluding any real property taxes or other taxes which are the responsibility of the Lessee under the Leases.

"Tax Return" shall mean any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Title Company" shall mean Commonwealth Land Title Insurance Company.

1.2 Basic Transaction. In reliance upon the representations, warranties and agreements contained herein and subject to the terms and conditions hereof, Seller hereby agrees to sell, convey, transfer and deliver to Buyer, and Buyer hereby agrees to purchase from Seller, all of the Membership Interests, for the purchase price set forth in Section 1.3 (the "Purchase Price").

1.3 Purchase Price. The Purchase Price shall be an amount equal to Forty-One Million Nine Hundred Fifty Thousand Dollars ($41,950,000), payable as follows:

(a) by deposit by the Buyer, concurrently with its execution and

delivery of this Agreement, of the sum of Five Hundred Thousand Dollars ($500,000) (together with any interest earned thereon, the "Deposit") with the Escrowee (as defined in Section 1.4) by wire transfer in accordance with such instructions as the Escrowee shall deliver to Buyer for such purpose, to be held in an interest-bearing account; and

(b) the balance, at the Closing (as defined in Section 1.4) by wire transfer in accordance with Section 1.5, provided that, if the Closing occurs on any day other than the last day of a calendar month, there shall be credited against payment of the Purchase Price an amount equal to (i) (A) the Basic Rent (as defined in the Leases) actually paid by the Lessee with respect to the calendar month in which the Closing occurs, times (B) a fraction, the numerator of which is the number of days (including the date of the Closing) remaining in the calendar month in which the Closing occurs as of the date of the Closing, and the denominator of which is the number of days in such calendar month, plus (ii) any Basic Rent prepaid by Lessee for any period following the month of Closing (collectively, the "Proration Credit").

In addition, Buyer shall assume the obligations of "Lessor Parent" under Article XXI of the Leases.

(c) Seller and Purchaser acknowledge and agree that the Purchase Price shall be allocated (the "Allocation") as follows:

Membership Interests in Kalamazoo LLC:	$18,300,000.00
Membership Interests in Farmington LLC:	$23,650,000.00

Each of the Buyer and the Seller agree that, at its own cost and expense, it (i) will prepare all required Tax Returns and reports in a manner that is consistent with such Allocation, and (ii) will not voluntarily take any position inconsistent therewith upon examination of any such Tax Return, in any refund claim, in any litigation or otherwise with respect to such Tax Returns.

1.4 The Closing. Subject to the conditions set forth in Section 5, the closing of the purchase and sale of the Membership Interests hereunder (the "Closing") shall occur on or before March 29, 2002, or such other date as the Parties shall agree ("Closing Date"). The Closing shall take place with an escrow with Commonwealth Land Title Insurance Company ("Escrowee") pursuant to a written escrow agreement

among Buyer, Seller and Escrowee containing terms and conditions consistent with the terms and conditions of this Agreement (which shall in all events be controlling) and mutually satisfactory to Buyer and Seller.

1.5 Deliveries. At the Closing, Seller shall sell, convey, transfer and deliver to Buyer, and Buyer will purchase from Seller, the Membership Interests. As payment in full for the Membership Interests being purchased by it under this Agreement at the Closing, Buyer shall deliver to Seller by electronic funds transfer of immediately available funds, through escrow, the amount of the Purchase Price less the Proration Credit. In addition, at the Closing, Buyer and Seller shall execute and deliver to escrow (a) a settlement statement setting forth the amounts paid by or on behalf of, and the amounts to be paid to, Buyer and Seller pursuant to this Agreement; (b) executed counterparts of two (2) originals of an assignment and assumption of the Membership Interests ("Membership Assignment") in the form of Exhibit A attached hereto; (c) executed counterparts of two (2) originals of an assignment and assumption of the obligations of "Lessor Parent" under Article XXI of the Leases

("Lessor Parent Assignment") in form reasonably acceptable to Seller and to Lessee as required under Article XXI of the Leases; (d) executed counterparts of two (2) originals of an assignment and assumption of the rights and obligations of that certain Tax Indemnification Agreement between Seller and Dana Corporation dated as of October 26, 2001 in form reasonably acceptable to Seller and to Buyer; and (e) a notice from Seller and Buyer to Lessee of the sale of the Membership Interests to Buyer in the form attached hereto as Exhibit G, and
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each of Seller and Buyer shall also execute and deliver, or cause to be executed and delivered, such other agreements or documents, and shall take, or cause to be taken, such other acts, as may be required of it pursuant to Article XXI of the Leases to effect the purchase and sale of the Membership Interests in compliance with such Article XXI. In addition, Buyer shall deliver into escrow, or cause to be delivered into escrow, fully executed originals of the Amendments (as defined in Section 5.1(g) hereof), and Seller shall deliver into escrow the
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following: (i) a non-foreign affidavit in the form of Exhibit L attached hereto
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(the "Non-Foreign Affidavit"); (ii) a standard owner's affidavit in the form and substance reasonably required by the Title Company, together with an affidavit or other documentation reasonably acceptable to the Title Company so that the Title Company will issue an endorsement to each of the Existing Title Policies increasing the amount of the insurance provided thereunder to the amount of the Purchase Price (as allocated as provided in Section 1.3 above) and changing the
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effective date thereof to the date of Closing and a "non-imputation endorsement" with respect to each of the Existing Title Policies; (iii) appropriate evidence of Seller's authorization to consummate the subject transaction as reasonably required by the Title Company; (iv) a certificate evidencing the reaffirmation of the truth and accuracy of Seller's representations and warranties set forth in Section 3.1 hereof; (v) such surveys, site plans, plans and specifications
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and other similar, material documents relating to the Kalamazoo Property and the Farmington Property as are in the possession or control of Seller or the Companies; (vii) original certificates of occupancy (or if originals are not available, then copies) for all space within the Kalamazoo Improvements and the Farmington Improvements, to the extent same are in the possession or control of Seller or the Companies; (viii) the original Existing Title Policies; and (ix) original executed counterparts of the Leases.

1.6 Resignation. As of the Closing, each Person nominated by

Seller who serves as an officer, manager, director or in any other similar capacity of either Company shall deliver a signed resignation from all such positions and release of all claims against the Companies effective as of the Closing Date in form reasonably acceptable to Buyer, and each such Person shall thereupon be deemed to have been discharged of any and all liability to either Company.

1.7 Tax Returns. Seller agrees that Buyer shall prepare or cause
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to be prepared and file or cause to be filed all Tax Returns for the Companies which are filed after the Closing Date.

SECTION 2

INSPECTIONS AND INSPECTION PERIOD

2.1 Right to Inspect. Buyer, and Buyer's agents and
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representatives, shall have the right, from time to time, prior to the Closing Date or earlier termination of this Agreement, during normal business hours, to enter upon the Properties for the purpose of conducting visual inspections of

the Properties, testing of machinery and equipment, taking of measurements, making of surveys and generally for the reasonable ascertainment of matters relating to the Properties; provided, however, that Buyer shall (i) give Seller
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reasonable prior written notice of the time and place of such entry, in order to permit a representative of Seller to accompany Buyer; (ii) use commercially reasonable efforts in good faith not to interfere with the operations of the Properties or Lessee; (iii) restore any damage to the Properties or any adjacent property caused by such actions; (iv) indemnify, defend and save Seller and, as the case may be, its partners, trustees, shareholders, directors, members, officers, employees and agents harmless of and from any and all claims and/or liabilities which Seller and its partners, trustees, shareholders, directors, members, officers, employees and agents may suffer or be subject by reason of or in any manner relating to such entry and such activities, including, without limitation, any claims by Lessee or its invitees; (v) not enter into Lessee's leased premises or communicate with Lessee unless Buyer gives Seller at least 24 hours prior written notice and Buyer is accompanied by Seller or Seller's agent in each instance; (vi) prior to entry onto the Properties, furnish Seller with a certificate of general liability and property damage insurance maintained by Buyer with single occurrence coverage of at least $2,000,000 (and aggregate coverage of $5,000,000) and naming Seller, Lessee and the property manager of Seller and/or Lessee (as applicable) as additional insureds; and (vii) not conduct any environmental investigations or testing other than a standard "Phase I" investigation, without the prior written consent of Seller, which Seller may withhold in its sole and absolute discretion. All inspection rights under this Section 2.1 shall be subject to the rights of Lessee under the Leases. To facilitate Buyer's investigation of the Properties, Buyer acknowledges that Seller has delivered to Buyer prior to the date hereof the documents with respect to the Properties, described on Exhibit H attached hereto.

2.2 No Liens Permitted. Nothing contained in this Agreement shall
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be deemed or construed in any way as constituting the consent or request of Seller, express or implied by inference or otherwise, to any party for the performance of any

labor or the furnishing of any materials to the Properties or any part thereof, nor as giving Buyer any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any liens against the Properties or any part thereof. Buyer agrees to promptly cause the removal of, and indemnify, defend and hold Seller harmless with respect to, any mechanic's or similar lien filed against the Properties or any part thereof by any party performing any labor or services at the Properties at Buyer's request or supplying any materials to the Properties at Buyer's request.

2.3 Buyer's Right of Termination. If Buyer determines that it is
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not satisfied with the Properties and all matters relating thereto as a result of Buyer's inspection, Buyer shall have the right to terminate this Agreement, for any reason whatsoever, by giving Seller written notice (the "Termination Notice") at any time prior to 2:00 p.m. Eastern Standard Time on March 29, 2002. The period from the date hereof to 2:00 p.m. Eastern Standard Time on March 29, 2002, is referred to herein as the "Inspection Period". Upon giving the Termination Notice, this Agreement shall immediately terminate (except for the indemnity obligations of Buyer to Seller under this Agreement in Section 2.1
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which shall survive termination of this Agreement and the indemnity obligations of the Parties under Section 8.2 which shall survive the termination of this Agreement) and the Deposit shall be returned to Buyer, as Buyer's sole and exclusive remedy. Except as may otherwise be expressly provided in this Agreement, Buyer shall be deemed to have consented to every fact, item and condition relating to the Properties if a Termination Notice is not delivered by

Buyer prior to the expiration of the Inspection Period. Buyer's failure to deliver the Termination Notice prior to the expiration of the Inspection Period shall be deemed a waiver of Buyer's right to terminate this Agreement under this Section 2.3 or by reason of the physical condition of the Properties or any other matter whatsoever relating to the Properties.

2.4 Survival. The provisions of this Section 2 shall survive termination of this Agreement or the Closing, as the case may be, for a period of twelve (12) months; provided, however, that any indemnity set forth in this Section 2 shall survive the termination of this Agreement or the Closing, as the case may be, without any such limitation.

SECTION 3

REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER

3.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as of the date of this Agreement as follows:

(a) Organization and Good Standing of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Organization and Good Standing of Companies. Each of the Companies is a limited liability company, duly organized, validly existing and in good

standing under the laws of the State of Delaware and is qualified to do business in the State of Michigan. Seller has provided to Buyer true and correct copies of the Certificates and the Operating Agreements, in each case, including all amendments, as currently in full force and effect.

(c) Validity. Seller has the power, capacity and authority to enter into this Agreement, the Membership Assignment and the Lessor Parent Assignment and to sell the Membership Interests in accordance with the terms hereof and to perform Seller's obligations hereunder and thereunder. This Agreement has been (and each of the Membership Assignment and the Lessor Parent Assignment, upon the Closing, will be) duly authorized by all necessary action on the part of Seller and GECC and executed and delivered by Seller and constitutes (or will constitute, as the case may be) the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally or (ii) by general equitable principles regardless of whether considered in a proceeding in equity or at law. No other proceedings on the part of Seller or GECC are necessary to authorize the execution, delivery and performance of this Agreement by Seller and GECC.

(d) Consents. No consent, approval, order or authorization of, or registration, qualification, or filing with any Person or governmental entity is required that has not been made or obtained in connection with the consummation of the transactions contemplated by this Agreement.

(e) No Conflict. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, will not result in (a) any violation or be in conflict with or constitute, with or

without the passage of time or giving of notice, either a breach or default under, (i) any provision of the certificate of incorporation or by-laws of Seller, (ii) the Certificates or Operating Agreements, (iii) any instrument, judgment, order, writ, decree or agreement to which Seller is, or the Companies are, a party or by which they or any of them are bound, or (iv) to the knowledge of Seller, any provision of any federal or state statute, rule or regulation applicable to Seller or the Companies or (b) an event that results in the creation of any lien upon any assets of Seller or the Companies.

(f) Title to Membership Interests. Seller is the sole record and beneficial owner of all of the Membership Interests, free and clear of any liens, claims, charging orders or encumbrances of any kind or nature (including any restrictions on the right to vote, assign or otherwise transfer such Membership Interests), and, subject to the terms and conditions of this Agreement, Seller will transfer and deliver to Buyer at Closing good and valid title to the Membership Interests free and clear of such limitations or restrictions. The Membership Interests constitute all outstanding membership interests in the Companies, and there are no outstanding options, warrants or other rights that would entitle any Person or entity to acquire any interest in the Companies. All such Membership Interests have been duly authorized and validly issued, are fully paid and, except as may be expressly set forth in the Certificates or Operating Agreements, have no

requirement for the owner thereof to make additional contributions to, or be liable for obligations of, the Companies.

(g) Kalamazoo Property. Since the date of Kalamazoo LLC's acquisition of the Kalamazoo Property, Kalamazoo LLC has not granted or otherwise created or consented to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Kalamazoo Property other than the Kalamazoo Lease.

(h) Farmington Property. Since the date of Farmington LLC's acquisition of the Farmington Property, Farmington LLC has not granted or otherwise created or consented to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Farmington Property other than the Farmington Lease.

(i) Title Policies. No claims have been made by Seller or the Companies under either of the Title Policies, and to the Seller's knowledge, (i) the Title Policies are in full force and effect, and (ii) neither Seller nor the Companies have acted or failed to act in any manner that would impair the coverage under the Title Policies.

(j) Assets; Liabilities. Since their formation, neither of the Companies have acquired any assets other than any contributions made to the Companies by Seller, the Properties and personal property and rights incidental thereto, the Companies' interest in the Certificates, the Operating Agreements and the Leases and any payments made to the Companies under such agreements, including, without limitation, rent under the Leases. The Companies have no subsidiaries and own no interests in any other entity. Except as disclosed to Buyer in this Agreement, since the Companies' formation, neither of the Companies have incurred any obligation or liability, including, without limitation, any contingent liabilities, other than those arising under the Certificates, the Operating Agreements, the Leases and those arising solely by reason of the Companies' acquisition and ownership of the Properties such as covenants, conditions and restrictions which burden the Properties. Seller does not own any assets relating or with respect to the Properties or the Companies other than the Membership Interests.

(k) Litigation. Neither the Seller nor any of the Companies have been served with any litigation or administrative proceeding and, to Seller's knowledge, there is no pending or threatened litigation, arbitration, mediation or administrative proceedings affecting Seller, the Companies or the Properties. Neither the Seller nor any of the Companies are a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or other governmental entity, and there is no action, suit or proceeding initiated by Seller or any of the Companies currently pending.

(l) Taxes. The Companies have not been required to file any income or franchise tax returns or to pay any income or franchise taxes (other than any fees or costs paid in order to qualify to do business in the State of Michigan). Each Company since the date of its formation has been classified as a "disregarded entity" within the meaning of Treasury Regulation Section 301.7701-2(a). Neither the Seller nor the Companies are delinquent on any Taxes imposed on Seller or the Companies. Neither of the Companies has waived any statute of limitations in respect of Taxes or agreed to any

extension of time with respect to any Taxes (including any deficiency). The Companies do not have any liability, either individually or on a joint and several basis with Seller or General Electric Capital Corporation, arising under the Employee Retirement Income Security Act of 1974.

(m) Copies of Reports. All environmental, engineering, title and appraisal reports (collectively, the "Reports") delivered to Buyer by Seller are true and complete copes of the reports received by Seller from the issuers of such reports.

(n) No Notices. Except as disclosed in the Reports, to Seller's knowledge, neither Seller nor the Companies have received any written notice of (i) any pending or threatened condemnation, taking or similar proceeding affecting the Properties or any portion thereof, (ii) any pending public improvements in or about any portion of the Properties which could result in a special assessment or any reassessments against or affecting the Properties, or (iii) any building code, zoning or environmental law violation by the Companies or the Properties.

(o) Leases and Tenants. Seller has delivered to Buyer true and complete copies of the Leases. Except for the Leases, the Companies have not entered into and, to Seller's knowledge, there exist no other occupancy agreements, leases, lettings or tenancies in effect which will affect the Properties after Closing. None of the Companies' interest in the Leases or of the Companies' right to receive rent payable by Lessee has been assigned, conveyed, pledged or in any manner encumbered by the Companies.

(p) Leases - Default. No default with respect to the payment of Basic Rent (as defined in the Leases) under the Leases has occurred, and to Seller's knowledge, there are no existing or uncured other defaults by the Lessee under the Leases.

(q) Leases - Commissions. No rental, lease, or other commissions with respect to the Leases are payable to any third party whatsoever.

(r) Warranties and Guaranties. To Seller's knowledge, attached hereto as Exhibit I is a complete and accurate list and description of all of

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the warranties and guaranties of contractors, vendors, manufacturers and other parties in effect and related to the Properties (other than any such warranties or guaranties that are in favor of Lessee). Seller has heretofore provided Purchaser with complete and accurate copies of all such warranties and guaranties listed on Exhibit I.

(s) No Other Agreements. Except for the agreements described on
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Exhibit M, the Leases and the exceptions set forth in the Existing Title
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Policies, the Companies have not entered into or assumed any other leases, service contracts, management agreements, or other contracts or agreements, oral or written, that grant to any Person whomsoever any right, title, interest or benefit in or to all or any part of the Properties, any rights to acquire all or any part of the Properties or any rights relating to the use, operation, management, maintenance, or repair of all or any part of the Properties.

(t) Proceedings Affecting Access. To Seller's knowledge, neither
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Seller nor the Companies have received written notice of any pending or threatened proceedings that could have the effect of impairing or restricting access between the Properties and adjacent public roads.

(u) No Roll-Back Taxes. To the Seller's knowledge, the Properties
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have not been classified under any designation authorized by law to obtain a special low ad valorem tax rate or to receive a reduction, abatement or deferment of ad valorem taxes which, in such case, will result in additional, catch-up or roll-back ad valorem taxes in the future in order to recover the amounts previously reduced, abated or deferred.

(v) No Assessments. To Seller's knowledge, other than real
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property ad valorem taxes, neither Seller nor the Companies have received written notice of any assessments that have been made against the Properties that are unpaid, whether or not they have become liens, and no impact fees or similar charges or sums are payable as a result of the construction of the Kalamazoo Improvements or the Farmington Improvements.

(w) Surveys. Seller has heretofore delivered to Buyer the most
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current boundary and "as-built" surveys of the Properties in the possession or control of Seller.

(x) No Liens. All contractors, subcontractors, and other persons
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or entities furnishing work, labor, materials, or supplies at the request of the Companies or Seller for the Properties have been paid in full.

(y) Bankruptcy. Seller is solvent and has not made a general
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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 Membership Interests) 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.

(z) Employees. At no time has either of the Companies employed
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any persons as employees (whether on a full-time, part-time or temporary basis) or independent contractors. At no time have either of the Companies been party

to, subject to the terms of, responsible for liabilities of, maintained, contributed to or been required to contribute to any "Benefit Arrangement." The term "Benefit Arrangement" shall mean any employment, severance or similar contract or arrangement (whether or not written) or any plan (specifically including, but not limited to, any "employee benefit plan," as defined in Section 3(3) of ERISA, and any "group health plan," as defined in Section 5000(b)(1) of the Internal Revenue Code), policy, fund, program or contract or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option, employee stock purchase plan (as that term is defined in Section 423 of the Internal Revenue Code), or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, disability benefits, workers' compensation,

supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance or other benefits). No Person serving as officer, manager, director or in any other similar capacity of either Company is entitled to any form of compensation or other benefits (including benefits pursuant to a Benefit Arrangement) from the Companies.

(aa) 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.

(bb) Ordinary Course of the Business. Each Company has operated its business in the ordinary course, and since the acquisition of the Properties by the Companies:

(i) to Seller's knowledge, there has been no destruction or loss of or to any of the assets or properties of any Company;

(ii) there has been no sale, transfer or other disposition of any material asset or properties of any Company;

(iii) there has been no amendment, termination or waiver of any right of any Company under any contract or agreement or governmental license, permit or authorization;

(iv) Except as disclosed in the Existing Title Policies and except for the Leases, there has been no mortgage, lien, security interest, pledge, hypothecation or other encumbrance created by the Companies on or in any of the Properties or assumed by any Company with respect to any of its assets; and

(v) No Company has made or committed to make any capital expenditures.

(cc) Compliance with Laws. To Seller's knowledge, each Company has complied with all statutes, laws, rules, regulations, orders, decrees and ordinances applicable to it or the operation of the Properties (collectively, the "Laws"). Neither Seller nor any Company has received any written notice alleging any such violations of Laws.

(dd) Absence of Certain Payments. Neither Seller, or any director, officer, manager, agent, employee or other Person acting on behalf of Seller, nor any Company, or any officer, manager, agent or other Person acting on behalf of any Company, has directly or indirectly, made contributions, gifts, or payments relating to any political activity or solicitation of business which was prohibited by law or, on behalf of Seller or any Company, made any direct or

indirect unlawful payment to any governmental official or employee or established or maintained any unlawful or unreported funds. Neither Seller nor any Company, or any officer, manager, agent or other Person acting on behalf of any Company, has accepted or received any unlawful contribution, payment, gift, entertainment or expenditure.

(ee) Certificates. To Seller's knowledge, Seller has heretofore provided Buyer with complete and accurate copies of all such certificates of occupancy, licenses and permits related to the Properties and which are in the possession or control of Seller, and to Seller's knowledge, each of the Companies is in compliance with the terms of such licenses, permits and approvals.

All references in this Section 3.1 or elsewhere in this Agreement and/or in any other document or instrument executed by Seller in connection with or pursuant to this Agreement, to "Seller's knowledge", "Seller's actual knowledge", "to the knowledge of Seller" and words of similar import shall refer solely to facts within the actual knowledge (without independent investigation or inquiry) of Cathleen Crowley, Stephen Benko, Kevin Korsh, Kathleen Fanning and Vickie Cottrell, and shall not be construed to refer to the knowledge of any other employee, officer, director, shareholder or agent of Seller or any affiliate of Seller, and shall in no event be deemed to include imputed or constructive knowledge. Buyer acknowledges that Seller has owned its interest in the Companies and that the Companies have owned the Properties since approximately October 26, 2001 and thus that Seller's knowledge regarding the Properties is limited.

At Closing, Seller shall represent and warrant to Buyer that all such representations and warranties of Seller in this Agreement remain true and correct as of the date of the Closing, except for any changes in any such representations or warranties that occur and are disclosed by Seller to Buyer expressly and in writing at any time and from time to time prior to Closing, which disclosures shall thereafter be updated by Seller to the date of Closing.

3.2 Covenants of Seller. Seller hereby covenants for the benefit of Buyer that during the term of this Agreement:

(a) Amendments to Agreements. Except with Buyer's prior written consent, neither Seller nor the Companies will agree to any amendment or modification of, any supplement to, or any termination or surrender of, or any waiver of any rights of the Companies under, any of the Certificates, the Operating Agreements, Existing Title Exceptions or the Leases.

(b) Rents. Neither Seller nor the Companies shall accept any payment of rent under the Leases more than thirty (30) days in advance of the due date.

(c) Consents and Approvals. Except with Buyer's prior written consent, neither Seller nor the Companies will grant or withhold any consent or approval right in favor of either Company under the applicable Lease or commence any action against Lessee, provided, however, that Seller shall have the right to grant any such consent or approval or take any such action in its reasonable discretion if Buyer fails to respond to Seller's request for Buyer's consent by the earlier of five (5) days after request from Buyer or the date one day before the deadline for either Company's response under the applicable Lease. Seller shall provide Buyer with a copy of any request for consent or approval under either Lease within one (1) business day of receipt by either Company of such request.

(d) Cooperation. Seller shall cooperate with Buyer in its acquisition of the Membership Interests, including, without limitation, allowing Buyer access to the Properties, subject to the rights of Lessee under the Leases, provided, that nothing contained herein shall obligate Seller to incur any cost or expense for which it is not expressly liable under the other provisions of this Agreement. Furthermore, nothing in this Agreement shall obligate Seller to take any action against Lessee under the Leases for Seller's refusal to allow access or to execute any document requested of Seller under this Agreement.

(e) Ordinary Course of Business. During the term of this Agreement Seller shall operate the Companies in the ordinary course of business consistent with past practice and shall use its commercially reasonable efforts to preserve intact the Companies and their business relationships, and Seller shall not permit the Companies to undertake any business activity other than the ownership of the Properties or enter into any other contracts or agreements or assume or incur any additional obligation or indebtedness, and Seller shall cause the Companies to perform and discharge all of the duties and obligations and comply with the covenants and agreements of the landlord or lessor under the Leases in the manner and within the time limits required thereunder. In addition, during the term of this Agreement, Seller shall not permit the Companies or any of their respective officers, managers, representatives or agents to:

(i) issue or agree to issue any additional membership interests;

(ii) merge or consolidate with any other Person or acquire any assets outside of the normal operation of the Properties;

(iii) sell, lease, license or otherwise dispose of any assets or property;

(v) cancel any debts or waive any claims or rights; or

(vi) agree or commit to do any of the foregoing.

(f) Further Encumbrance. Except with Buyer's prior written consent, neither Seller nor the Companies shall grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment or encumbrance respecting any of the Properties or any of the Membership Interests.

(g) Employees. Seller shall not allow the Companies to: (i) enter into any agreement with any person, labor union, or association regarding the employment of persons for either Company, (ii) institute or adopt any Benefit Arrangement, (iii) hire any persons as employees, or (iv) enter into any agreement or Benefit Arrangement with any person serving as an officer, manager, director, member or in any other similar capacity of either Company.

(h) No Action. Neither Seller nor any Company will knowingly take, or agree or commit to take, any action that would make any representation or warranty of the Seller hereunder inaccurate in any respect at or prior to the Closing Date.

(i) Estoppel Certificates. Seller shall use good faith, diligent

efforts to obtain (i) the Estoppel Certificate executed by Arboretum Office Park Association and Arboretum Development Limited Partnership, and (ii) the Estoppel Certificate executed by Kalamazoo Valley Education and Office Park Condominium Association, in the forms set forth on Exhibit J attached hereto without any material deviations.

(j) Taxes. Seller acknowledges and agrees that Seller shall be responsible for (i) the payment of all Taxes of the Companies attributable to Seller's period of ownership of the Membership Interests (other than any such Taxes that are the responsibility of Lessee under the Leases) and (ii) the filing of all Tax Returns related to the Taxes described in the preceding clause (i) for any period as to which the Tax Returns are required to be filed prior to the Closing.

3.3 Seller's Indemnity Seller hereby agrees to indemnify, protect, defend, save and hold harmless Buyer from and against any and all debts, duties, obligations, liabilities, suits, claims (including any claim for damage to property or injury to or death of any persons), demands, liens, encumbrances, causes of action, damages, losses, fees and expenses (including, without limitation, attorneys' fees and expenses and court costs) (all of the foregoing, collectively, "Claims") in any way relating to, or in connection with or arising out of:

(a) any breach by Seller of any of its representations, warranties or covenants set forth herein;

(b) any act or omission of Seller or the Companies occurring prior to the Closing (other than for any Claim related thereto which (i) is the responsibility or obligation of Lessee under the Leases; (ii) arises out of Buyer's inspection of the Properties; or (iii) would be covered by any insurance policy that Lessee is required to maintain under the Leases; provided that the insurer under such policy has not (y) denied liability under the insurance policy or (z) accepted defense of such Claim with reservation of its rights against the applicable Company and ultimately denies liability due to an exclusion under the insurance policy; provided, further, that if either of the events in clauses (y) or (z) above should occur, then Buyer will cooperate with Seller in exercising the rights of the Company with respect to any such denial of liability);

(c) any personal or bodily injury or death or property damage occurring prior to Closing at or in respect of any of the Properties (other than for any Claim related thereto which (i) is the responsibility or obligation of Lessee under the Leases; (ii) arises out of Buyer's inspection of the Properties; or (iii) would be covered by any insurance policy that Lessee is required to maintain under the Leases; provided that the insurer under such policy has not (y) denied liability under the insurance policy or (z) accepted defense of such Claim with reservation of its rights against the applicable Company and ultimately denies liability due to an exclusion under the insurance policy; provided, further, that if either of the events in clauses (y) or (z) above should occur, then Buyer will cooperate with Seller in exercising the rights of the Company with respect to any such denial of liability); or

(d) any breach by Seller of its obligations as "Lessor Parent" under Article XXI of the Leases prior to the Closing.

Notwithstanding anything to the contrary set forth herein, no Claim under Section 3.3(d) may be brought to the extent such Claim arises by reason of a breach of Buyer's obligations under Section 4.2(d) or a breach of Buyer's representation and warranty under Section 4.1(f).

The provisions of this Section 3.3 and Section 3.6 below shall survive the Closing until the expiration of any statute of limitations; provided, however, the provisions of Section 3.3(a) and the provisions of clauses (i) and (iii) of Section 3.6 (regarding the "Joint and Several Representations" and the "Joint and Several Indemnity") shall automatically expire with respect to indemnification for breach of any of the representations and warranties of Seller on the same respective dates that such representations and warranties shall expire as set forth in Section 3.5 below.

3.4 Distributions. Nothing contained herein shall prevent or impair Seller's rights to cause the Companies to make distributions to Seller of any rental or other income received by the Companies from and after the date of this Agreement until Closing. Seller shall have no obligation to remit any such distributions to Buyer after the Closing. Seller agrees to cause the Companies to close at or before the Closing Date any bank accounts or other accounts with financial institutions opened in the name of the Companies prior to the Closing.

3.5 Survival. The representations and warranties of Seller set forth in Sections 3.1 (a) through (f), 3.1(j), 3.1(k), 3.1(l), 3.1(s) and 3.1(z) shall survive the Closing until the expiration of any applicable statute of limitations. All other representations and warranties of Seller shall survive the Closing for a period of twelve (12) months following the Closing, except to the extent that a written notice of breach of any such representation or warranty has been given by Buyer to Seller prior to the expiration of such twelve (12) month period and any action to be brought in connection with such claimed breach is commenced on or prior to the date that is eighteen (18) months after the Closing Date.

3.6 Joinder of GECC. GECC hereby agrees to be jointly and severally liable with Seller for (i) Seller's breach of the Joint and Several Representations (as hereinafter defined), (ii) Claims with respect to any breach by Seller of any of the Joint and Several Covenants (as hereinafter defined), and (iii) the Joint and Several Indemnity (as hereinafter defined).

(a) Joint and Several Representations. The term "Joint and Several Representations" as used herein shall mean the representations and warranties of Seller set forth in Sections 3.1 (a) through (l), 3.1(o), 3.1(q), 3.1(s), 3.1(x) through (aa), 3.1(bb)(ii), 3.1(bb)(iii), 3.1(bb)(v), 3.1(cc), 3.1(dd); provided, however, that for purposes of the joinder of GECC under this Section 3.6, the representations set forth in Sections 3.1(i) and 3.1(o) shall be deemed deleted in their entirety and replaced with the following:

"(i) Title Policies. No claims have been made by Seller or the Companies under either of the Title Policies, and to Seller's knowledge, neither Seller nor the Companies have acted or failed to act in any manner that would impair the coverage under the Title Policies."

"(o) Leases and Tenants. Seller has delivered to Buyer true and complete copies of the Leases. Except for the Leases, the Companies have not entered into and, to Seller's knowledge, there exist no other occupancy agreements, leases, lettings or tenancies entered into by the Companies in effect which will affect the Properties after Closing. None of the Companies' interest in the Leases or of the Companies' right to receive rent payable by Lessee has been assigned, conveyed, pledged or in any manner encumbered by the Companies."

(b) Joint and Several Covenants. The term "Joint and Several Covenants" as used herein shall mean the covenants of Seller set forth in Sections 3.2(a) through (c), 3.2(e) through (h) and 3.2(j).

(c) Joint and Several Indemnity. The term "Joint and Several Indemnity" as used herein shall mean the indemnity obligations of Seller set forth in Section 3.3; provided, however, that for purposes of the joinder of GECC under this Section 3.6, the indemnity obligation set forth in Sections 3.3(a) shall: (i) be limited to those representations and warranties defined as the Joint and Several Representations above and (ii) be deemed deleted in its entirety and replaced with the following:

"(a) any breach by Seller of its representations or warranties set forth herein;"

(d) Limitation of Liability. Notwithstanding anything to the contrary set forth herein, GECC's liability under this Section 3.6 shall be limited to the amount of the Purchase Price. This Section 3.6 shall not affect the survival periods for the representations and warranties of Seller set forth in Section 3.5 hereof or the survival period set forth in Section 3.3 hereof.

(e) Acknowledgement of Consideration. GECC hereby acknowledges and agrees that the sale of the Membership Interests to Buyer in accordance with this Agreement will benefit GECC, and GECC has joined in this Agreement for the purposes set forth in this Section 3.6 for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. GECC hereby consents to the sale and assignment of the Membership Interests to Buyer or its permitted assigns.

SECTION 4

REPRESENTATIONS AND WARRANTIES AND COVENANTS OF BUYER

4.1 Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as of the date of this Agreement as follows:

(a) Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland.

(b) Validity. Buyer has the power, capacity and authority to enter into this Agreement, the Membership Assignment and the Lessor Parent Assignment and to purchase the Membership Interests in accordance with the terms hereof and to perform Buyer's obligations hereunder and thereunder. This Agreement has been (and each of the Membership Assignment and the Lessor Parent Assignment, upon the Closing, will be) duly executed and delivered by Buyer and constitutes (or will constitute, as the case may be) the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally or (ii) by general equitable principles regardless of whether considered in a proceeding in equity or at law.

(c) Consents. No consent, approval, order or authorization of, or registration, qualification, or filing with any Person or governmental entity is required that has not been made or obtained in connection with the consummation of the transactions contemplated by this Agreement.

(d) No Conflict. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, will not result in (a) any violation or be in conflict with or constitute, with or without the passage of time or giving of notice, either a default under, (i) any provision of the certificate of formation or operating agreement of Buyer, (ii) any instrument, judgment, order, writ, decree or agreement to which Buyer is a party or by which it is bound, or (iii) to the knowledge of Buyer, any provision of any federal or state statute, rule or regulation applicable to Buyer or (b) an event that results in the creation of any lien upon any assets of Buyer except, in each case, as would not result in a material adverse effect.

(e) Investment. Buyer is not acquiring the Membership Interests with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). Buyer acknowledges that the transfer of the Membership Interests may be restricted under the Securities Act and various state securities laws.

(f) Buyer Location; Compliance with Article XXI of Lease. Buyer's chief executive office is located in the State of Georgia. Buyer is a U.S. Person, as defined in the Leases, and otherwise meets the requirements of each of paragraph (3) and paragraph (5) of Section 21.1(d) of the Leases.

(g) No Representations. BUYER ACKNOWLEDGES THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE DOCUMENTS DELIVERED BY SELLER AT THE CLOSING, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, NOR SHALL IT BE DEEMED TO HAVE MADE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE VALUE, CONDITION, MERCHANTABILITY OR

FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE MEMBERSHIP INTERESTS OR OF ANY ASSET OF THE COMPANIES (INCLUDING, WITHOUT LIMITATION, THE PROPERTIES), AND BUYER IS PURCHASING THE MEMBERSHIP INTERESTS ON AN "AS IS," "WHERE IS" BASIS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE DOCUMENTS DELIVERED

BY SELLER AT THE CLOSING SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER WITH RESPECT TO THE PROPERTIES, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (i) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTIES, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (ii) ANY INCOME TO BE DERIVED FROM THE PROPERTIES, INCLUDING, WITHOUT LIMITATION, THE ECONOMICS OF THE LEASES, (iii) THE SUITABILITY OF THE PROPERTIES FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, (iv) THE COMPLIANCE OF OR BY THE PROPERTIES OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (v) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS INCORPORATED INTO THE PROPERTIES, (vi) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTIES, (vii) COMPLIANCE WITH ANY ENVIRONMENTAL REQUIREMENTS (AS DEFINED BELOW), INCLUDING THE EXISTENCE IN, ON, UNDER, OR IN THE VICINITY OF THE PROPERTIES OF HAZARDOUS MATERIALS (AS DEFINED BELOW), (viii) ZONING TO WHICH THE PROPERTIES OR ANY PORTION THEREOF MAY BE SUBJECT, (ix) THE AVAILABILITY OF ANY UTILITIES TO THE PROPERTIES OR ANY PORTION THEREOF INCLUDING, WITHOUT LIMITATION, WATER, SEWAGE, GAS AND ELECTRIC, (x) USAGES OF ANY ADJOINING PROPERTIES, (xi) ACCESS TO THE PROPERTIES OR ANY PORTION THEREOF, (xii) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTIES OR ANY PORTION THEREOF, OR ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS OF CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTIES OR ANY PART THEREOF, (xiii) THE CONDITION OR USE OF THE PROPERTIES OR COMPLIANCE OF THE PROPERTIES WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS, BUILDING, FIRE OR ZONING ORDINANCES, CODES OR OTHER SIMILAR LAWS, (xiv) THE EXISTENCE OR NON-EXISTENCE OF UNDERGROUND STORAGE TANKS OR THE CONDITION THEREOF OR THE EXISTENCE OR STATUS OF ANY PERMITS THEREFOR,

(xv) ANY OTHER MATTER AFFECTING THE STABILITY OR INTEGRITY OF THE LAND OR IMPROVEMENTS, (xvi) THE POTENTIAL FOR FURTHER DEVELOPMENT OF THE PROPERTIES, (xvii) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTIES, OR (xviii) ANY OTHER MATTER WITH RESPECT TO THE PROPERTIES. ADDITIONALLY, NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF OF BUYER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN AND THE DOCUMENTS DELIVERED BY SELLER AT THE CLOSING, NO PERSON HAS MADE, ANY REPRESENTATION, AGREEMENT, STATEMENT, WARRANTY, GUARANTY OR PROMISE REGARDING THE PROPERTIES OR THE TRANSACTION CONTEMPLATED HEREIN; AND NO SUCH REPRESENTATION, WARRANTY, AGREEMENT, GUARANTY, STATEMENT OR PROMISE IF ANY, MADE BY ANY PERSON ACTING ON BEHALF OF SELLER SHALL BE VALID OR BINDING UPON SELLER UNLESS EXPRESSLY SET FORTH HEREIN OR IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT THE CLOSING. EXCEPT FOR THE EXPRESS REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER SET FORTH HEREIN OR IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT THE CLOSING, BUYER FURTHER ACKNOWLEDGES AND AGREES THAT BUYER IS NOT RELYING ON ANY INFORMATION PROVIDED BY SELLER, INCLUDING, WITHOUT LIMITATION, THE REPORTS, AND AGREES TO ACCEPT THE MEMBERSHIP INTERESTS AT THE CLOSING AND WAIVE ALL OBJECTIONS OR CLAIMS AGAINST SELLER (INCLUDING, BUT NOT LIMITED TO, ANY RIGHT OR CLAIM OF CONTRIBUTION) ARISING FROM OR RELATED TO THE PROPERTIES OR TO ANY HAZARDOUS MATERIALS ON THE PROPERTIES OTHER THAN CLAIMS BASED UPON BREACH OF AN EXPRESS REPRESENTATION BY SELLER OR DEFAULT OF AN EXPRESS COVENANT OF SELLER SET FORTH HEREIN OR IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION IN BUYER'S POSSESSION OR OTHERWISE PROVIDED TO BUYER WITH RESPECT TO THE PROPERTIES WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY, TRUTHFULNESS OR COMPLETENESS OF SUCH INFORMATION EXCEPT AS EXPRESSLY SET FORTH HEREIN AND IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT THE CLOSING. SELLER SHALL NOT BE LIABLE FOR ANY VERBAL OR WRITTEN STATEMENT, REPRESENTATION OR INFORMATION PERTAINING TO THE PROPERTIES, OR THE OPERATION THEREOF, FURNISHED BY SELLER OR ANY REAL ESTATE BROKER, CONTRACTOR, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON AND NOT SET FORTH HEREIN OR IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT THE CLOSING. BUYER FURTHER ACKNOWLEDGES AND

AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE MEMBERSHIP INTERESTS AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS, WHERE IS" CONDITION AND BASIS WITH ALL FAULTS EXCEPT AS EXPRESSLY PROVIDED HEREIN OR IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING. IT IS UNDERSTOOD AND AGREED THAT THE MEMBERSHIP INTERESTS ARE SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING AND THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT THE MEMBERSHIP INTERESTS ARE SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING. THE PROVISIONS OF THIS SECTION 4.1(g) SHALL SURVIVE

THE CLOSING OR ANY TERMINATION HEREOF.

(h) Hazardous Materials. "Hazardous Materials" shall mean any
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substance which is or contains (i) any "hazardous substance" as now or hereafter defined in Section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. (S)9601 et seq.) ("CERCLA") or any regulations promulgated under CERCLA; (ii) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C. (S)6901 et seq.) ("RCRA") or regulations promulgated under RCRA; (iii) any substance regulated by the Toxic Substances Control Act (15 U.S.C. (S)2601 et seq.); (iv) gasoline, diesel fuel, or other petroleum hydrocarbons; (v) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (vi) polychlorinated biphenyls; (vii) radon gas; and (viii) any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under Environmental Requirements (as hereinafter defined) or the common law, or any other applicable laws relating to the Properties. Hazardous Materials shall include, without limitation, any substance, the presence of which on the Properties, (A) requires reporting, investigation or remediation under Environmental Requirements; (B) causes or threatens to cause a nuisance on the Properties or adjacent property or poses or threatens to pose a hazard to the health or safety of persons on the Properties or adjacent property; or (C) which, if it emanated or migrated from the Properties, could constitute a trespass.

(i) Environmental Requirements. "Environmental Requirements" shall
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mean all laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders, and decrees, now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivisions in which the Properties are located, and any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Properties, the Properties, or the use of the Properties, relating to pollution, the protection or regulation of human health, natural resources, or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water, ground water or land or soil).

4.2 Covenants of Buyer. Buyer hereby agrees to indemnify, protect,
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defend, save and hold harmless Seller from and against any and all Claims in any way

relating to, or in connection with or arising out of (i) Buyer's occupation, ownership, leasing, use, operation, maintenance and management of the Properties, the Companies or the Membership Interests arising after the Closing (including, without limitation, (A) any breach by the Companies of any of their obligations under the Certificates, the Operating Agreements or the Leases after

the Closing, (B) any breach by Buyer of the Certificates or the Operating Agreements, (C) any act or omission of the Companies or Buyer after the Closing, or (D) any breach by the Buyer of its obligations as "Lessor Parent" under Article XXI of the Leases after the Closing), except to the extent any such Claim is due to Seller's acts or negligence occurring during Seller's period of ownership of the Membership Interests, or (ii) any breach by Buyer of any of its representations, warranties or covenants set forth herein. Buyer acknowledges and agrees that Buyer shall be responsible for (y) the payment of all Taxes of the Companies attributable to Buyer's period of ownership of the Membership Interests (other than any such Taxes that are the responsibility of Lessee under the Leases) and (z) the filing of all Tax Returns related to the Taxes described in the preceding clause (y) for any period after the Closing as to which the Tax Returns are required to be filed. The provisions of this Section 4.2 shall survive the Closing or any termination hereof.

4.3 BUYER'S WAIVER AND RELEASE. EXCEPT FOR THE EXPRESS REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AND GECC SET FORTH HEREIN OR IN THE DOCUMENTS DELIVERED AT CLOSING, AS PART OF BUYER'S AGREEMENT TO PURCHASE AND ACCEPT THE MEMBERSHIP INTERESTS "AS-IS WHERE-IS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS BUYER MIGHT HAVE AGAINST SELLER REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE MEMBERSHIP INTERESTS AND THE PROPERTIES OR ANY OF THE MATTERS REFERRED TO IN SECTION 4.1(h). SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY, EXCEPT WITH RESPECT TO THE RIGHTS OF BUYER UNDER THIS AGREEMENT FOR THE BREACH BY SELLER OF ANY OF THE REPRESENTATIONS, WARRANTIES OR COVENANTS OF SELLER SET FORTH HEREIN OR IN THE DOCUMENTS DELIVERED AT CLOSING BY SELLER. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, (EXCEPT FOR THE EXPRESS REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER SET FORTH HEREIN OR IN THE DOCUMENTS DELIVERED AT CLOSING BY SELLER) IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS, AND CLAIMS, LIABILITIES, DEMANDS OR CAUSES OF ACTION OF EVERY KIND AND TYPE, WHETHER STATUTORY, CONTRACTUAL OR UNDER TORT PRINCIPLES, AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH MIGHT HAVE BEEN DISCOVERABLE, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT

LIABILITY TYPE CLAIMS, ALL OTHER EXTANT OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS, AND ANY CLAIMS UNDER CERCLA; PROVIDED, HOWEVER, THAT SUCH WAIVER DOES NOT INCLUDE A WAIVER FOR THE BREACH BY SELLER OF ANY OF SELLER'S EXPRESS REPRESENTATIONS, WARRANTIES OR COVENANTS SET FORTH HEREIN OR IN THE DOCUMENTS DELIVERED AT CLOSING BY SELLER. EFFECTIVE UPON THE CLOSING DATE, AND TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER HEREBY RELEASES, DISCHARGES AND FOREVER ACQUITS SELLER AND EVERY ENTITY AFFILIATED WITH SELLER, ITS SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS, ACCOUNTANTS, PARTNERS AND INDEPENDENT CONTRACTORS AND THE SUCCESSOR OF EACH AND EVERY ONE OF THEM (COLLECTIVELY, THE "SELLER PARTIES") FROM ALL CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, LIABILITIES, OBLIGATIONS, COSTS, LOSSES AND EXPENSES WHICH BUYER HAS SUFFERED OR MAY SUFFER OR INCUR RELATING TO THE MEMBERSHIP INTERESTS OR THE PROPERTIES EXCEPT TO THE EXTENT ARISING UNDER OR PURSUANT TO THIS AGREEMENT OR UNDER OR PURSUANT TO THE DOCUMENTS DELIVERED AT CLOSING BY SELLER. AS PART OF THE PROVISIONS OF THIS SECTION 4.3, BUT NOT AS A LIMITATION THEREON, BUYER HEREBY AGREES THAT THE MATTERS RELEASED HEREIN ARE NOT LIMITED TO MATTERS WHICH ARE KNOWN OR DISCLOSED AND INCLUDES UNKNOWN CAUSES OF ACTION, CLAIMS, CONTROVERSIES, DAMAGES, LIABILITIES, COSTS, LOSSES AND EXPENSES AND BUYER HEREBY WAIVES ANY AND ALL RIGHTS AND BENEFITS WHICH IT NOW HAS, OR IN THE FUTURE MAY

HAVE CONFERRED UPON IT, BY VIRTUE OF THE PROVISIONS OF FEDERAL, STATE OR LOCAL LAW, RULES OR REGULATIONS. THE PROVISIONS OF THIS SECTION 4.3 ARE MATERIAL AND INCLUDED AS A MATERIAL PORTION OF THE CONSIDERATION GIVEN TO SELLER BY BUYER IN EXCHANGE FOR SELLER'S PERFORMANCE HEREUNDER. THE PROVISIONS OF THIS SECTION 4.3 SHALL SURVIVE THE CLOSING OR ANY TERMINATION HEREOF.

SELLER AND BUYER HAVE EACH INITIALED THIS SECTION 4.3 TO FURTHER INDICATE THEIR AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION HEREOF.

BUYER'S INITIALS:[ILLEGIBLE] SELLER'S INITIALS:[ILLEGIBLE]

SECTION 5

CLOSING CONDITIONS

The Closing of the purchase and sale of the Membership Interests is subject to the following conditions:

5.1 Buyer's Closing Conditions. Buyer's obligation to acquire the Membership Interests is subject to the satisfaction of the following conditions or waiver thereof in writing by Buyer:

(a) The representations and warranties of Seller under this Agreement shall be true and correct in all material respects as of the date of the Closing, as if made thereon.

(b) The performance by Seller of its covenants and obligations under this Agreement.

(c) The delivery to Buyer of tenant estoppel certificates executed by Lessee in the form of Exhibit B attached hereto without any material deviations. Seller agrees to use commercially reasonable, good faith efforts to obtain such tenant estoppel certificates.

(d) The delivery to Buyer of resignation letters and releases as contemplated herein from any Person nominated by Seller who serves as an officer, manager, director or in any other similar capacity of either Company and releases from the Seller as to its indemnification by the Companies pursuant to the Operating Agreements.

(e) The delivery to Buyer of the Non-Foreign Affidavit.

(f) The condition of title to the Properties shall not be impaired relative to its state as of the date of execution of this Agreement.

(g) Execution, concurrently with the Closing, of amendments to the Leases (the "Amendments") that, inter alia, modify the rent structure during the extended terms of the Leases. The Amendments shall be otherwise in form and substance reasonably satisfactory to Buyer and Lessee; provided, however, that Buyer shall use good faith, diligent efforts to negotiate the Amendments with Lessee and to complete negotiations and cause fully executed originals of the Amendments to be delivered into escrow no later than March 29, 2002; provided, further, that the Amendments shall expressly provide that they will not be

effective unless and until the transactions contemplated by this Agreement have been consummated. Seller shall have the right to participate in any negotiations between Buyer and Lessee with respect to the Amendments.

(h) No action by any authority shall have been instituted or threatened (other than any such action instituted or threatened by Buyer or at the request of Buyer) for the purpose of enjoining or preventing the transactions contemplated by this Agreement or that questions the legality or validity of the transactions contemplated hereby.

5.2 Seller's Closing Conditions. Seller's obligation to sell the Membership Interests is subject to the satisfaction of the following conditions or waiver thereof by Seller:

(a) The representations and warranties of Buyer under this Agreement shall be true and correct in all material respects as of the date of the Closing, as if made thereon.

(b) The performance by Buyer of its covenants and obligations under this Agreement.

(c) A certificate evidencing the reaffirmation of the truth and accuracy of Buyer's representations and warranties set forth in Section 4.1 hereof.

(d) No action by any authority shall have been instituted or threatened (other than any such action instituted or threatened by Seller or at the request of Seller) for the purpose of enjoining or preventing the transactions contemplated by this Agreement or that questions the legality or validity of the transactions contemplated hereby.

5.3 Termination. If the Closing has not occurred by the Closing Date due to the failure of any of the conditions set forth in Section 5.1 or Section 5.2 above (other than the failure of any such condition due to a breach or default hereunder by Buyer or Seller, in which case the provisions of Sections 6.1 or 6.2 hereof, as applicable, shall control), to be satisfied, or waived by the applicable Party, then either Buyer (as to the conditions set forth in Section 5.1) or Seller (as to the conditions set forth in Section 5.2) shall have the right to terminate this Agreement upon notice to the other Party, in which event Escrowee shall return all documents and all funds deposited with Escrowee by the depositor thereof. Any such termination shall not relieve any Party from its breach of any covenant under this Agreement.

SECTION 6

DEFAULT

6.1 Breach by Buyer. IN THE EVENT OF THE BREACH BY BUYER OF ANY REPRESENTATION OR COVENANT UNDER THIS AGREEMENT AND THE FAILURE TO CURE SUCH BREACH WITHIN THE LATER OF (a) FIVE (5) DAYS OF NOTICE THEREOF OR (b) EXPIRATION OF THE INSPECTION PERIOD, OR IN THE EVENT OF THE FAILURE OF BUYER TO CLOSE ON OR BEFORE THE CLOSING DATE (SO LONG AS BUYER'S CLOSING CONDITIONS SET FORTH IN SECTION 5.1 HEREOF HAVE BEEN SATISFIED), SELLER, AT ITS OPTION, MAY TERMINATE THIS AGREEMENT AND THEREUPON SELLER SHALL BE ENTITLED TO THE AMOUNT OF THE DEPOSIT AS LIQUIDATED DAMAGES (AND NOT AS A PENALTY) AND AS SELLER'S SOLE REMEDY

AND RELIEF WITH RESPECT THERETO UNDER THIS AGREEMENT (EXCEPT FOR THE OBLIGATIONS OF BUYER THAT SURVIVE THE TERMINATION OF THIS AGREEMENT). IN SUCH EVENT (AND PROVIDED THAT THE ESCROWEE HOLDS THE DEPOSIT IN ACCORDANCE WITH SECTION 1), THE ESCROWEE, IF IT HAS NOT PREVIOUSLY DONE SO, SHALL IMMEDIATELY DELIVER THE AMOUNT OF THE DEPOSIT (I.E., $500,000.00

PLUS ALL ACCRUED INTEREST THEREON) TO SELLER AS LIQUIDATED DAMAGES UNDER AND IN CONNECTION WITH THIS AGREEMENT. SELLER AND BUYER HAVE MADE THIS PROVISION FOR LIQUIDATED DAMAGES BECAUSE IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN AND CALCULATE, ON THE DATE HEREOF, THE AMOUNT OF ACTUAL DAMAGES SUSTAINED BY SELLER FOR THE BREACH BY BUYER OF ITS OBLIGATION TO PURCHASE THE MEMBERSHIP INTEREST, AND THE FAILURE OF THE CONSUMMATION OF THE TRANSACTIONS, CONTEMPLATED BY THIS AGREEMENT OR THE AMOUNT OF COMPENSATION SELLER SHOULD RECEIVE AS A RESULT OF BUYER'S BREACH OR DEFAULT, AND SELLER AND BUYER AGREE THAT SUCH SUM REPRESENTS REASONABLE COMPENSATION TO SELLER FOR SUCH BREACH. NOTWITHSTANDING THE FOREGOING, THE PROVISIONS OF THIS SECTION 6.1 SHALL NOT LIMIT OR AFFECT ANY OF BUYER'S INDEMNITIES AS PROVIDED IN OTHER SECTIONS OF THIS AGREEMENT, OR SELLER'S RIGHT TO RECEIVE REIMBURSEMENT OF ATTORNEYS' FEES, COSTS AND EXPENSES IN ACCORDANCE WITH OTHER PROVISIONS OF THIS AGREEMENT.

BUYER'S INITIALS: [ILLEGIBLE] SELLER'S INITIALS: [ILLEGIBLE]

6.2 Breach by Seller. In the event of the breach by Seller of any representation or covenant under this Agreement and the failure to cure such breach within five (5) days after written notice thereof from Buyer or the failure of Seller to close on or before the Closing Date (so long as Seller's Closing conditions set forth in Section 5.2 hereof have been satisfied), Buyer, at its option, may: (a) terminate its obligations under this Agreement by further written notice thereof to Seller and receive the return of the Deposit from Escrowee; (b) specifically enforce the terms and provisions of this Agreement against Seller; (c) avail itself of any other rights and remedies available to Buyer at law or in equity as a result of such failure by Seller; or (d) avail itself of any combination of the foregoing.

SECTION 7

RISK OF LOSS

7.1 Condemnation. If, prior to the Closing, action is initiated to take any of the Properties by eminent domain proceedings or by deed in lieu thereof, Buyer may either at or prior to Closing (a) terminate this Agreement, whereupon the Deposit shall be immediately returned to Buyer and neither party shall have any further obligation hereunder except the indemnity obligations of the Parties that expressly survive the termination of the Agreement, or (b) consummate the transactions contemplated in this Agreement, in which latter event there shall be no reduction in the Purchase Price, but Buyer shall receive at Closing a credit against the Purchase Price in the amount of any award of the condemning authority received prior to or at Closing by the Companies.

7.2 Casualty. Except as provided in Section 3.1 of this Agreement, Seller assumes all risks and liability for damage to or injury occurring to the Properties

by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If any of the Kalamazoo Improvements or the Farmington Improvements shall be destroyed or damaged prior to the Closing, and if either the estimated cost of repair or replacement exceeds One Million Dollars ($1,000,000.00) or the damage results in the termination of either of the Leases, Buyer may, by written notice given to Seller within twenty (20) days after receipt of written notice from Seller of such damage or destruction, elect to terminate this Agreement, in which event the Deposit shall immediately be returned to Buyer and the rights, duties, obligations, and liabilities of all Parties hereunder shall immediately terminate and be of no further force or effect, except for the indemnity obligations of the Parties that expressly survive the termination of this Agreement. If Buyer does not elect to terminate this Agreement pursuant to this Section 7.2, or has no right to terminate this
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Agreement (because the damage or destruction does not exceed $1,000,000.00 and has not resulted in the termination of either of the Leases), and the sale of the Property is consummated, Buyer shall be entitled to receive all insurance proceeds (subject to any rights of Lessee under the Leases to such proceeds) paid or payable to Seller or the Companies by reason of such destruction or damage under the insurance (less amounts of insurance theretofore received and applied by Seller or the Companies to costs actually incurred for restoration). Neither Seller nor the Companies shall settle or release any damage or destruction claims without obtaining Buyer's prior written consent in each case. All said insurance proceeds received by Seller or the Companies by the date of Closing shall be paid by Seller to Buyer at Closing, together with the amount necessary to cover any difference between the amount of such proceeds and the estimated cost of repair or replacement to the extent such amount is not paid or obligated to be paid by Lessee under the applicable Lease. In addition, at Closing, Seller shall pay over to Buyer, and assign to Buyer, all proceeds of any rent loss insurance for the period of time commencing on the date of Closing. If the amount of said casualty or rent loss insurance proceeds is not settled by the date of Closing, Seller shall cooperate with Buyer in order that Buyer shall receive all of Seller's or the Companies' right, title, and interest in and under such insurance proceeds.

SECTION 8

MISCELLANEOUS

8.1 Expenses. Each Party will bear its own costs and expenses
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(including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. Seller shall pay any State of Michigan, county or city transfer tax due and payable in connection with the assignment of the Membership Interests to Buyer. Seller shall pay for the first $8,000.00 of the premium for the issuance of the endorsements to the Existing Title Policies changing the effective dates thereof to the Closing Date and increasing the amount of the insurance thereunder to the Purchase Price (as allocated as provided in Section 2.2 hereof) and "non-imputation" endorsements to the Existing Title Policies; provided, that Buyer shall pay for the costs associated with such endorsements in excess of $8,000.00. Seller and Buyer shall each pay one-half of the fees of Escrowee. In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing in such

suit shall be entitled to recover, in addition to all other remedies or damages, as provided herein, reasonable attorneys' fees, costs and expenses incurred in such suit.

8.2 Broker. Each Party represents to the other Party that no

Person, corporation, or partnership acting as real estate broker, finder or real

estate agent (collectively, "broker") brought about this Agreement other than Farragut Investments, Inc. and First Fidelity Companies. Seller agrees to pay all commissions and fees due and payable to Farragut Investments, Inc. Buyer agrees to pay all commissions and fees due and payable to First Fidelity Companies. Seller agrees to and does hereby indemnify Buyer from all loss, damage, cost, or expense (including reasonable attorneys' fees) that Buyer may suffer as a result of any claim or action brought by any broker, other than Farragut Investments, Inc., acting or allegedly acting on behalf of Seller in connection with this transaction, and Buyer agrees to and does hereby indemnify and hold Seller harmless from all loss, damage, cost, or expense (including reasonable attorneys' fees) that Seller may suffer as a result of any claim or action brought by any broker, other than First Fidelity Companies, acting or allegedly acting on behalf of Buyer in connection with this transaction. The obligations of the Parties under this Section 8.2 shall survive the termination of this Agreement and/or the Closing.

8.3 Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Seller: GEBAM, Inc.
c/o GE Capital Asset Management
Attention: Robert Nowicki Dana Sale/Leaseback Asset Manager
GE Capital Real Estate
1528 Walnut Street
Philadelphia, PA 19102
Fax: (215) 772-0361

with a copy, which shall not constitute notice, to:

U.S. Realty Advisors, LLC
Attention: David M. Ledy
1370 Avenue of the Americas
New York, NY 10019
Fax: (212) 581-4950

with a copy, which shall not constitute notice, to:

GE Capital Real Estate
292 Long Ridge Road
Stamford, CT 06927
Attention: General Counsel/Dana Portfolio
Fax: 203-357-6768

with a copy, which shall not constitute notice, to:

Paul R. Walker, Esq.
Dewey Ballantine LLP
333 South Grand Avenue
Suite 2600
Los Angeles, CA 90071-1530
Fax: 213-621-6100

If to Buyer: Wells Real Estate Investment Trust, Inc.
c/o Wells Capital, Inc.
6200 The Corners Parkway
Suite 250

Norcross, GA 30092
Attention: Michael C. Berndt
Fax: 770-200-8199

with a copy, which shall not constitute notice, to:

Mr. John Kerby
The First Fidelity Companies
Two Ravinia Drive, Suite 1600
Atlanta, Georgia 30346
Fax: 678-287-3023

with a copy, which shall not constitute notice, to:

John W. Griffin, Esq.
Troutman Sanders LLP
Bank of America Plaza
600 Peachtree Street, N.E., Suite 5200
Atlanta, Georgia 30308-2216
Fax: 404-962-6577

Either Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until

it actually is received by the intended recipient. Either Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.4 Entire Agreement. This Agreement constitutes the entire agreement between Seller and Buyer with respect to the transactions that are the subject matter hereof and supercedes in its entirety any prior agreements, prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether written or oral, among the Parties hereto with respect to or in connection with the subject matter hereof.

8.5 Headings, Etc. The headings contained in this Agreement are intended solely for convenience and shall not affect the rights of the Parties to this Agreement. When used in this Agreement: (a) "or" is not exclusive; (b) "including" is not limiting; (c) a reference to any law, rule or regulation includes any amendment or modification thereto or thereof, as well as any replacement therefor; and (d) unless otherwise provided for in this Agreement, a reference to any other agreement, instrument or document shall include such other agreement, instrument or document, as it may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms. References herein to Sections, paragraphs, Exhibits and the like, unless otherwise stated, are references to Sections or paragraphs of, or Exhibits to, this Agreement. Terms such as "herein", "hereof", or "hereunder" refer to this Agreement as a whole, and not to any particular provision hereof.

8.6 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

8.7 General Provisions Regarding Indemnities. All of the indemnification obligations under this Agreement shall be subject to the following provisions:

(a) Should the indemnitor fail to discharge or undertake to defend the indemnitee against the applicable Claim (with counsel approved by the indemnitee), within ten (10) days after the indemnitee gives the indemnitor written notice of the same, then the indemnitee may settle such Claim, and the indemnitor's liability to the indemnitee shall be conclusively established by such settlement, the amount of such liability to include both the settlement consideration and the reasonable costs and expenses, including attorneys' fees, incurred by the indemnitee in effecting such settlement.

(b) The indemnitor's indemnification obligations under this Agreement shall cover the costs and expenses of the indemnitee, including reasonable attorneys' fees, related to any actions, suits or judgments incident to any of the matters covered by such indemnities.

(c) The indemnitor's indemnification obligations under this Agreement shall also extend to any present or future advisor, trustee, director, member, officer, partner, employee, beneficiary, shareholder, participant or agent of or in the indemnitee or any entity now or hereafter having a direct or indirect ownership interest in the indemnitee.

8.8 Choice of Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Michigan.

8.9 Amendments. No amendment or modification of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Seller and Buyer.

8.10 Counterparts. This Agreement may be signed in two or more counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement. For purposes of this Agreement, a facsimile copy of a Party's signature shall be sufficient to bind such Party.

8.11 Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto (whether by operation or otherwise) without the prior written consent of the other Party, provided, however, that Buyer may assign its rights under this Agreement to an affiliate without the consent of Seller. For purposes hereof an "affiliate" shall mean an entity controlled by, controlling or under common control with Buyer. Subject to the foregoing, the Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

8.12 Time of the Essence. Time is of the essence in this Agreement.

8.13 Third Party Beneficiary. This Agreement is for the sole and exclusive use of Seller and Buyer and may not be enforced, nor relied upon, by any Person other than Seller and Buyer.

8.14 Binding Agreement. Neither the delivery of an unsigned copy of this Agreement by Seller, nor any negotiations by Seller shall constitute an offer to sell the Membership Interests upon the terms and conditions set forth in this Agreement or upon any other terms or conditions. Any such delivery or negotiations shall be deemed solely to solicit offers from potential buyers. Seller shall have the right at all times until this Agreement is executed and delivered by both Seller and Buyer to negotiate the sale of the Membership Interests with Buyer or any other Person upon the terms and conditions set forth herein or upon any other terms and conditions desired by Seller in its sole discretion and to cease negotiations with Buyer or any other Person at any time for

any or no reason. Only the fully executed Agreement signed by both Buyer and Seller shall bind Seller and Buyer.

* * *

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the date set forth above.

GEBAM, INC.,
a Delaware corporation

By: /s/ Stephen Benko
Name: Stephen Benko
Title: Authorized Signatory

WELLS REAL ESTATE INVESTMENT TRUST, INC.,
a Maryland corporation

By: /s/ Douglas P. Williams
Name: Douglas P. Williams
Title: Executive Vice President

The undersigned joins in this Agreement solely for the purposes set forth in Section 3.6 hereof:

General Electric Capital Corporation,
a Delaware corporation

By: /s/ Stephen Benko
Name: Stephen Benko
Title: Authorized Signatory

EXHIBIT 10.129

LEASE AGREEMENT FOR THE DANA DETROIT BUILDING

LEASE AGREEMENT

Dated as of October 26, 2001

by and between

DANACQ FARMINGTON HILLS LLC, as Lessor

and

DANA CORPORATION, a Virginia corporation, as Lessee

Lease of Office and Research and Development Facility located in Farmington Hills, Michigan

TABLE OF CONTENTS

LEASE AGREEMENT dated as of October 26, 2001, by and between DANACQ FARMINGTON HILLS LLC, a Delaware limited liability company, as Lessor, and DANA CORPORATION, a Virginia corporation, as Lessee.

In consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS

The capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in Appendix A for all purposes hereof.

ARTICLE II

LEASE OF PROPERTY

On the Lease Term Commencement Date, the Lessor shall demise and lease, and hereby as of the Lease Term Commencement Date does demise and lease, the Property to the Lessee, and the Lessee shall rent and lease, and hereby as of the Lease Term Commencement Date, does rent and lease, the Property from the Lessor, for the Basic Term and, subject to the exercise by the Lessee of its renewal options as provided in Article V hereof, for the Renewal Terms. The Lessee may from time to time own or hold under lease from Persons other than the Lessor, furniture, trade fixtures and equipment located on or about the Property (including the equipment and systems described on Schedule X attached hereto and made a part hereof, but excluding HVAC equipment, building systems or other equipment integral to or necessary for the operation of the Improvements for general office and research and development purposes and not integral to or necessary in connection with the business conducted by Lessee) that is not subject to this Lease. The Lessor shall from time to time, upon the reasonable request of the Lessee, promptly acknowledge in writing to the Lessee or other Persons that the Lessor does not own or have any other right or interest in or to such furniture, trade fixtures and equipment. The demise and lease of the Property pursuant to this Article II shall include any additional right, title or interest in the Property which may at any time be acquired by the Lessor, the intent being that all right, title and interest of Lessor in and to the Property shall at all times be demised and leased to the Lessee hereunder.

ARTICLE III

RENT

Section 3.1 Basic Rent. During the Basic Term, Lessee shall pay to Lessor rent, in advance, for the periods occurring during the Basic Term as set forth in Schedule 1 hereto on the dates as specified on Schedule 1 under the caption "Rent Payment Date" and in the amounts

as specified on Schedule 1 under the caption "Basic Rent Payment". Basic Rent shall be allocable to the month in which the Rent Payment Date occurs. It is the intent of the parties that such allocation shall be an allocation of fixed rent

within the meaning of Treas. Reg. (S)1.467-1(c)(2)(ii). If, with respect to any month, the Basic Rent due and allocable with respect to such month is for a period of days less than the full number of days in such month, the Basic Rent due for such month shall be pro rated to an amount equal to the Basic Rent specified for such month multiplied by a fraction the numerator of which is the number of days this Lease is in effect for such month and the denominator of which is the number of days in such month.

Section 3.2 Additional Rent. Basic Rent shall be absolutely net to Lessor so that this Lease shall yield, net to Lessor, the Basic Rent specified in Section 3.1 in each year of the Lease Term and that all ad valorem real estate taxes, impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to compliance with Applicable Laws and Regulations, and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Property which may arise or become due during the Lease Term shall be paid or discharged by Lessee, subject to the rights of Lessee set forth in Section 9.9 hereof. In the event Lessee fails to pay or discharge any imposition, ad valorem real estate taxes, insurance premium, utility charge, maintenance, repair or replacement expense or any expense related to compliance with Applicable Laws and Regulations which it is obligated to pay or discharge, Lessor may, but shall not be obligated to, pay the same, and in that event Lessee shall promptly reimburse Lessor therefor and pay the same, together with interest thereon at the Overdue Rate computed from the date of payment of such cost to the date of reimbursement, as additional rent (all such items, together with any other amounts that the Lessee agrees to pay or discharge hereunder, being sometimes hereinafter collectively referred to as "Additional Rent").

Section 3.3 Method of Payment. Basic Rent shall be paid to the Lessor at such place as Lessor shall specify in writing to the Lessee from time to time (but in any event not less than five (5) Business Days prior to the due date therefor). Each payment of Basic Rent shall be made by the Lessee by wire transfer of funds consisting of lawful currency of the United States of America which funds shall be immediately available prior to 1:00 p.m., local time, at the place of payment on the scheduled date when such payment shall be due, unless such scheduled date shall not be a Business Day, in which case such payment shall be made on the next succeeding Business Day, with the same force and effect as though made on such scheduled date and (provided such payment is made by 1:00 p.m., local time, on such next succeeding Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

Section 3.4 Late Payment. If any Basic Rent shall not be paid when due, the Lessee shall pay to the Lessor as Additional Rent, interest (to the maximum extent permitted by law) on such overdue amount from and including the due date thereof to but excluding the Business Day of payment thereof (unless such payment shall be made after 1:00 p.m., local time, on such date of payment, in which case such date of payment shall be included) at the Overdue Rate, plus any penalty or late charge payable to Lender (or that would have been payable to Lender but for an advance of funds by the Lessor) under the Loan, plus interest (to the maximum extent permitted by law) thereon at the Overdue Rate. If any Basic Rent shall be paid on the date when due, but after

1:00 p.m., local time, at the place of payment, interest shall be payable as aforesaid for one day at the Overdue Rate.

Section 3.5 Net Lease; No Setoff; Etc. This Lease is a net lease and, notwithstanding any other provision of this Lease, it is intended that Basic Rent shall be paid without counterclaim, setoff, deduction or defense and

without abatement, suspension, deferment, diminution or reduction, and Lessee's obligation to pay all such amounts, throughout the Basic Term and all applicable Renewal Terms, is absolute and unconditional. Except to the extent otherwise expressly specified in Articles VI and XIV of this Lease, the obligations and liabilities of the Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including without limitation: (a) any defect in the condition, merchantability, design, quality or fitness for use of the Property or any part thereof, or the failure of the Property to comply with all Applicable Laws and Regulations, including any inability to occupy or use the Property by reason of such non-compliance; (b) any damage to, removal, abandonment, salvage, loss, contamination of or Release at or from, destruction of or any requisition or taking of the Property or any part thereof; (c) any restriction, prevention or curtailment of or interference with any use of the Property or any part thereof including eviction; (d) any defect in title to or rights to the Property or any Lien on such title or rights on the Property; (e) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of or by the Lessor; (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to the Lessee, the Lessor, or any other Person, or any action taken with respect to this Lease by any trustee or receiver of the Lessee, the Lessor or any other Person, or by any court, in any such proceeding; (g) any claim that the Lessee has or might have against any Person, including without limitation the Lessor, any vendor, manufacturer, contractor of or for the Property or any Improvements; (h) any invalidity or unenforceability or disaffirmance of this Lease against or by the Lessee or any provision hereof or any of the other Operative Documents or any provision of any thereof; (i) the impossibility of performance by Lessor, the Lessee or both; (j) any action by any court, administrative agency or other Governmental Authority; (k) any environmental condition affecting the Property; or (l) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not the Lessee shall have notice or knowledge of any of the foregoing. Except as specifically set forth herein, this Lease shall be noncancellable by the Lessee for any reason whatsoever and, except as expressly provided in this Lease, the Lessee, to the extent permitted by Applicable Laws and Regulations, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease, or to any diminution, abatement or reduction of Rent payable by the Lessee hereunder. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as expressly provided in this Lease, the Lessee shall, unless prohibited by Applicable Laws and Regulations, nonetheless pay to the Lessor an amount equal to each Basic Rent and Additional Rent payment at the time and in the manner that such payment would have become due and payable under the terms of this Lease if it had not been terminated in whole or in part, and in such case, so long as such payments are made and no Lease Event of Default shall have occurred and be continuing the Lessor will deem this Lease to have remained in effect. The Lessee assumes the sole responsibility for the condition, use, operation, maintenance and management of the Property, and the Lessor shall have no responsibility in respect thereof and shall have no liability for damage to the Property to the Lessee or any subtenant of the Lessee on any account or for any reason whatsoever other than by reason of the Lessor's willful misconduct or gross negligence or breach of any of its obligations under any Operative Document.

Section 3.6 Rent after Failure to Vacate Property. In the event that the Lessee remains in possession of the Property after the expiration or earlier termination of this Lease, and without the Lessor's consent (unless the Property has been acquired by the Lessee and the Lessee has fully paid for the same in accordance with the provisions hereof), the Lessee shall be deemed to be occupying the Property as a tenant at sufferance. Any such occupancy by the Lessee shall be subject to all of the terms, covenants and conditions of this Lease, including without limitation the obligation to pay Additional Rent, insofar as the same are applicable to such a tenancy, except that (i) the Lessee shall pay Basic Rent to the Lessor, payable in arrears on the last Business Day

of each month, for each day (or any portion thereof) that such occupancy shall continue, in an amount per diem equal to 150% of the average daily Basic Rent payable during the 12 months ending on the last day of the Lease Term and (ii) the Lessee shall not have the right to make any Alterations unless required by Applicable Laws and Regulations. Basic Rent shall be payable in the manner provided in Section 3.3 for payments of Basic Rent. The provisions of this Section shall not be deemed to grant to the Lessee the right to, or otherwise be deemed to, extend the Lease Term beyond the expiration or earlier termination of this Lease. Neither the payment by the Lessee to the Lessor nor the acceptance by the Lessor from the Lessee of any amount in payment for the Lessee's occupancy of the Property beyond the expiration or earlier termination of this Lease shall (a) be deemed to convert the Lessee's occupancy into any interest other than a tenancy at sufferance, (b) revoke or otherwise impair the validity of any notice to quit or ejectment notice or proceeding or similar proceeding terminating this Lease and Lessee's rights of possession hereunder that the Lessor may have served or commenced, or (c) prohibit or otherwise impair the Lessor's right to immediately obtain an order of ejectment or possession against the Lessee. The Lessee irrevocably waives the benefit of Applicable Laws and Regulations that may grant to the Lessee any rights inconsistent with the provisions of this Section. The provisions of this Section do not waive Lessor's right of re-entry or right to regain possession by actions at law or in equity or any other rights hereunder, and any receipt of payment by Lessor shall not be deemed a consent by Lessor to the Lessee's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Lessor and Lessee.

ARTICLE IV

GENERAL TAX INDEMNITY

Section 4.1 Indemnity. Except as provided in Section 4.2 below, the Lessee agrees (but, in all events, without duplication of indemnities) to indemnify on an After-Tax Basis each of the Lessor, the Lessor Parent, their successors and assigns, the agents, directors, officers and employees of the foregoing, (each, together with any Affiliate thereof, a "Tax Indemnitee"), and to hold each Tax Indemnitee harmless from and to defend each Tax Indemnitee against all Taxes that are actually imposed upon any Tax Indemnitee, the Property or any portion thereof or any interest therein, or upon any Operative Document or interest therein, or otherwise arising out of, in connection with or relating to, any of the following:

(i) the acceptance, rejection, delivery, construction, financing, refinancing, acquisition, operation, warranty, ownership, possession, maintenance, repair, lease, condition, alteration, modification, restoration, refurbishing, rebuilding, return, repossession, servicing, abandonment, retirement, preparation, replacement, purchase, sale or other disposition, insuring, sublease, any other use or non-use of, or the imposition of any lien (or the incurrence of any liability to refund or pay over any amount as a result of any lien) on, the Property or any portion thereof or any interest therein;

(ii) the conduct of the business or affairs of the Lessee or any other operator at or in connection with the Property;

(iii) the Property or any portion thereof or interest therein or the applicability of the Lease to the Property;

(iv) the manufacture, design, purchase, acceptance, rejection, delivery, non-delivery or redelivery or condition of, or improvement to, the Property, or any portion thereof, or any interest therein;

(v) the Lease or any other Operative Document, the execution or delivery thereof, any other documents contemplated thereby or the performance, enforcement or amendment of any terms thereof;

(vi) the payment or receipt of Basic Rent, Additional Rent or any other payment under the Lease or the other Operative Documents

(vii) the conveyance of title to the Property; or

(viii) otherwise relating to the transactions contemplated by the Operative Documents;

Section 4.2 Excluded Taxes. The indemnity provided for in Section 4.1 above shall be subject to exclusion for Taxes that are attributable to or arise as a result of any of the following (the "Excluded Taxes"):

(i) Taxes imposed on, based on or measured by gross or net income or receipts, capital, franchise, net worth or "doing business" taxes, in each case whether paid directly or by means of withholding, other than, in each case, (x) Taxes that are or are in the nature of sales, use, rental, value added, ad valorem, property, or similar taxes and (y) the Michigan Single Business Tax for any taxable year beginning after the sixth anniversary of the Closing Date but only up to a maximum of $26,927 for any such taxable year;

(ii) Taxes attributable to any period after expiration or other termination of the Lease Term and the payment in full of all amounts payable by the Lessee under the Operative Documents;

(iii) Taxes imposed on a Tax Indemnitee attributable to the gross negligence or willful misconduct of such Tax Indemnitee or any Affiliate thereof unless such negligence or misconduct is imputed to such Tax Indemnitee or Affiliate solely as a result of its participation in the transactions contemplated by the Operative Documents and not as a result of any action or inaction by such Tax Indemnitee or Affiliate;

(iv) Taxes in the nature of capital gain, accumulated earnings, personal holding company, excess profits, succession or estate, minimum, alternative minimum, preference, franchise, conduct of business and other similar taxes, other than, in each case, Taxes that are or are in the nature of sales, use, rental, value added, ad valorem, property or similar taxes;

(v) Taxes imposed on a Tax Indemnitee that arise out of, or are caused by, any act or omission of such Tax Indemnitee (or any Affiliate thereof) that is expressly prohibited by the Operative Documents or by a breach by such Tax Indemnitee (or any Affiliate thereof) of any of its representations, warranties or covenants under any Operative Document except to the extent attributable to any breach by the Lessee of any covenant, representation or warranty contained in any Operative Document;

(vi) Taxes arising out of, or caused by, (i) any voluntary assignment, sale, transfer or other disposition (except incremental ad valorem, property, or similar taxes that arise due to the price or terms of an assignment or transfer itself) or (ii) any involuntary assignment, sale, transfer or other disposition resulting from a bankruptcy or similar proceeding for relief of debtors in which such Tax Indemnitee is a debtor or a foreclosure by a creditor of the Tax Indemnitee of (A) the Lessor Parent of any of its interest in the Lessor or (B) the Lessor of all or any of its interest in the Property unless, in each case, such assignment, sale, transfer or other

disposition (1) occurs during the continuance of a Lease Event of Default, (2) occurs pursuant to a casualty, or the Lessee's exercise of a right under the Operative Documents, (3) results from any merger or consolidation of the Lessee or (4) results from any sublease, assignment, rebuilding, modification, substitution, improvement, replacement or addition of or to the Property by the Lessee but only if the Lessor has not consented to such action under the relevant provision of the Lease, if such consent is required.

(vii) Taxes that would not have arose but for the creation of or the existence of Lessor Parent's Liens or Lessor's Liens;

(viii) Taxes imposed on any assignee or successor-in-interest to a Tax Indemnitee to the extent any such Taxes exceed the Taxes that would have been imposed had no assignment or transfer taken place determined under the law as in effect on the date of transfer (excluding however, any such incremental ad valorem, property or similar taxes that arise due to the price or terms of the assignment or transfer itself);

(ix) Taxes that are included as a part of the Lessor's Purchase Price;

(x) With respect to the Lessor Parent, Taxes for which the Lessee is obligated to indemnify the Lessor Parent under the Tax Indemnity Agreement (or which are expressly excluded from indemnification thereunder);

(xi) Taxes attributable to the failure of the Tax Indemnitee to comply with certification, information, documentation, reporting or other similar requirements concerning the nationality, residence, identity, connection with the jurisdiction imposing such Taxes or other similar matters, provided that the foregoing exclusion shall
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apply only such Tax Indemnitee is eligible to comply with such requirement, the Lessee shall have given such Tax Indemnitee timely written notice of such requirement and the Tax Indemnitee shall have determined in good faith that compliance with any such requirement shall not result in any identified non-immaterial adverse effect to its interests or to those of its Affiliates provided further, however
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that the immediately preceding proviso shall not apply if such certification, information, documentation, reporting or other similar requirements are required by law or regulation;

(xii) Taxes imposed on a Tax Indemnitee where the Tax Indemnitee's breach of its contest obligations under Section 4.7 hereof effectively precludes the Lessee's ability to contest the Taxes;

(xiii) Taxes to the extent imposed on any Tax Indemnitee resulting from an amendment, modification, supplement or waiver to any Operative Document which was not requested by the Lessee and as to which the Lessee is not a party and the Tax Indemnitee (or any Affiliate thereof) is a party unless such amendment, modification, supplement or waiver (A) was required by Applicable Law or the Operative Documents, (B) may be necessary or appropriate to, and is in conformity with, any amendment to any Operative Document requested by the Lessee in writing or required by Applicable Law, (C) is made while a Lease Event of Default shall have occurred and be continuing or (D) was expressly consented to by the Lessee or any of its Affiliates in writing; and

(xiv) Taxes imposed under Section 4975 of the Code or under

subtitle B of Title I of ERISA.

Section 4.3 Payment. Each payment required to be made by the Lessee to a Tax Indemnitee pursuant to this Section 4 shall be paid either (i) when due directly to the applicable taxing authority by the Lessee if it is permitted to do so, or (ii) where direct payment is not permitted and with respect to gross up amounts, in immediately available funds to such Tax Indemnitee by the later of (A) 30 days following the Lessee's receipt of the Tax Indemnitee's written demand for the payment (which demand shall be accompanied by a statement of the Tax Indemnitee describing in reasonable detail the Taxes for which the Tax Indemnitee is demanding indemnity and the computation of such Taxes), (B) subject to Section 4.7 below, in the case of amounts which are being contested pursuant to such Section 4.7, at the time and in accordance with a Final Determination of such contest or (C) in the case of any indemnity demand for which the

Lessee has requested review and determination pursuant to Section 4.4 below, the completion of such review and determination; provided, however, in no event later than the date which is five Business Days prior to the date on which such Taxes are required to be paid to the applicable taxing authority. Any amount payable to the Lessee pursuant to Section 4.5 or Section 4.6 below shall be paid promptly after the Tax Indemnitee realizes (or is deemed to realize) a Tax Benefit giving rise to a payment under Section 4.5 or receives a refund or credit giving rise to a payment under Section 4.6, as the case may be, and shall be accompanied by a statement of the Tax Indemnitee computing in reasonable detail the amount of such payment. Any amount that would be payable to the Lessee pursuant to Section 4.5 or Section 4.6 below but for the fact that such amount would be in excess of the amount of indemnity(ies) previously paid to the Tax Indemnitee by the Lessee may be used as an offset against any future general tax indemnity payments owed by the Lessee to such Tax Indemnitee. Upon the Final Determination of any contest pursuant to Section 4.7 below in respect of any Taxes for which the Lessee has made a Tax Advance (as defined in Section 4.7 below), the amount of the Lessee's obligation under Section 4.1 above shall be determined as if such Tax Advance had not been made. Any obligation of the Lessee under this Section 4 and the Tax Indemnitee's obligation to repay the Tax Advance will be satisfied first by set off against each other, and any difference owing by either party will be paid within 10 days of such Final Determination.

Section 4.4 Independent Examination. Within 15 days after the Lessee receives any computation from a Tax Indemnitee (pursuant to Section 4.3 above), the Lessee may request in writing that an independent public accounting firm selected jointly by the Lessee and the Tax Indemnitee review and determine on a confidential basis the amount of any indemnity payment by the Lessee to the Tax Indemnitee pursuant to this Section 4 or any payment by a Tax Indemnitee to the Lessee pursuant to Section 4.5 or Section 4.6 below. The Tax Indemnitee shall cooperate with such accounting firm and supply it with all information (other than income tax returns) reasonably necessary for the accounting firm to conduct such review and determination provided, that such accounting firm shall agree in writing in a manner satisfactory to the Tax Indemnitee to maintain the confidentiality of such information. The parties hereto agree that the independent public accounting firm's sole responsibility shall be to verify the computation of any payment pursuant to this Section 4 and that matters of interpretation of law or of this Lease or any other Operative Document are not within the scope of the independent accountant's responsibility. The fees and disbursements of such accounting firm will be paid by the Lessee; provided that such fees and disbursements will be paid by the Tax Indemnitee if the verification results in an adjustment in the Lessee's favor of five percent or more of the indemnity payment or payments computed by the Tax Indemnitee (calculated using a discount rate of seven percent). The determination of the accounting firm shall be final, binding and conclusive on both the Tax Indemnitee and the Lessee. Such accounting firm shall be requested to make its

determination within 20 days.

Section 4.5 Tax Benefit. If, as the result of any Taxes paid or indemnified against by the Lessee under this Section 4, the aggregate Taxes payable by the Tax Indemnitee in connection with such payment for any taxable period are less (whether by reason of a deduction, credit, allocation or apportionment of income or otherwise and computed on the basis of the highest generally applicable Tax rates applicable) than the amount of such Taxes that otherwise would have been payable by such Tax Indemnitee (a "Tax Benefit"), then to the extent such Tax Benefit was not taken into account in determining the amount of indemnification payable under Section 4.1 above and provided no Lease Event of Default shall have occurred and be continuing (in which

event the payment provided under this Section 4.5 shall be deferred until the Lease Event of Default has been cured), such Tax Indemnitee shall pay to the Lessee the lesser of (A) (y) the amount of such Tax Benefit, plus (z) an amount equal to any United States Tax benefit actually realized by such Tax Indemnitee as a result of the payment under clause (y) above and this clause (z) (such benefit to be determined on the basis of the highest generally applicable Tax rates applicable) and (B) the amount of the indemnity(ies) paid pursuant to this Section 4 giving rise to such Tax Benefit. If it is subsequently determined that the Tax Indemnitee was not entitled to such Tax Benefit, the portion of such Tax Benefit that is required to be repaid or recaptured will be treated as Taxes for which the Lessee shall indemnify the Tax Indemnitee pursuant to this Section 4 without regard to Section 4.2 (except Section 4.2(iii)).

Section 4.6 Refund. If a Tax Indemnitee obtains a refund or credit of all or part of any Taxes paid, reimbursed or advanced by the Lessee pursuant to this Section 4, the Tax Indemnitee promptly shall pay to the Lessee (x) the amount of such refund or credit plus (y) an amount equal to any Tax benefit actually realized by such Tax Indemnitee as a result of the payments to the Lessee under clause (x) above and this clause (y) (such amounts to be determined on the basis of the highest generally applicable Tax rates applicable), provided that (A) if at the time such payment is due to the Lessee a Lease Event of Default shall have occurred and be continuing, such amount shall not be payable until such Lease Event of Default has been cured and (B) the aggregate amount payable to the Lessee pursuant to this sentence shall not exceed the aggregate amount of the indemnity(ies) paid pursuant to Section 4.3. If it is subsequently determined that the Tax Indemnitee was not entitled to such refund or credit, the portion of such refund or credit that is required to be repaid or recaptured will be treated as Taxes for which the Lessee shall indemnify the Tax Indemnitee pursuant to this Section 4 without regard to Section 4.2 (except Section 4.2(iii)). If, in connection with a refund or credit of all or part of any Taxes paid, reimbursed or advanced by the Lessee pursuant to this Section 4, a Tax Indemnitee receives an amount representing interest on such refund or credit, the Tax Indemnitee promptly shall pay to the Lessee (1) the amount of such interest that shall be fairly attributable to such Taxes paid, reimbursed or advanced by the Lessee prior to the receipt of such refund or credit net of any Taxes incurred on such interest and (2) any Tax savings realized by such Tax Indemnitee as a result of the payments made by the Tax Indemnitee under (1) and (2) (such benefit to be determined on the basis of the highest generally applicable Tax rates applicable).

Section 4.7 Contest.

(i) Notice of Contest. If a written claim for payment is made by any taxing authority against a Tax Indemnitee for any Taxes with respect to which the Lessee may be liable for indemnity hereunder (a "Tax Claim"), such Tax Indemnitee shall give the Lessee written notice of such Tax Claim promptly after its receipt, and shall furnish the

Lessee with copies of such Tax Claim and all other writings received from the taxing authority to the extent relating to such claim, provided that failure so to notify the Lessee shall not relieve the
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Lessee of any obligation to indemnify the Tax Indemnitee hereunder except to the extent that such failure effectively precludes the ability to conduct a contest hereunder. The Tax Indemnitee shall not pay such Tax Claim until at least 30 days after providing the Lessee with such written notice, unless required to do so by law or regulation.

(ii) Control of Contest. Subject to Section 4.7(iii) below, the Lessee will be entitled to contest (acting through counsel selected by the Lessee and reasonably acceptable to the Tax Indemnitee), and control the contest of, any Tax Claim if (i) the contest of the Tax Claim may be pursued in the name of the Lessee; (ii) the contest of the Tax Claim must be pursued in the name of the Tax Indemnitee but can be pursued independently from any other proceeding involving a tax liability of such Tax Indemnitee for which the Lessee is not responsible (with the Tax Indemnitee agreeing to use reasonable efforts to sever the contest of any indemnified Tax from the contest of any unindemnified Tax so that the Lessee can control the contest of the indemnified Tax), or (iii) the Tax Indemnitee requests that the Lessee control such contest. In the case of all other Tax Claims, subject to Section 4.7(iii) below, the Tax Indemnitee will contest the Tax Claim if the Lessee shall request that the Tax be contested, and the following rules shall apply with respect to such contest:

(1) the Tax Indemnitee will control the contest of such Tax Claim in good faith (acting through counsel selected by the Tax Indemnitee and reasonably acceptable to the Lessee),

(2) at the Lessee's written request, if payment is made to the applicable taxing authority, the Tax Indemnitee shall use all reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, and

(3) the Tax Indemnitee shall not otherwise settle, compromise or abandon such contest without the Lessee's prior written consent except as provided in Section 4.7(iv) below.

In either case, the party conducting such contest shall consult with and keep reasonably informed the other party and its designated counsel with respect to such Tax Claim, shall provide the other party with copies of any reports or claims issued by the relevant auditing agents or taxing authority as well as redacted portions of tax returns, and shall consider and consult in good faith with the other party regarding any request (a) to resist payment of Taxes if practical and (b) not to pay such Taxes except under protest if protest is necessary and proper (but the decision regarding what actions are to be taken shall be made by the controlling party in its sole judgment; provided, however,
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that (subject to Section 4.7(iv) below) if the Tax Indemnitee is the controlling party, such Tax Indemnitee may not settle the contest without the consent of the Lessee).

(iii) Conditions of Contest. Notwithstanding the foregoing, in no event shall the Lessee be permitted or a Tax Indemnitee be required to contest (or to continue the contest of) any Tax Claim, unless:

(1) within 30 days after notice by the Tax Indemnitee to the Lessee of such Tax Claim, the Lessee shall request in writing to the Tax Indemnitee that such Tax Claim be contested; provided that if a shorter period is required for taking action with respect to such Tax Claim and the Tax Indemnitee notifies the Lessee of such

requirement, the Lessee shall use reasonable efforts to request such contest within such shorter period,

(2) no Lease Default or Lease Event of Default has occurred and is continuing,

(3) there is (i) no realistic risk of sale, forfeiture or loss of, or the creation of a Lien on the Lessor's or Lessor Parent's interest in the Property or any material portion thereof or any interest therein (other than a Permitted Lien) and (ii) no risk of the imposition of criminal penalties as a result of such Tax Claim; provided that clause (3)(i) shall not apply if the Tax is fully paid in either manner specified in clause (4) below or the Lessee posts security satisfactory to the Tax Indemnitee,

(4) if such contest involves payment of such Tax, the Lessee will either advance to the Tax Indemnitee on an interest-free basis and at no after tax cost to such Tax Indemnitee (a "Tax Advance") or pay such Tax Indemnitee the amount payable by the Lessee pursuant to Section 4.1 above with respect to such Tax,

(5) the Lessee agrees to pay (and pay on demand) and at no after tax cost to such Tax Indemnitee all reasonable costs and expenses incurred by the Tax Indemnitee in connection with the contest of such claim (including all reasonable legal fees and disbursements),

(6) the Tax Indemnitee has been provided at the Lessee's sole expense with an opinion of independent tax counsel selected by the Lessee and reasonably acceptable to the Tax Indemnitee to the effect that there is a Reasonable Basis for contesting such Tax Claim,

(7) the amount of Taxes in controversy, taking into account the amount of all similar and logically related Taxes with respect to the transactions contemplated by the Operative Documents that could be raised in any other year (including any future year) not barred by the statute of limitations, exceeds $30,000,

(8) the Lessee shall acknowledge in writing its liability to indemnify the Tax Indemnitee hereunder in respect of such claim if the contest is not successful, provided that such acknowledgment of liability shall not be binding if the contest is resolved on a basis from which it can be established that the Lessee would not be required to indemnify the Tax Indemnitee under this Section 4 in the absence of such acknowledgment, and

(9) in the case of a judicial appeal, no appeal to the U.S. Supreme Court shall be required of the Tax Indemnitee or shall be permitted by the Lessee.

(iv) Waiver of Indemnification. Notwithstanding anything to the contrary contained in this Section 4, the Tax Indemnitee at any time may elect to decline to take any action or any further action with respect to a Tax Claim and may in its sole discretion settle or compromise any contest with respect to such Tax Claim without the Lessee's consent if the Tax Indemnitee:

(1) waives its right to any indemnity payment by the Lessee

pursuant to this Section 4 in respect of such Tax Claim (and any other claim for Taxes with respect to any other taxable year the contest of which is effectively precluded by the Tax Indemnitee's decision not to take (or not to take any further) action with respect to the Tax Claim), and

(2) promptly repays to the Lessee any Tax Advance and any amount paid to such Tax Indemnitee under Section 4.1 above in respect of such Taxes, but not any costs or expenses with respect to any such contest.

Except as provided in the preceding sentence, any such waiver shall be without prejudice to the rights of the Tax Indemnitee with respect to any other Tax Claim.

Section 4.8 Reports. If any report, statement or return is required to be filed by a Tax Indemnitee with respect to any Tax that is subject to indemnification under this Section 4, the Lessee will (1) notify the Tax Indemnitee in writing of such requirement not later than 30 days prior to the date such report, statement or return is required to be filed (determined without regard to extensions) and (2) if so directed by the Tax Indemnitee and if the return to be filed reflects only information in respect of the transactions contemplated by the Operative Documents, prepare and furnish to such Tax Indemnitee not later than 30 days prior to the date such report, statement or return is required to be filed (determined without regard to extensions) a proposed form of such report, statement or return for filing by the Tax Indemnitee. Each Tax Indemnitee and the Lessee will timely provide the other with all information in its possession that the other party may reasonably require and request to satisfy its obligations under this Section 4.

Section 4.9 Non-Parties. If a Tax Indemnitee is not a party to this Agreement, the Lessee may require such Tax Indemnitee to agree in writing, in a form reasonably acceptable to the Lessee, to the terms of this Section 4 prior to making any payment to such Tax Indemnitee under this Section. Subject to the preceding sentence, the Lessee's obligations under this Section 4 shall inure to the benefit of each and every Tax Indemnitee without regard to whether such Tax Indemnitee is a party to this Agreement.

ARTICLE V

RENEWAL OPTIONS

Section 5.1 Fixed Rate Renewal Term. Upon the expiration of the Basic Term, Lessee shall have the right and option, subject to the terms of this Article 5, to extend the Lease Term for five (5) successive fixed rate renewal terms (each such renewal term, a "Fixed Rate Renewal Term") of five (5) years each commencing immediately following the expiration of the Basic Term or the previous Fixed Rate Renewal Term, as the case may be.

Section 5.2 FMV Renewal Terms. Upon the expiration of the Basic Term and the last Fixed Rate Renewal Term, Lessee shall have the right and option, subject to the terms of this Article 5, to extend the Lease Term for one (1) successive fair market value renewal period of five (5) years (the "FMV Renewal Term"; each Fixed Rate Renewal Term and the FMV Renewal Term shall be collectively referred to as the "Renewal Terms").

Section 5.3 Conditions to Renewal Terms. The right and option of Lessee to extend this Lease for any of the Renewal Terms shall be subject to the following terms:

(i) At the commencement of any of the Renewal Terms, this Lease shall be in full force and effect and no Material Lease Default or Lease Event of Default shall have occurred and be continuing;

(ii) Lessee shall have exercised its right to each Fixed Rate Renewal Term by giving irrevocable written notice to the Lessor no later than twelve (12) months prior to the expiration of the Basic Term or the previous Fixed Rate Renewal Term; and

(iii) Lessee shall have exercised its right to each FMV Renewal Term by giving irrevocable written notice to Lessor no later than fifteen (15) months prior to the expiration of the Basic Term or the then current Renewal Term; and

(iv) Each Renewal Term shall be on the same terms, covenants and conditions set forth in this Lease; provided, however, that Basic Rent shall be determined in the manner set forth in Section 5.4 hereof.

Section 5.4 Rent During Renewal Terms. (a) (a) Basic Rent for each Rent Payment Date during the first two (2) Fixed Rate Renewal Terms shall be payable monthly in advance and in the amounts and on the day of each month that Basic Rent was due during the last year of the Basic Term. Basic Rent for each Rent Payment Date during each Fixed Rate Renewal Term after the first two (2) Fixed Rate Renewal Terms shall be payable monthly in advance on the day of each month that Basic Rent was due during the last year of the Basic Term and in the amount of 105% of Basic Rent that was due during the last year of the immediately preceding Fixed Rate Renewal Term.

(b) Basic Rent for each FMV Renewal Term shall be the Fair Market Rental Value of the Property as of the date of commencement of such FMV Renewal Term, determined in accordance with the Appraisal Procedure not more than two hundred seventy (270) days prior to the commencement of such FMV Renewal Term payable monthly in advance on the day of each month that Basic Rent was due during the last year of the Basic Term or of the preceding Renewal Term, as the case may be.

ARTICLE VI

EARLY TERMINATION

Section 6.1 Obsolescence Termination. So long as no Lease Event of Default has occurred and is continuing, the Lessee shall have the right, on the terms and subject to the conditions contained in this Section 6.1, at its option at any time during the period commencing on the date which is the first day of the eleventh (11th) lease year and ending on the date that is at least fifteen (15) months prior to expiration of the Basic Term, on at least one hundred twenty (120) days' irrevocable (subject to the second succeeding paragraph) prior written notice (a "Notice of Termination") to the Lessor, to terminate this Lease on any Rent Payment Date (the "Termination Date"), if the Property shall have become Obsolete or if Lessee shall have made

a good faith determination, such good faith determination to be evidenced by an Officer's Certificate delivered to the Lessor, to the effect that disposition of the Property is necessary or advisable for purposes of complying with Applicable Laws and Regulations. In connection with and at the time of delivery of any Notice of Termination, Lessee shall notify Lessor of its election to (x) make a rejectable offer to cause the Property to be sold as hereinafter provided or (y) make a termination payment equal to an amount equal to the sum of the remaining Basic Rent Payments that would have been due to the Lessor through the Basic Term had this lease continued in full force and effect from the Termination Date to the end of such Basic Term (the "Basic Term Rent Amount").

If the Lessee shall have chosen the option described in clause (x) above, in connection with and at the time of delivery of any Notice of Termination, Lessee shall deliver to Lessor an appraisal of the then-current Fair Market Sales Value of the Property free and clear of the Lease (the "Appraisal") determined in accordance with the Appraisal Procedure. During the period commencing on the date of receipt by Lessor of the Notice of Termination and ending on the date on which Lessor is no longer entitled to provide a Retention Election, the Lessor, but not the Lessee, shall be entitled, directly or through one or more agents, to seek bids for the sale of the Property. During the period commencing with the date on which the Lessor is no longer entitled to provide a Retention Election until the Termination Date, the Lessee, as non-exclusive agent for the Lessor, shall undertake on behalf of the Lessor to obtain cash bids for the purchase of the Property. Prior to solicitation of any such bids, the Lessee and the Lessor shall agree on a form of contract of purchase relating to the Property acceptable to the Lessor. The Lessee may use a third party as its agent in connection with any such sale. In connection with so acting as Lessor's agent, Lessee may, by written notice to Lessor delivered no less than fifteen (15) days after expiration of the period during which Lessor is entitled to provide a Retention Election, extend the Termination Date to any Rent Payment Date not more than two hundred seventy (270) days from the Termination Date initially designated in the Notice of Termination. The Lessee shall certify to the Lessor in writing the amount and terms of each bid received by the Lessee and the name and address of the Person submitting a bid (which Person shall not be the Lessee, any Affiliate of the Lessee, or any Person with an agreement to allow Lessee or any Affiliate of Lessee to use the Property at any time during the three (3) year period following any such termination but may be the Lessor). Unless Lessor should have delivered a Retention Election, on the Termination Date (subject to receipt of the net sales price and all additional payments and instruments specified in the next succeeding sentence), (i) the Lessee shall deliver possession of the Property to such highest bidder, and (ii) the Lessor shall, on an "as is, where is" basis and without recourse to or warranty by the Lessor, except as to the absence of Lessor Liens and subject to the same disclaimers as set forth in Section 7.1, simultaneously therewith sell the Property to such highest bidder, the total net selling price realized at such sale to be retained by the Lessor. In addition, on the Termination Date, the Lessee shall deliver to Lessor an instrument in which Lessee agrees not to, and not to permit any Affiliate to, directly or indirectly use the Property during the three (3) year period following the Termination Date and shall pay to the Lessor the sum of (A) the excess, if any, of the Termination Value determined as of the Termination Date over the net sales price of the Property paid to the Lessor pursuant to the preceding sentence, plus (B) all accrued and unpaid Basic Rent as of the Termination Date, if any, plus (C) any Make-Whole Amount, plus (D) any Additional Rent then accrued and unpaid as of the Termination Date.

Notwithstanding the foregoing, the Lessor may elect to retain, rather than sell, its interest in the Property by giving irrevocable notice to that effect to the Lessee provided that such irrevocable notice (a "Retention Election") is given no later than one hundred twenty (120) days after the receipt of the Notice of Termination. If the Lessor elects to retain its interest in the Property pursuant to this paragraph, on the Termination Date the

Lessee shall deliver possession of the Property to Lessor or Lessor's designee and the Lessee shall pay to the Lessor or to whoever is entitled thereto, on the scheduled Termination Date, the amount set forth in clauses (B) and (D) of the preceding paragraph.

If the Lessee shall have chosen the option described in clause (y) of the first paragraph of this Section 6.1, on the Termination Date (i) the Lessee shall deliver possession of the Property to the Lessor, (ii) the Lessee shall pay to the Lessor the Basic Term Rent Amount, plus all accrued and unpaid Basic Rent as of the Termination Date, if any, plus any Additional Rent accrued and unpaid as of the Termination Date and (iii) upon delivery of the Property to the Lessor and payment of the amount set forth in clause (ii) above, this Lease shall terminate.

Anything in this Section 6.1 to the contrary notwithstanding, the Lessee shall have the right to revoke any Notice of Termination in which the Lessee chose the option described in clause (x) of the first paragraph of this Section 6.1 on not more than two (2) occasions during the Lease Term if, with respect to each such occasion, during the period in which the Lessee had the right to serve as agent for the Lessor to obtain cash bids either (i) there were no cash bids or (ii) all such cash bids were for an amount less than 90% of the Fair Market Sales Value of the Property as set forth in the Appraisal. Lessee shall pay the Lessor's reasonable expenses incurred in connection with the rescinded termination or incurred in connection with the completed termination.

If, in connection with any occasion on which the Lessee shall have chosen the option described in clause (x) of the first paragraph of this Section 6.1, an acceptable bid for the Property shall not have been obtained or if a sale shall not have occurred on or as of the Termination Date, then this Lease shall continue in full force and effect until an acceptable bid is obtained and a sale shall have occurred. If the Lessee shall fail to pay all amounts due under and pursuant to this Section 6.1 on the scheduled Termination Date, no sale shall be consummated, this Lease shall continue in full force and effect and it shall be deemed that Lessee has revoked its Notice of Termination.

Upon compliance by the Lessee with the provisions of this Section 6.1, the obligation of the Lessee to pay Basic Rent after the Termination Date shall cease, the Lease Term shall end and the obligations of the Lessee hereunder (other than any such obligations expressly surviving termination of this Lease) shall terminate as of the Termination Date. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action in connection with any such sale other than to sell its interest in the Property as provided above.

ARTICLE VII

CONDITION OF PROPERTY

Section 7.1 Disclaimers. The Property is demised and let by the Lessor "AS IS" in its present condition, subject to (a) the rights of any parties in possession thereof, (b) the state of the title thereto existing at the time the Lessor acquired title to its interest in the Property, (c) any state of facts which an accurate survey or physical inspection might show (including the survey delivered on the Lease Term Commencement Date), (d) all Applicable Laws and Regulations and (e) any violations of Applicable Laws and Regulations which may exist on the Lease Term Commencement Date. The Lessee has examined the Property and (insofar as the Lessee is concerned) has found the same to be satisfactory. THE LESSOR HAS NOT MADE NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, NOR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE VALUE, HABITABILITY, CONDITION, DESIGN, OPERATION, OR FITNESS FOR USE OF THE PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO

THE PROPERTY (OR ANY PART THEREOF) AND THE LESSOR SHALL NOT BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR THE FAILURE OF THE PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY APPLICABLE LAWS AND REGULATIONS except that the Lessor hereby represents and warrants that the Property is and shall be free of Lessor Liens attributable to Lessor. It is agreed that the Lessee has been afforded full opportunity to inspect the Property, is satisfied with the results of its inspections of the Property and is entering into this Lease solely on the basis of the results of its own inspections and all risks incident to the matters discussed in the preceding sentence, as between the Lessor, on the one hand, and the Lessee, on the other, are to be borne by the Lessee. The Lessee acknowledges that the Property has been subject to a sale-leaseback transaction among the Lessee, the Seller and the Lessor and, therefore, the Lessee is fully familiar with the condition of the Property and is not looking to any other Person as to any warranty with respect thereto. The provisions of this Article VII have been negotiated, and, except to the extent otherwise expressly stated, the foregoing provisions are intended to be a complete exclusion and negation of any representations or warranties by the Lessor, express or implied, with respect to the Property, that may arise pursuant to any law now or hereafter in effect, or otherwise.

ARTICLE VIII

LIENS

The Lessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Property, any Basic Rent, title thereto or any interest therein, except in all cases Permitted Liens. The Lessee shall promptly, but not later than thirty (30) days after the filing thereof, at its own expense, take such action as may be necessary duly to discharge or eliminate or bond in a manner reasonably satisfactory to the Lessor any such Lien (other than Permitted Liens) and provide title endorsement coverage as Lessor may reasonably request if the same shall arise at any time.

Nothing contained in this Lease shall be construed as constituting the consent or request of the Lessor, express or implied, to or for the performance by any contractor, laborer, materialman, or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Property or any part thereof, which would result in any liability of the Lessor for payment therefor. NOTICE IS HEREBY GIVEN THAT THE LESSOR WILL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO THE LESSEE, OR TO ANYONE HOLDING AN INTEREST IN THE PROPERTY OR ANY PART THEREOF THROUGH OR UNDER THE LESSEE, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF THE LESSOR IN AND TO THE PROPERTY.

ARTICLE IX

MAINTENANCE AND REPAIR; ALTERATIONS, MODIFICATIONS AND ADDITIONS

Section 9.1 Maintenance and Repair. The Lessee, at its own expense, shall at all times, (a) maintain the Property in good order and repair, subject to ordinary wear and tear, provided, however, the Lessee shall make such additions, improvements and updates to the Property as may be necessary to maintain the Property consistent with the standards then applicable to other similar properties owned and operated by the Lessee and its Affiliates, but in no event less than the standards of other prudent owners of similar office and research and development facilities; provided, further, however, the Lessee

shall satisfy the recommendations with respect to the Property set forth in Schedule Y attached hereto no later than November 30, 2001; (b) maintain the Property in accordance with all Applicable Laws and Regulations; (c) comply with the standards imposed by any insurance policies required to be maintained hereunder which are in effect at any time with respect to the Property or any part thereof; and (d) make all necessary or appropriate repairs, replacements and renewals of the Property which may be required to keep the Property in the condition required by the preceding clause (a), whether interior or exterior, structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen, and including, without limitation, repairs, replacements and renewals that would constitute capital expenditures under GAAP if incurred by an owner of property. The Lessee waives any right that it may now have or hereafter acquire to (i) require the Lessor to maintain, repair, replace, alter, remove or rebuild all or any part of the Property or (ii) make repairs at the expense of the Lessor. All such repairs, restorations and replacements shall be constructed and installed in a good and workmanlike manner in compliance with Applicable Laws and Regulations. In carrying out its obligations under this Section 9.1, the Lessee shall not discriminate in any way in the maintenance of the Property as compared with other similar properties owned, managed or leased by the Lessee.

Section 9.2 Alterations; Additions.

(a) (i) Lessee shall make all alterations, renovations, modifications or improvements to the Improvements, including, without limitation, construction of new facilities with respect thereto and expansion and re-arrangement of the Improvements, destruction or demolition of existing Improvements (provided that

such destruction or demolition does not reduce the number of rentable square feet of the Improvements) and complete re-construction of a facility or any part thereof which is included as part of the Property (collectively, "Alterations"), which are required by Applicable Laws and Regulations.

(ii) Provided Lessee at the time of an Alteration maintains a Credit Rating of Investment Grade or higher, Lessee may make any Alteration not required by Applicable Laws and Regulations, the cost of which is ten percent (10%) or less of the Purchase Price of the Property, without Lessor's and Lender's consent;

(iii) Provided Lessee at the time of an Alteration maintains a Credit Rating of Investment Grade or higher, Lessee may make any Alteration not required by Applicable Laws and Regulations, the cost of which is more than ten percent (10%) of the Purchase Price of the Property, with Lessor's and Lender's prior consent, which consent shall not be unreasonably withheld;

(iv) In the event Lessee shall not then maintain a Credit Rating of Investment Grade or higher, Lessee shall not have the right to make any Alteration not required by Applicable Laws or Regulations the cost of which exceeds $250,000 unless Lessee shall have received the prior written consent of Lessor, not to be unreasonably withheld or delayed, and Lessee shall have delivered to Lessor security for the benefit of the Lessor and the Lender in form and substance reasonably satisfactory to the Lessor, and in amounts at all times sufficient (and which may be applied, with the consent of Lessor and Lender) to complete such Alteration.

Lessee's right to make Alterations is subject to the conditions that:

(x) such Alterations do not decrease (other than to a de minimis extent) the Fair Market Sales Value, Residual Value, condition, utility or Remaining Life of the Property below the Fair

Market Sales Value, Residual Value, condition, utility or Remaining Life of the Property immediately prior to the Alterations (assuming the Property was in the condition required by this Lease) and such Alterations do not cause the Property to be characterized as "limited-use property" (as defined in Revenue Procedure 2001-28); and

(y) Lessee has delivered to Lessor and Lender the plans and specifications relating to the proposed Alteration which, in cases where Lessor's and Lender's consent to an Alteration is required, shall be subject to Lessor's and Lender's approval, not to be unreasonably withheld or delayed. With respect to any Alteration, Lessee shall certify that: (x) any new structures, and any structural alterations, additions or additional buildings or structures, shall be built under the supervision of a certified architect, (y) the structural integrity of the existing buildings will not be impaired by such work, and (z) such new structures, structural alterations, additions or additional buildings or structures or the results of such demolition will not encroach upon (or with respect to demolitions, cause any damage to) any adjacent premises. With respect to demolitions, Lessee shall certify,

with respect to buildings not demolished, the substance of subclause (y) of the immediately preceding sentence, and with respect to buildings being demolished, the substance of subclause (z) of the immediately preceding sentence.

(b) It is understood and agreed that, so long as no Material Lease Default or Lease Event of Default shall have occurred and be continuing, Lessee shall have the right to construct on the Land, with the consent of Lessor and Lender (such consent not to be unreasonably withheld or delayed), additional buildings and other facilities which are not an integral part of the Improvements ("Additions") so long as such Additions and the impact of such
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Additions on the Property meet the conditions set forth in Sections 9.2(a)(i) and 9.2(a)(ii) above. In addition, the Lessor and Lender agree pursuant to Section 23.12 below, to provide such easements as may be reasonably requested by the Lessee in connection with such Additions, provided that such easements do
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not cause the Property and Alterations to fail to meet the conditions set forth in Section 9.2(a)(i) above.

(c) If Lessee shall make or cause to be made any Alterations or Additions, it shall do so in a good and workmanlike manner and, subject to Section 9.9 hereof, in compliance with Applicable Laws and Regulations, and such Alterations or Additions, as the case may be, shall be free of Liens other than Permitted Liens. Whenever Lessee is making Alterations or Additions, Lessee shall commence such Alterations or Additions promptly and, once commenced, shall diligently pursue the completion of such Alterations or Additions and, in any event, shall complete such Alterations within the lesser of three (3) years after commencement of such Alterations or Additions or the then remaining term of this Lease. If any such Alterations or Additions shall not have been completed prior to the expiration of this Lease, Lessee shall be deemed to remain in possession of the Property and Section 3.6 hereof shall apply.

(d) For the purpose of confirming that Lessee is not required to remove any specified Alteration or Addition as required by Section 9.5, the Lessee shall have the right to request the consent of the Lessor as to any Alteration or Addition to the Property pursuant to this Section 9.2 as to which consent is not otherwise required hereunder, which consent shall not be unreasonably withheld. The reasonable cost and expense of Lessor's (i) review of any plans and specifications or other documents required to be furnished pursuant to this Lease or (ii) review/supervision of any such Alterations or Additions shall be paid by Lessee to Lessor, within thirty (30) days after demand, as Additional Rent.

Section 9.3 Permanent and Non-Severable. All Alterations not required by Applicable Laws and Regulations, which are severable from the Property, which have not been financed by the Lessor, and which may be removed therefrom without (a) decreasing (other than to a de minimis extent) the Fair Market Sales Value, Residual Value or Remaining Life of the Property from the Fair Market Sales Value, Residual Value and Remaining Life that the Property would have had if such Alterations had never been made and (b) causing material damage to the Property (after taking into account the repairs which would be required to return the Property to its condition prior to the time that such Alterations were made (provided that Lessee makes all such repairs)) ("Severable Alterations") shall remain the property of Lessee. Not earlier than sixty (60) days prior to the surrender of the Property, the Lessor may elect to purchase on the Lease Termination Date from the Lessee any Severable Alterations (if not already owned by the Lessor, previously removed by the Lessee or previously identified for removal by Lessee) which purchase

shall be at the Fair Market Sales Value of such Alterations. Any such Severable Alterations which Lessor has not purchased or requested be removed and which Lessee elects to leave in place at the end of the Lease Term and all Additions shall, at such time, become Lessor's property and title thereto shall vest in Lessor without compensation to Lessee. All Alterations which are not Severable Alterations will become part of the Property and title thereto will automatically vest in Lessor when made without compensation to Lessee, and will thereupon become part of the Property subject to this Lease. On the Lease Termination Date at the request of Lessor, Lessee shall deliver a deed or bill of sale on an "as is, where is" basis to Lessor covering all Alterations which are not Severable Alterations and all other Alterations and Additions which Lessee is not removing from the Property, in each case, appropriate to transfer title to Lessor, free and clear of all Liens other than Permitted Liens.

Section 9.4 Cooperation. If any Applicable Laws and Regulations require that Lessor submit a request for governmental approvals and permits in connection with any Alterations or Additions, Lessor shall, subject to the terms and conditions of Section 23.12, cooperate in obtaining all necessary governmental permits and approvals to complete any such Alterations or Additions without any cost or expense to Lessor.

Section 9.5 Obligations with Respect to Alterations and Additions at End of Term. At the end of the Lease Term, if requested by Lessor, Lessee shall (at its expense) remove all Additions and all Alterations as to which the Lessor has not consented to their construction or installation on the Property. Lessee shall, at Lessee's sole cost and expense, diligently complete the removal of such Additions and Alterations (including any portion thereof below ground level) in a good and workmanlike manner in compliance with Applicable Laws and Regulations, and shall restore the Land on which such Alterations or Additions were constructed to its condition prior to the making of such Alterations or Additions.

Section 9.6 [Intentionally omitted.]

Section 9.7 Compliance with Applicable Laws and Regulations. During the Lease Term, at Lessee's expense and without expense to the Lessor, Lessee will comply in all material respects with the provisions of all Applicable Laws and Regulations governing the use, operation, condition or maintenance of, or otherwise affecting, the Property; provided, however, that this Section 9.7

shall not apply to compliance with Environmental Laws, which compliance shall be governed solely by Section 9.8.

Section 9.8 Environmental Covenants. In order to induce Lessor to enter into this Lease, Lessee covenants and agrees during the term of this Lease:

(a) to comply and to cause all assignees, tenants, sub-tenants and other Persons occupying or conducting business on the Property to comply with all Environmental Laws applicable to the Property or any operation thereon or to Lessee or its subtenants, assignees, tenants as occupants of the Property or other Persons occupying or conducting business on the Property;

(b) to have sole responsibility for any and all costs and expenses of compliance with applicable Environmental Laws, including any such compliance directed to the Lessor or to

which any of Lessor, or Lessee or its subtenants, assignees, tenants or other Persons occupying or conducting business on the Property may become subject;

(c) not to generate, use, treat, store, handle, Release or dispose of, or permit the generation, use, treatment, storage, handling, Release or disposal of Hazardous Materials on the Property, or transport or permit the transportation of Hazardous Materials to or from the Property in any quantity or manner which would violate, or give rise to liability under, any applicable Environmental Laws;

(d) to conduct or cause to be conducted any investigation, study, sampling and testing and undertake any Remedial Action with respect to Hazardous Materials on or from the Property (including, for the avoidance of doubt, with respect to Hazardous Materials on or from the Property prior to commencement of the Lease Term) as required by and in accordance with the requirements of the applicable Environmental Laws;

(e) (i) Lessee shall promptly notify Lessor of (A) any fact, circumstance, condition, occurrence or Release of Hazardous Materials occurring at or from the Property relating to any underground storage tank or otherwise that may be reasonably expected to result in an expense in excess of $500,000 relating to or as a result of noncompliance with any applicable Environmental Law, such notice to be given no later than fifteen (15) Business Days after the condition is discovered by Lessee or such Release or occurrence takes place, whichever is later, and (B) any pending or threatened Environmental Claim that may reasonably be expected to result in an expense in excess of $500,000 against Lessee relating to the Property, such notice to be given no later than fifteen (15) Business Days after Lessee receives written notice that such Environmental Claim is commenced or threatened. To the extent possible, all such notices shall describe in reasonable detail the nature of the Environmental Claim, fact, circumstance, condition, occurrence or Release and Lessee's response thereto.

(ii) Upon the written request of Lessor, Lessee shall provide Lessor with copies of all written communications with any Governmental Authority or third party (other than any privileged written communication with counsel), and all other documents reasonably requested by the foregoing Persons relating to the subject of any notice required under Section 9.8(e)(i).

(iii) Lessee shall provide reports relating to any Environmental Claim in such detail as may reasonably be requested by Lessor. In addition, if any fact, circumstance, condition, occurrence or Release occurs at or from the Property that relates to any underground storage tank or otherwise that may reasonably be expected to result in an expense in excess of $500,000 relating to or as a result of noncompliance with any applicable Environmental Law or Environmental

Claim, Lessor may require with respect to the Property that is the subject of the claim, at Lessee's sole cost and expense, the undertaking of a Phase I environmental audit and, if such Phase I environmental audit discloses any environmental condition or conditions that reasonably require a Phase II environmental audit, a Phase II environmental audit for the Property. All audits pursuant to this provision shall be prepared by a consultant that is, and the scope of the audit shall be, reasonably acceptable to Lessor.

(iv) Subject to the terms of Article XV, Lessor, Lender and their respective agents, employees, contractors and representatives shall have the right, but not the duty, at Lessor's cost and expense (unless a Lease Event of Default is continuing, in which case such inspection will be at Lessee's cost and expense), to enter upon the Property during reasonable times and upon reasonable notice to monitor and inspect any fact, circumstance, condition, occurrence or Release of Hazardous Materials thereon that relates to an underground storage tank or otherwise that may result in an expense in excess of $500,000 relating to or as a result of non-compliance with any applicable Environmental Law. In exercising its rights herein, each such party shall use reasonable efforts to minimize interference with the Lessee's business but any such entry shall not constitute an eviction of Lessee, in whole or in part. If any Governmental Authority shall ever require testing to ascertain whether there has been a Release or violation of applicable Environmental Laws, then the costs thereof shall be paid by Lessee; and

(f) Lessee shall maintain the Property and cause alterations to be performed to the Property in compliance with Environmental Laws applicable to asbestos.

Section 9.9 Contests. (a) Subject to the terms of Section 9.9(b) of this Lease, during the Lease Term, Lessee may contest the validity or application of any Applicable Laws and Regulations (other than with respect to any matters described in the Tax Indemnity Agreement, as to which the Tax Indemnity Agreement shall control) or the validity or amount of any Impositions or Liens by appropriate proceedings diligently conducted in good faith in the name of Lessee, or, if the provisions of any Applicable Laws and Regulations require that such proceeding be brought by or in the name of Lessor, with Lessor, in the name of Lessor, or both, without any cost or expense to Lessor so long as such proceedings shall not interfere with the disposition of the Property or any part thereof or involve (i) any material risk of the sale, forfeiture or loss of the Property or any part thereof or title thereto or any interest therein, (ii) a material risk of extending the ultimate imposition of such Applicable Laws and Regulations beyond the termination of the Lease Term, (iii) any risk of criminal liability being imposed on the Lessor, or (iv) a material risk of reduction of the value, utility or remaining useful life (except to an insignificant extent) of the Property.

(b) Subject to Section 9.9(a) and satisfaction of the following conditions, Lessee, at its sole cost and expense, may contest the assertion by any Governmental Authority or any other Person of any Applicable Laws and Regulations affecting all or a portion of the Property:

(i) no Lease Event of Default has occurred and is continuing;

(ii) such contest shall not present (A) any material danger of the sale, forfeiture or loss of any part of the Property, title thereto or interest therein, material interference with the use, value or disposition of the Property or the payment of Rent relating to the Property, or (B) any danger of criminal liability or material danger of any civil sanctions being imposed on the Lessor;

(iii) such contest shall not result, or be reasonably likely to result, in any Lien against the Property or any Rent payable hereunder or, if such contest shall, or

shall be reasonably likely to, result in any such Lien, and if the Lessee shall not then maintain a Credit Rating of Investment Grade, Lessee shall have provided additional security for the benefit of the Lessor and the Lender in form and substance, and in amounts, reasonably satisfactory to the Lessor;

(iv) any such contests, once instituted, unless discontinued, settled or compromised, shall be prosecuted diligently until a final judgment is obtained; and

(v) Lessee may only delay compliance with the subject Applicable Laws and Regulations until the earliest to occur of: (A) a determination by the applicable judicial or Governmental Authority that the contest is unsuccessful, which determination is not, or ceases to be, subject to further appeal, (B) the discontinuance, settlement or compromise of such judicial proceeding or proceeding involving or heard by a Governmental Authority or (C) the last day of the Basic Term or any Renewal Term then in effect.

ARTICLE X

LOCATION AND USE

Section 10.1 Location. Lessee shall not remove, or permit to be removed, the Improvements or any part thereof from the Property without the prior written consent of the Lessor, except that the Lessee or any other Person may remove (a) any Severable Alteration with respect to which title has passed to or remained with the Lessee in accordance with the provisions of Section 9.3, (b) any part of the Improvements on a temporary basis for the purpose of repair or maintenance thereof or (c) any part of an Improvement which has been replaced by another part pursuant to Section 9.2 and which has become subject to this Lease.

Section 10.2 Use. Lessee may use the Property for any lawful purpose, provided such use involves general office, research and development or distribution purposes, and does not increase the risk of an Environmental Claim ("Permitted Uses"). Lessor shall not unreasonably withhold its consent to any other use of the Property by Lessee, so long as such use relates to the business of manufacturing, distributing, assembling and designing automobile, truck and off-highway vehicle parts. Lessee shall have the right not to utilize the Property or any part thereof at any time and from time to time, subject to compliance with all other terms of this Lease.

ARTICLE XI

INSURANCE

Section 11.1 Coverage. Subject to Lessee's rights of self-insurance set forth in this Section 11.1, Lessee shall maintain or cause to be maintained:

(a) (i) all-risk property insurance covering each and every component of the Property against physical loss or damage, including, but not limited to fire and extended coverage, collapse, flood and earth movement in an amount at least equal to the replacement value. Such

insurance policy shall contain an agreed amount endorsement waiving any coinsurance penalty; (ii) loss of rental income insurance in an amount sufficient to provide proceeds which will cover the actual loss of Basic Rent during restoration, not to exceed a period of twelve (12) months.

(b) "boiler and machinery" insurance with respect to damage (not insured against pursuant to Section 11.1(a) hereof) to the boilers, pressure vessels or similar apparatus located on the Property for risks normally insured against under boiler and machinery policies;

(c) commercial general liability insurance with respect to the Property written on an occurrence basis (not claims made basis) with a limit of not less than $1,000,000 per occurrence. Such coverage shall include, but shall not be limited to, premises/operations, explosion, collapse, underground hazards, hostile fire and limited sudden and accidental pollution, contractual liability, independent contractors, property damage, bodily injury, advertising injury and personal injury liability. Such insurance shall not contain an exclusion for punitive or exemplary damages when insurable by law;

(d) (i) Workers' Compensation insurance in accordance with statutory provisions or qualified self-insurance covering accidental injury, illness or death of an employee of Lessee while at work or in the scope of his employment with Lessee and (ii) Employer's Liability in an amount not less than $1,000,000 or such greater amount as may be required by law. Such coverage shall not contain any occupational disease exclusion; and

(e) excess or umbrella liability insurance in an amount not less than $10,000,000 written on an occurrence basis (i.e., not claims made basis)
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providing coverage limits in excess of the insurance limits in (c) and (d)(ii) above for all operations of the Lessee. Such insurance shall follow the form of the primary insurance and drop down in case of exhaustion of underlying limits. Such insurance shall not contain an exclusion for punitive or exemplary damages where insurable under law.

The insurance required to be maintained pursuant to this Lease shall be no less favorable, except for limits of liability, than that generally maintained by Lessee and its Affiliates on properties which are owned or operated by them and all insurance carried pursuant to Sections 11.1(a) (i) and 11.1(a)(ii) or 11.1(c) shall be placed with such insurer having a minimum Standard & Poor's rating of A and insurance carried pursuant to Sections 11.1(b) and 11.1(e) shall be placed with such insurer having a minimum A.M. Best rating of A.IX (or such other rating as Lessor and Lender may reasonably agree) authorized to do business in the State in which the Property is located, and be in such form, with terms, conditions, limits and deductibles as shall be reasonably acceptable to the Lessor; provided that such insurance may be reinsured by insurers in which Lessee or any of its Affiliates has an interest.

To the extent that any of the levels of insurance specified above are not available in the commercial market or not available at commercially reasonable rates, the Lessee shall be entitled to maintain insurance at lower levels or different terms and conditions so long as the coverage is consistent with the practice of the Lessee.

Any of the foregoing insurance coverages may be carried as a part of blanket policies, provided that (i) amounts shall not be less than those
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required by this Section 11.1; (ii) any

such policy(ies) shall otherwise comply with the requirements of this Article XI; (iii) the protection afforded, except for the limits of liability or the exhaustion of aggregate limits, under any such policy(ies) shall be no less than that which would have been afforded under a separate policy or policies relating only to the Property; and (iv) each certificate of insurance shall explicitly specify replacement value with respect to the Property coverage.

Notwithstanding the preceding provisions of this Section 11.1, at any time that the Lessee shall maintain a Credit Rating of BBB from Standard & Poor's and Baa2 from Moody's, or higher, Lessee shall be entitled to self-insure and/or have deductibles against any risks described in Section 11.1(a)-(d) so long as such risks retained do not exceed $10,000,000 (as adjusted upwards annually by the consumer price index) in any single occurrence and no Lease Event of Default shall have occurred and be continuing for thirty (30) days. At any time that the Lessee is not entitled to self-insure as described in the immediately preceding sentence, (i) if the Lessee shall then maintain a Credit Rating of Investment Grade or higher, the amount of any deductible with respect to any property insurance policy required by this Lease shall be $250,000 or less and with respect to any general liability insurance policy required by this Lease shall be $1,500,000 or less or (ii) if the Lessee shall not then maintain a Credit Rating of Investment Grade or higher, then within thirty (30) days of the downgrade below Investment Grade, the amount of any deductible with respect to any property or general liability insurance policy required by this Lease shall not be greater than five percent 5% of annual Basic Rent. The Lessee may, from time to time, increase the amount of self-insurance and/or deductibles from the amounts set forth herein with the Lessor's prior written consent, such consent not to be unreasonably withheld. In addition, with respect to insurance required by Section 11.1(e), at the written request of the Lessor delivered not less than sixty (60) days prior to the proposed effective date thereof, all minimum amounts of policies (but not deductibles) shall be increased (but not decreased) on or after the tenth (10th) anniversary of the Lease Term Commencement Date and every five (5) years thereafter to the level that a prudent lessee of comparable property would carry.

Section 11.2 Policy Provisions. Any insurance policy required to be maintained by Lessee pursuant to Section 11.1 shall:

(a) specify Lessee as the insured, Lessor as loss payee and Lender as mortgagee and loss payee with respect to all property insurance, including rental income insurance, and, except in the case of the insurance described in Section 11.1(d), Lessor and Lender as additional insured in respect of claims or suits for bodily injury or property damage arising from the use, ownership, occupancy, lease or sublease of the Property as to all such insurances. It shall be understood that any obligation imposed upon the Lessee, including but not limited to the obligation to pay premiums, shall be the sole obligation of Lessee and not of Lessor;

(b) provide, in the case of insurance carried pursuant to Section 11.1(a) and (b), that all insurance proceeds in respect of any loss or occurrence with respect to the Property (i) shall be adjusted with Lessee, unless a (and only for so long as no) Lease Event of Default shall be continuing, in which case such proceeds shall be adjusted solely with Lessor (or Lender, if Lessor has assigned such right to Lender) and (ii) shall be payable (x) to Lessee in accordance with Article XIV, and (y) in all other circumstances to Lessor or the Depository or otherwise as Lessor may direct;

(c) provide that, in respect of the interests of Lessor and Lender, such policies shall not be invalidated by any action or inaction of Lessee or any other Person (other than the Person making the claim thereunder) and shall insure Lessor and Lender regardless of, and any claims for losses shall be payable notwithstanding:

(i) any act of negligence, including any breach of any condition or warranty in any policy of insurance, of Lessee or any other Person (other than the Person making the claim thereunder);

(ii) the occupation or use of the Property for purposes more hazardous than permitted by the terms of the policies;

(iii) any foreclosure or other similar proceeding or notice of sale relating to any of the Property; and

(iv) any change in the title to or ownership of the Property after Lessee and its insurance underwriter has notice of such change in title or ownership;

(d) provide that such insurance shall be primary insurance and that the insurers under such insurance policies shall be liable under such policies without right of contribution from any other insurance coverage effected by or on behalf of Lessor under any other insurance policies covering a loss that is also covered under the insurance policies maintained or arranged by Lessee pursuant to this Article XI and shall expressly provide that all provisions thereof, except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of Lessee), shall operate in the same manner as if there were a separate policy covering each insured;

(e) provide that any cancellation thereof shall not be effective as to Lessee, Lessor or Lender until at least thirty (30) days after receipt by Lessee or Lessor, as applicable, of written notice thereof (except for the nonpayment of premium for which ten (10) days notice shall be given); provided --------
that such delayed effectiveness shall not be required where the insurance proposed to be canceled has been replaced with other insurance, or Lessee has self-insured, in either case in accordance with the terms hereof; and

(f) waive any right of subrogation of the insurers against Lessor and Lender and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Lessor or Lender.

So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall have the right to settle all claims with the insurers.

Section 11.3 Certificates of Insurance; Performance by Lessor. On or ----------
prior to the Closing Date and on or before the fifteenth (15th) day prior to the expiration of any policy maintained pursuant to this Article XI and not less than five (5) days prior to any assignment of Lessee's interest in this Lease permitted under Section 13.3 of this Lease or any sale or replacement of the Property or any refinancing permitted under this Lease, Lessee shall deliver to Lessor certificates of insurance issued by the insurers evidencing the insurance maintained pursuant to this Article XI or, to the extent Lessee is permitted to self-insure under the requirements established in

Section 11.1 of this Lease and Lessee has elected to do so, an Officer's Certificate that self-insurance is permitted under Section 11.1 of this Lease and that self-insurance is in place for any insurance coverage required under this Article XI that is not otherwise evidenced by the insurers' certificates of insurance. In the event that Lessee shall fail to maintain insurance or provide notice of self-insurance as herein provided, Lessor and/or its successors, designees, or assigns may at their respective option, but without obligation, provide such insurance and, in such event, Lessee shall, within ten (10) days after receipt of demand from time to time, reimburse Lessor and/or its successors, designees, or assigns for the cost thereof, together with interest

on such cost at the Overdue Rate computed from the date of payment of such cost to the date of reimbursement. Lessor and/or its successors, designees, or assigns shall give prompt written notice to Lessee of any such insurance.

Section 11.4 General. Notwithstanding anything to the contrary herein, no provision of this Article XI or any provision of this Lease shall impose on Lessor any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by Lessee, nor shall Lessor be responsible for any representations or warranties made by or on behalf of Lessee to any insurance broker, company or underwriter.

Section 11.5 Proceeds. All proceeds of property insurance policies or self-insurance maintained pursuant to this Article XI and the amount of any deductible shall be paid in the manner set forth in Article XIV of this Lease; provided, however, that, if the applicable Section of this Lease requires that the proceeds of property insurance be retained by the Depository, and Lessee was self-insured with respect to the occurrence which would have generated such proceeds, then Lessee shall, within seven (7) days after receipt of written notice from Lessor, pay a sum equal to the proceeds which would have been paid by the insurance policies required under Section 11.1(a) (assuming that there was no deductible allowed and no self-insurance in place), to the Depository as though there were an actual policy of insurance in place.

Section 11.6 Separate Insurance. Nothing in this Article XI shall be construed to prohibit Lessor from insuring at its own expense the Property or its interest therein, provided any insurance so maintained shall not provide for or result in a reduction of the coverage or the amounts payable under any of the insurance required to be maintained by Lessee under this Article XI.

ARTICLE XII

RETURN OF PROPERTY

Section 12.1 Surrender; Environmental Compliance. On the Lease Termination Date, Lessee shall surrender the Property in good order and condition, ordinary wear and tear and loss by casualty covered by insurance (to the extent the proceeds have been received by the Lessor) excepted, free and clear of all Liens other than Lessor Liens and Liens described in clause (vi) of the definition of Permitted Liens, in the condition required by Section 9.1 of this Lease. In the event Lessee elects, at its option, to remove any of the equipment described on Schedule X, or any other property or equipment not subject to this Lease, Lessee shall repair any damages caused by such removal and restore the Property to the condition it was in prior to the installation of such

equipment or property. Upon surrender, the Lessee shall deliver an Environmental Report to the Lessor showing that the Property is in compliance with Environmental Laws, which Environmental Report shall be dated within one hundred twenty (120) days of the date of such surrender. The delivery of such Environmental Report shall not relieve the Lessee of any indemnification obligation or liability with respect to any Release, violation of Environmental Law, Environmental Claim or other loss of or damage to any property or the environment. Simultaneously with such surrender, Lessee shall deliver to Lessor:

(i) to the extent maintained by Lessee in the ordinary course of its business, originals of all transferable operating licenses, other licenses, certificates of occupancy, other certificates,

permits, authorizations and approvals relating to the use and occupancy of the Property;

(ii) to the extent in the possession or control of Lessee (x) plans and specifications for all mechanical, electrical and HVAC systems pertaining to the Property and (y) as-built drawings, blueprints, operating and repair manuals, engineering logs and preventative maintenance records relating to the Property or any Alteration or Addition;

(iii) maintenance contracts, warranties or claims related to the Property or any Alteration or Addition;

(iv) keys to the Property and all locks located therein in the possession or control of Lessee; and

(v) such other papers and documents in the possession and control of Lessee which may be necessary for the ownership or the proper operation of the Property.

ARTICLE XIII

ASSIGNMENT, SUBLEASING AND MERGER

Section 13.1 Subletting of Portions of the Property Without Lessor's Consent. The Lessee may sublease all or any part of the Property to any Person at any time on such terms and conditions as Lessee may desire in its sole discretion, without the consent of Lessor; provided, however, that (i) any such sublease shall be expressly subject and subordinate to this Lease and shall not release Lessee from any of its obligations or liabilities under this Lease or under any other Operative Document; (ii) no such sublease may be entered into if a Lease Event of Default has occurred and is continuing; (iii) any sublessee shall not be bankrupt or insolvent at the inception of the sublease and shall be permitted to use the Property only for Permitted Uses; (iv) any such sublease shall be for a term that does not extend beyond the Basic Term or any Renewal Term that has been irrevocably elected; (v) the sublease shall not contain any purchase options; and (vi) no sublease shall cause any portion of the Property to be tax-exempt use property within the meaning of Section 168(h) of the Code.

Section 13.2 Delivery of Non-Disturbance Agreements by Lessor. Upon the request of Lessee, Lessor and Lender shall execute and deliver a subordination, non-disturbance and attornment agreement in the form attached to this Lease as Exhibit B (a "Non-Disturbance Agreement"), in connection with a sublease by Lessee complying with Section 13.1, provided such sublease is (i) to a sublessee with a Credit Rating of at least Baa by Moody's and BBB by Standard & Poor's, (ii) at a rental rate equal to the greater of the Basic Rent payable under this Lease on a per square foot basis and the Fair Market Rental Value of the Property, (iii) for not less than fifty percent (50%) of the usable square footage of the Improvements which space is physically contiguous to the space which is not subleased and is accessible by a separate entrance or a common lobby, (iv) for a term of not less than five (5) years and not more than ten (10) years, and provided that the Improvements are readily convertible to multi-tenant use without material expenditure of funds so that the space remaining after the subletting is contiguous and is accessible by a separate entrance or a common lobby and is a self-contained and readily marketable unit of space. Lessor and Lender shall execute and deliver the Non-Disturbance Agreement with respect to such sublease within twenty (20) Business Days after

request by Lessee so long as (x) Lessee pays all reasonable costs and expenses (including reasonable attorneys' fees and expenses) in connection therewith, (y) no Lease Event of Default has then occurred and is continuing and (z) the Lessee shall have delivered a certificate to the Lessor and the Lender confirming compliance with Section 13.1 and this 13.2.

Section 13.3 Assignment of Lease. So long as no Lease Event of Default has occurred and is continuing, Lessee may assign its interest in this Lease without the consent or approval of Lessor. No assignment permitted hereunder shall (a) relieve Lessee of any of its obligations, liabilities or duties hereunder and under the other Operative Documents, which shall be and remain those of a principal and not a guarantor, (b) cause any portion of the Property to be tax-exempt use property within the meaning of Section 168(h) of the Code or (c) be to an assignee that is bankrupt or insolvent as of the effective date of such assignment. Notwithstanding clause (a) of the immediately preceding sentence, Lessee may assign its interest in this Lease and the Lessee shall be relieved of all its obligation, liabilities or duties hereunder so long as (i) (A) the assignee of this Lease has a Credit Rating of not less than A3 by Moody's and A- by Standard & Poor's or (B) the obligations of the assignee of this Lease are guaranteed by an entity which has a Credit Rating of not less than A3 by Moody's and A- by Standard & Poor's, (ii) the assignee and such guarantor shall have assumed the due and punctual performance of all of the obligations of Lessee under this Lease pursuant to an assignment and assumption agreement and guarantee in form and substance, and supported by opinions in form and substance and from counsel, satisfactory to the Lessor and Lender and (iii) Lessor shall have consented thereto (which consent shall not be unreasonably withheld).

Section 13.4 Merger. The Lessee agrees that it will not consolidate with or merge with any other Person or sell, convey, transfer or lease its assets as an entirety or substantially as an entirety, unless: (a) the surviving entity (if other than the Lessee) or the Person that shall acquire by sale, conveyance, transfer or lease the assets of the Lessee as an entirety or substantially as an entirety shall execute and deliver to the Lessor an assumption by such successor entity of the due and punctual performance of each covenant and condition of this Lease to be performed or observed by the Lessee and (b) no Material Lease Default or Lease Event of Default shall have occurred and be continuing after giving effect to such consolidation, merger or sale, conveyance, transfer or lease of assets of the Lessee as an entirety or substantially as an entirety.

Upon any such consolidation or merger, or any sale, conveyance, transfer or lease of the assets of the Lessee as an entirety or substantially as an entirety in accordance with this Section 13.4, the surviving Person or the Person to which such sale, conveyance, transfer or lease shall be made shall succeed to, and be substituted for, and may exercise every right and power of, the Lessee under this Lease.

Section 13.5 Affiliates. Subject to Section 13.1, the Lessee shall have the right, without the consent of Lessor, to sublease the Property or portions thereof to, or share occupancy with Affiliates of Lessee (or entities which are joint ventures of Lessee, its Affiliates and third parties), provided Lessee shall remain liable under this Lease as a principal and not as a guarantor.

ARTICLE XIV

LOSS, DESTRUCTION, CONDEMNATION OR DAMAGE

Section 14.1 Payment of Stipulated Loss Value on an Event of Loss.

Upon the occurrence of an Event of Loss, the Lessee shall promptly (and, in any event, within thirty (30) days after such occurrence) give the Lessor written notice of such Event of Loss and shall, within ninety (90) days after such occurrence give the Lessor written notice stating whether Lessee elects to (i) comply with the provisions of Section 14.2 hereof relating to restoration and rebuilding of the Property affected by such damage, destruction or taking, or (ii) terminate this Lease on a Rent Payment Date occurring not less than one hundred twenty (120) days from the delivery of such notice and, if such election shall occur during the Basic Term, making a rejectable offer to purchase the Property in accordance with this Section 14.1. Unless the Lessor rejects the Lessee's offer to purchase the Property in accordance with the last paragraph of this Section 14.1, on the first Stipulated Loss Value Date at least one hundred twenty (120) days after the date of such notice the Lessee shall, without regard to the adequacy of any Net Casualty Proceeds or Net Condemnation Proceeds, pay to the Lessor an amount equal to the sum of the Stipulated Loss Value as of such payment date and other amounts, if any, then due hereunder or under any of the other Operative Documents (collectively, the "Termination Amount"). If an Event of Loss shall occur during a Renewal Term, Lessee shall, within ninety (90) days after such occurrence, give Lessor written notice whether Lessee elects to (i) comply with the provisions of Section 14.2 hereof relating to restoration or rebuilding of the Property, or (ii) terminate this Lease. In the event Lessee elects to terminate this Lease, this Lease shall terminate on a Rent Payment Date selected by Lessee which is not less than sixty (60) days after the date of Lessee's notice, upon payment by Lessee of the sums described in Section 14.1(d) hereof.

(a) If the Lessor fails to expressly reject Lessee's offer to purchase pursuant to this Section 14.1 in writing within ninety (90) days from the date of Lessee's offer, the Lessee shall pay the Termination Amount specified in Section 14.1 to the Lessor on such purchase date; provided that (i) any Net Casualty Proceeds derived from insurance required to be maintained by the Lessee pursuant to Section 11.1 of this Lease then held by the Lessor shall be credited against such Termination Amount, if not already paid by the Lessee, and any Net Casualty Proceeds derived from insurance required to be maintained by the Lessee pursuant to Section 11.1 of this Lease remaining thereafter shall be paid to, or retained by, the Lessee or as it may direct or, if such Termination Amount has already been paid by the Lessee, any such Net Casualty Proceeds shall be

paid over to, or retained by, the Lessee or as it may direct and (ii) the Lessee's interest in the Net Condemnation Proceeds (to the extent that proceeds have been received by the Lessor) shall be credited against such Termination Amount, if not already paid by the Lessee, and any such Net Condemnation Proceeds remaining thereafter shall be paid over to, or retained by, the Lessee or as it may direct or, if such Termination Amount has already been paid by the Lessee, such Net Condemnation Proceeds (to the extent that proceeds have been received by the Lessor) shall be paid over to, or retained by, the Lessee or as it may direct. Upon payment in full of the Termination Amount payable pursuant to this Section 14.1, (x) the Lease Term shall end, (y) the obligations of the Lessee hereunder (other than any obligations expressed herein as surviving termination of this Lease) shall terminate as of the date of such payment and (z) with respect to an Event of Loss not constituting an Event of Taking of 100% of the Property, the Lessor shall transfer to the Lessee, or if the Lessee shall so designate, to the property damage insurer, as-is, where-is, without recourse or warranty but free and clear of Lessor Liens, and subject to the same disclaimers as set forth in Section 7.1, all right, title and interest of the Lessor in, to and under the Property.

(b) Anything herein to the contrary notwithstanding, if the Lessee shall fail to pay all amounts due under and pursuant to this Section 14.1, no sale shall be consummated and this Lease shall continue in full force and

effect.

(c) In the event that the Lessor expressly rejects in writing the offer of the Lessee to purchase the Property as provided in this Section 14.1 at the purchase price stated therein, the Lessee shall pay the following amount to the Lessor or such amount shall be retained (in the case of the Net Casualty Proceeds) by the Lessor on the date that would otherwise have been the purchase date pursuant to Section 14.1(i) hereof: the sum of (A) Net Casualty Proceeds or Net Condemnation Proceeds, as the case may be, plus (B) with respect to an Event of Loss not constituting an Event of Taking, an amount equal to the deductible under the policy or policies represented by such Net Casualty Proceeds, plus (C) with respect to an Event of Loss not constituting an Event of Taking, any amounts Lessee has chosen to self-insure (the amounts described in clauses (A), (B) and (C) being collectively referred to as the "Loss Proceeds" for the Property. Upon payment in full of such amount, plus any Basic Rent then accrued and unpaid and any Additional Rent, (1) the Lease Term shall end and (2) the obligations of the Lessee hereunder (other than any obligations expressed herein as surviving termination of this Lease) shall terminate as of the date of such payment. Upon payment to Lessor of all amounts owing under this paragraph, all Loss Proceeds remaining shall be paid to or retained by the Lessee.

Section 14.2 Restoration; Application of Payments. All Net Proceeds (except for payments under insurance policies maintained other than pursuant to Article XI of this Lease) received at any time by the Lessor or the Lessee from any Governmental Authority or other Person with respect to any Condemnation, Casualty or Event of Loss to the Property or any part thereof, shall (except to the extent Section 14.4 applies) be applied as set forth below in this Section 14.2. Unless the Lessee shall have offered to purchase the Property in accordance with Section 14.1 hereof and the Lessor shall have agreed to accept such offer, the repair, rebuilding, replacement and restoration of the Property shall be commenced by Lessee within one hundred twenty (120) days after any Condemnation, Casualty or Event of Loss (and in any event, Lessee shall promptly effect such repair, rebuilding, replacement or restoration as shall be necessary to stabilize the Improvements and render the Improvements safe), and such repair, rebuilding, replacement or

restoration shall be completed promptly, but in any event prior to the end of the Lease Term. Subject to the provisions of this Section 14.2, so long as there is not continuing any Material Lease Default or Lease Event of Default, the Lessee shall control all aspects of any repair, rebuilding, replacement and restoration of the Property so as to (i) restore the same to at least the value, utility and remaining useful life and (ii) to the extent possible, to substantially the same condition as existed immediately prior to the occurrence of such Condemnation, Casualty or Event of Loss (other than the restoration of Improvements made after the Closing Date to which the Lessee retains title) and, except to the extent permitted by Section 9.9, in accordance with Applicable Laws and Regulations. In addition to its rights under Section 15.1 hereof, Lessor shall have the right to review plans and specifications and inspect the Property, at Lessee's sole cost and expense, at any time upon not less than three (3) Business Days' prior notice in connection with any such repair, rebuilding, replacement or restoration.

(a) If the Lessee shall have elected or be required to repair or restore the Property and (i) no Material Lease Default or Lease Event of Default has occurred and is continuing, (ii) Lessee shall then maintain a Credit Rating of Investment Grade and (iii) the Net Proceeds (including amounts with respect to which Lessee is self-insured as provided in Section 11.5 hereof) payable are ten percent (10%) of the Purchase Price or less, all such Net Proceeds shall, subject to Section 11.2(b), be paid to the Lessee immediately upon demand, and in any event shall be applied, as necessary, for the repair or restoration of the Property;

(b) If (i) a Material Lease Default or Lease Event of Default has occurred and is continuing at the time of the subject Casualty, Condemnation or Event of Loss, or thereafter during the repair or restoration period or (ii) Lessee shall then not maintain a Credit Rating of Investment Grade or (iii) the Net Proceeds with respect to the Property exceed ten percent (10%) of the Purchase Price, the full amount of such Net Proceeds, or the amount of such excess, as applicable shall be paid to the Depository. The Depository shall have no affirmative obligation to prosecute a determination of the amount of, or to effect the collection of, any Net Proceeds unless the Depository shall have been given an express written undertaking to do so. Moneys received by the Depository pursuant to the provisions of this Lease shall not be commingled with the Depository's own funds and shall be held by the Depository in trust, either separately or with other trust funds, for the uses and purposes provided in this Lease. The Depository shall invest any moneys held by it in Permitted Investments and the interest paid or received by the Depository on the moneys so held in trust shall be added to the moneys so held in trust. The Depository shall not be liable or accountable for any action taken or suffered by the Depository or for any disbursement of moneys made by the Depository in good faith in reliance on advice of legal counsel. In disbursing monies pursuant to this Section, the Depository may rely conclusively on the information contained in any notice given to the Depository by the Lessee (a copy of which shall be sent to the Lessor) in accordance with the provisions hereof unless the Lessor notifies the Depository in writing within ten (10) Business Days after the giving of any such notice by the Lessee that (i) the Lessor intends to dispute such information, in which case the disputed amount shall not be disbursed but shall continue to be held by the Depository until such dispute shall have been resolved or (ii) a Lease Event of Default is continuing, in which case the proceeds shall be held in accordance with Section 23.9 hereof;

(c) If such excess proceeds or the full amount of such Net Proceeds, as applicable, are being held pursuant to clause (b) above, from time to time, but not more often than

once in any thirty (30) day period and provided that the Lessee has first paid
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any amounts required to be paid by the Lessee out of its own funds hereunder, the Lessee may (i) request reimbursement out of such excess proceeds or Net Proceeds, as applicable, for the actual costs and expenses incurred by the Lessee in connection with such repair and rebuilding; or (ii) request the Depository to pay such costs and expenses directly to contractors and suppliers. Such requests shall be made by written notice to the Depository, setting forth in reasonable detail all of such costs and expenses incurred by the Lessee and certifying that (1) all of such costs and expenses are due and owing (or will be due and owing within the next seven (7) days) and (2) such costs and expenses were not the subject of a previous certificate delivered pursuant to this clause (c) and (3) such other matters as are customary in accordance with prudent practice for periodic construction draws. Any request by the Lessee for the payment of such excess proceeds or such Net Proceeds, as applicable, shall also be accompanied by:

(I) a certificate of a licensed architect certifying:

(A) that the restoration has been completed to the extent set forth in the request for work completed to such date by the Lessee in compliance in all material respects with the approved plans for such restoration; and

(B) the cost, as reasonably estimated by such certifying party, of the restoration to be completed subsequent to the date of such certificate; and

(II) an Officer's Certificate of the Lessee certifying that:

(A) the amount of Net Proceeds then held by the Depository and

the Lessee, as the case may be, are sufficient to complete the restoration to be completed subsequent to the date of such certificate or if not, that Lessee has delivered to the Depository available funds (and Lessee hereby agrees to deposit such funds with the Depository) which, together with the undisbursed Net Proceeds, are sufficient to complete the restoration;

(B) no Material Lease Default or Lease Event of Default is continuing; and

(C) no Liens other than Permitted Liens have arisen out or any labor performed in connection with such repair and restoration.

If the Lessor shall in good faith desire to dispute the information contained in any notice given by the Lessee, the Lessor shall so notify the Lessee and the Depository in writing within five (5) Business Days after the giving of such notice, specifying the amount intended to be disputed and the nature of the dispute. After such five (5) Business Days period has elapsed, if the Lessor has not disputed the information contained in the Lessee's notice, the Depository shall promptly disburse to the Lessee out of such excess proceeds or Net Proceeds, as the case may be, the amount of such costs and expenses;

(d) Subject to Section 14.5, and once such repair and restoration is completed in accordance with the plans and specifications approved by Lessor, as certified by an independent architect engaged by Lessee, and fully paid for, any Net Casualty Proceeds under insurance paid for

or provided by the Lessee in excess of amounts necessary for the repair or restoration of the affected Improvements, or amounts necessary for the payments required to be paid pursuant to Section 14.1, shall be paid to the Lessee upon payment of the amounts required to be paid under Section 14.1 or to be paid because of the Lessor's rejection of the Lessee's offer to purchase the Property; and

(e) Any Net Condemnation Proceeds shall be divided between the Lessor and the Lessee as their interests appear in accordance with Applicable Laws and Regulations. Any such Net Condemnation Proceeds attributable to the Lessee's interest in the affected Property(s) shall be applied first to the payment of amounts required to be paid under Section 14.1, if applicable, and all other Net Condemnation Proceeds attributable to the Lessee's interest shall be paid to the Lessee. Any Net Condemnation Proceeds attributable to the Lessor's interest in the Property shall be distributed to the Lessor.

During any period of repair or rebuilding pursuant to this Article XIV, this Lease will remain in full force and effect and Basic Rent allocable to the Property shall continue to accrue and be payable without abatement or reduction. The Lessee shall maintain records setting forth information relating to the receipt and application of payments in accordance with this Section 14.2. Such records shall be kept on file by the Lessee at its offices and shall be made available at their then current location to the Lessor during normal business hours upon request. All repair and rebuilding pursuant to this Article XIV shall be done in compliance with the requirements of Section 9.2(a) (as if references therein to "Alterations" were to such repair and rebuilding).

Section 14.3 Event of Taking. If an Event of Taking shall occur for the Property, prior to the date title to the Property shall have been conveyed to the condemning authority having jurisdiction thereof, the Lessee shall give the Lessor prompt written notice of such occurrence and the date thereof.

Section 14.4 Application of Certain Payments Not Relating to an Event of Taking. (a) In case of a requisition for temporary use of all or a portion of the Property which is not an Event of Taking for the Property, this

Lease shall remain in full force and effect, without any abatement or reduction of Basic Rent, and the Net Condemnation Proceeds for the Property shall, unless a Material Lease Default or Lease Event of Default has occurred and is continuing, be paid to the Lessee, except that any portion of such Net Condemnation Proceeds that was awarded with respect to the time period after the expiration or termination of the Lease Term shall be allocated between the Lessor and the Lessee as their respective interests shall appear. Following the occurrence of any Condemnation which is not an Event of Taking at the Property (so long as this Lease shall not have been terminated with respect to the Property as provided in this Article XIV), Lessee shall to the extent possible restore the Property to the condition existing prior to the date of such Condemnation not constituting an Event of Taking.

(b) In case of a Condemnation not resulting in an Event of Taking and which is not a case of a requisition for temporary use of all or a portion of the Property, to the extent the Condemnation relates to an Improvement included in the Property, the Lessee shall (i) construct a building or improvement of equal remaining economic useful life and expected residual value or repair, rebuild, replace or restore the Property to the fullest possible extent. In connection therewith this Lease shall continue in full force and effect, without any abatement or reduction in

Basic Rent and the Net Condemnation Proceeds for the Property shall be paid to the Lessor and the Lessee as their interests may appear.

Section 14.5 Dispositions of Proceeds during Default. Subject to the provisions of Sections 14.2(b) hereof, so long as a Material Lease Default or Lease Event of Default shall have occurred and be continuing, any amount that would otherwise be payable to or for the account of, or that would otherwise be retained by, the Lessee pursuant to this Article XIV shall be paid to the Lessor and applied by Lessor to the payment of Lessee's obligations under this Lease and the other Operative Documents or held as security for the obligations of the Lessee under this Lease pursuant to Section 23.9 hereof, as Lessor may elect.

Section 14.6 Negotiations. In the event any part of the Property becomes subject to condemnation or requisition proceedings, the Lessee shall give notice thereof to the Lessor promptly after the Lessee has knowledge thereof and so long as this Lease has not been terminated the Lessee shall control the negotiations with the relevant Governmental Authority; provided that no settlement will be made without Lessor's prior consent, not to be unreasonably withheld unless a Material Lease Default or Lease Event of Default is continuing in which case Lessor shall assume control of such negotiations and Lessor may agree to such settlement without the consent of the Lessee in its sole discretion. The Lessee and the Lessor shall give to the other such information, and copies of such documents, which relate to such proceedings, or which relate to the settlement of amounts due under insurance policies required by Article XI, and are in the possession of the Lessee or the Lessor, as the case may be, as are reasonably requested by the other.

Section 14.7 No Rent Abatement. Rent shall not abate hereunder by reason of any Casualty, any Condemnation or any Event of Loss when this Lease does not terminate in accordance with the provisions of this Article XIV, and the Lessee shall continue to perform and fulfill all of the Lessee's obligations, covenants and agreements hereunder to the extent reasonably practicable given such Casualty, Condemnation or Event of Loss. Without limiting the foregoing, the Lessee expressly waives the provisions and benefits of any present or future law relating to damage or destruction (including, without limitation, any statutes now or hereafter in effect in any jurisdiction where the Property is located) and agrees that the provisions of this Lease shall control the rights of the Lessor and the Lessee with respect to damage or destruction or any condemnation.

Section 14.8 Investment. Provided that no Lease Event of Default is continuing, the Lessor agrees that the Lessee may direct the investment of amounts held by the Lessor or the Depository pursuant to this Article XIV and not applied to the payment of Lessee's obligations under this Lease and the other Operative Documents in Permitted Investments. Any losses attributable to such investment shall be promptly reimbursed by the Lessee. During the continuance of a Material Lease Default or Lease Event of Default, the Lessor shall cause all such funds to be invested in Permitted Investments.

ARTICLE XV

INSPECTION

Section 15.1 Entry on Property. Lessor, its agents, employees and contractors, at their own expense, or after a Lease Event of Default has occurred and is continuing at Lessee's expense, may enter the Property (to be accompanied by a designated representative of Lessee) during normal business hours and upon not less than five (5) Business Days' prior written notice (or, in the case of an emergency, two (2) Business Day' prior written notice; provided that if Lessor reasonably believes that irreparable damage to the Property will occur by not inspecting sooner than after such two (2) Business Day period, upon such shorter notice as is reasonable in light of the circumstances) to conduct inspections of the Property, or exhibit the Property to bona fide prospective purchasers or lenders, excluding designated secured areas. Other than in connection with a proposed sale of the Property or refinancing of any loan secured thereby or during a period when a Lease Event of Default shall have occurred and be continuing or during the twelve (12) month period prior to the expiration of the Lease Term, such inspections shall be limited to no greater than twice per calendar year.

Lessee waives any claim for damages for any injury or inconvenience to or interference with Lessee's business or any loss of occupancy or quiet enjoyment of the Property occasioned by such entry; except if the claim arises out of the gross negligence or willful misconduct of such parties or their respective agents or contractors in connection with such entry. In the exercise of its right of entry hereunder, such parties shall use all reasonable efforts not to interfere with the business operations of Lessee or any other Person at the Property. In addition, subject to such confidentiality requirements with respect to trade secrets or information relating to the proprietary business of Lessee as Lessee shall reasonably deem necessary or appropriate, and upon reasonable prior notice, Lessor and its agents, employees and contractors shall be entitled to inspect the books and records relating to the condition, maintenance and operation of the Property (other than in respect of any businesses operated thereon) at the offices of Lessee or any Affiliate of Lessee that may be subleasing or managing the Property and to meet with representatives of Lessee regarding the same, in each case during normal business hours.

ARTICLE XVI

EVENTS OF DEFAULT

Section 16.1 Events of Default. The following events shall constitute Lease Events of Default:

(a) the Lessee shall fail to make any payment of Basic Rent within five (5) days after the due date thereof or shall fail to make any payment of

Stipulated Loss Value or Termination Value within ten (10) Business Days after the receipt of written notice of such failure to the Lessee from the Lessor;

(b) the Lessee shall fail to make any payment of Additional Rent or any other amount payable hereunder and such failure shall continue for a period of twenty (20) Business Days after written notice of such failure to the Lessee from the Lessor or the payee thereof;

(c) the Lessee shall sublease, assign or otherwise transfer its interest in this Lease in violation of the terms hereof, violate the provisions of Section 13.4 hereof or abandon the Property;

(d) the Lessee shall fail to perform in any material respect any covenant, condition or agreement (not included in clauses (a), (b), (c) or (g) of this Section 16.1) to be performed by it hereunder or under any other Operative Document and such failure shall continue for a period of thirty (30) days after written notice thereof to the Lessee from the Lessor; provided, that if such default is capable of being cured but cannot be cured within such 30-day period, the cure period shall be extended, for as long as is necessary to effectuate a cure, so long as the Lessee is diligently pursuing such cure (but in no event in excess of one hundred eighty (180) days from the date of Lessor's notice of default);

(e) the filing by Lessee of any petition for dissolution or liquidation of Lessee, or the commencement by Lessee of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or Lessee shall have consented to the entry of an order for relief in an involuntary case under any such law, or the failure of Lessee generally to pay its debts as such debts become due (within the meaning of the Bankruptcy Code or any other applicable bankruptcy laws), or the failure by Lessee promptly to satisfy or discharge any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under this Lease, or the appointment of or taking possession by a receiver, custodian or trustee (or other similar official) for Lessee or any substantial part of its property, or a general assignment by Lessee for the benefit of its creditors, or the entry by Lessee into an agreement of composition with its creditors, or Lessee shall have taken any corporate action in furtherance of any of the foregoing; or the filing against Lessee of an involuntary petition in bankruptcy which results in an order for relief being entered or, notwithstanding that an order for relief has not been entered, the petition is not dismissed within ninety (90) days of the date of the filing of the petition, or the filing under any law relating to bankruptcy, insolvency or relief of debtors of any petition against Lessee for reorganization, composition, extension or arrangement with creditors which either (i) results in a finding or adjudication of insolvency of Lessee or (ii) is not dismissed within ninety (90) days of the date of the filing of such petition (the term "dissolution or liquidation" of Lessee, as used in this paragraph (e), shall not be construed to include the cessation of the corporate existence of Lessee resulting either from a merger or consolidation of Lessee into or with another corporation or a dissolution or liquidation of Lessee following a transfer of all or substantially all of its assets as an entirety as permitted by the express terms of the Operative Documents);

(f) any representation or warranty by Lessee in any Operative Document or in any certificate or document delivered pursuant to any Operative Document shall have been materially incorrect when made, shall remain material when discovered and, if capable of cure, shall not have been cured within thirty (30) days after receipt of written notice by Lessee from Lessor, unless the default is not curable within such thirty (30) days but is capable of being cured within one hundred eighty (180) days and the Lessee shall be diligently proceeding to correct such

failure and such failure shall not be corrected within one hundred eighty (180) days from the date of Lessor's notice of default; or

(g) the failure by the Lessee to maintain the insurance required by Article XI hereof.

ARTICLE XVII

ENFORCEMENT

Section 17.1 Remedies. Upon the occurrence of any Lease Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, by notice to the Lessee declare this Lease to be in default, and subject to Applicable Laws and Regulations, at any time thereafter the Lessor may, so long as such Lease Event of Default is continuing, do one or more of the following as the Lessor, in its sole discretion shall determine:

(a) the Lessor may, by notice to the Lessee terminate this Lease as of the date specified in such notice, and as of the date specified in such notice the term of this Lease shall expire and terminate as fully and completely as if such date had been fixed for the expiration of the term of this Lease, and all rights of Lessee hereunder shall expire and terminate, but Lessee shall remain liable as hereinafter provided; however, (A) no reletting, reentry or taking of possession of the Property by the Lessor will be construed as an election on the Lessor's part to terminate this Lease unless a written notice of such intention is given to the Lessee, (B) notwithstanding any reletting, reentry or taking of possession, the Lessor may at any time thereafter elect to terminate this Lease for a continuing Lease Event of Default, and (C) no act or thing done by the Lessor or any of its agents, representatives or employees and no agreement accepting a surrender of the Property shall be valid unless the same be made in writing and executed by the Lessor;

(b) the Lessor may (i) demand that the Lessee, and the Lessee shall upon the written demand of the Lessor, return the Property promptly to the Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, Articles IX and XII hereof as if the Property were being returned at the end of the Lease Term, and the Lessor shall not be liable for the reimbursement of the Lessee for any costs and expenses incurred by the Lessee in connection therewith and (ii) without prejudice to any other remedy which the Lessor may have for possession of the Property, enter upon the Property and take immediate possession of (to the exclusion of the Lessee) the Property and expel or remove the Lessee and any other Person who may be occupying the Property, but if such other Person shall have entered into a non-disturbance and attornment agreement with the Lessor only to the extent permitted therein, by summary proceedings, all without liability to the Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to the Property caused by such taking or otherwise and, in addition to Lessor's other damages, Lessee shall be responsible for the reasonably necessary costs and expenses of reletting, including, without limitation, brokers' fees and the costs of any alterations (but only for use of the Improvements as then constituted) or repairs made by Lessor;

(c) the Lessor may sell the Property at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee in which event the Lessee's obligation to pay Basic Rent hereunder for periods commencing after the date of such sale shall be terminated (except to the extent that Basic Rent is to be included in computations under paragraph (e) or (f) below if the Lessor shall elect to exercise its rights thereunder);

(d) the Lessor may hold, keep idle or lease to others all or any part of the Property as the Lessor in its sole discretion may determine, free and

clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect to such action or inaction, except that the Lessee's obligation to pay Basic Rent from and after the occurrence of a Lease Event of Default shall be reduced by the net proceeds, if any, received by the Lessor from leasing the Property to any Person other than the Lessee for the same periods or any portion thereof after deductions for all costs of reletting the Property, including without limitation all repossession costs, brokerage commissions, reasonable attorneys fees (including fees and expenses of appellate proceedings), employee expenses, alteration costs and expenses of preparation for such reletting;

(e) The Lessor may, whether or not the Lessor shall have exercised or shall thereafter at any time exercise any of its rights under paragraph (a), (b), (c) or (d) of this Article XVII with respect to the Property, demand, by written notice to the Lessee specifying a date (the "Final Payment Date") not earlier than ten (10) days after the date of such notice, that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the Final Payment Date, as liquidated damages for loss of a bargain and not as a penalty (the parties agreeing that the Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount) pursuant to clause (iii) below, as consideration for the transfer of the Property, an amount equal to the sum of (A) all accrued and unpaid Basic Rent due and unpaid as of the Final Payment Date (it being understood that the Lessee shall pay when due any Basic Rent due on a Rent Payment Date which occurs on or after the Lease Event of Default but prior to the Final Payment Date), plus (B) whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Overdue Rate from the Final Payment Date specified in such notice to the date of actual payment):

(i) if the Property or any part thereof has not been sold, an amount equal to the excess, if any, of the Stipulated Loss Value or Termination Value for that portion of the Property not so sold, computed as of the Final Payment Date, over the Fair Market Sales Value of the Property as of the Final Payment Date (such Fair Market Sales Value to be determined by mutual agreement of the Lessor and the Lessee or if they cannot agree within ten (10) days after such notice by the Appraisal Procedure); or

(ii) if the Property or any part thereof has not been sold, an amount equal to the excess, if any, of the Stipulated Loss Value or Termination Value for the portion of the Property not so sold computed as of the Final Payment Date over the present value of the Fair Market Rental Value for the portion of the Property not so sold for the balance of the Lease Term discounted monthly at an annual rate of eight percent (8%) (such Fair Market Rental Value to be determined by mutual agreement

of the Lessor and the Lessee or if they cannot agree within ten (10) days of such notice by the Appraisal Procedure);

(f) if the Lessor shall have sold the Property or any part thereof pursuant to paragraph (c) above, the Lessor may, if it shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (the parties agreeing that the Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount) (in lieu of Basic Rent for the Property due for periods commencing on or after the Stipulated Loss Value Date or Termination Value coinciding with such date of sale (or, if the sale date is not a Stipulated Loss Value Date, the Stipulated Loss Value or Termination Value date next preceding the date of such sale)), an amount equal to the sum of (A) all accrued and unpaid Basic Rent due and unpaid as of such sale date (it being

understood that the Lessee shall pay when due any Basic Rent due on a Rent Payment Date which occurs on or after the Lease Event of Default but prior to such sale date), plus (B) the amount of any excess of the Stipulated Loss Value or Termination Value for the Property so sold, computed as of such Stipulated Loss Value Date, over the net proceeds of such sale, together with interest at the interest rate on any debt secured by an interest in the Lease and the Property on such excess from such Stipulated Loss Value Date to the date of sale, plus (C) interest at the Overdue Rate on all of the foregoing amounts from the date of such sale until the date of payment; provided, however, to the extent that the Lessee shall have paid Basic Rent in advance on or after the date the Lease Event of Default occurred but prior to such sale date, the amount payable by the Lessee hereunder shall be reduced by an amount equal to the advance Basic Rent so paid multiplied by a fraction, the numerator of which shall be the number of days in the Lease Period with respect to such advance Basic Rent payment before such sale date and the denominator of which shall be the actual number of days in such Lease Period.

(g) The Lessor may exercise any other right or remedy that may be available to it under Applicable Laws and Regulations or in equity, or proceed by appropriate court action (legal or equitable) to enforce the terms hereof or to recover damages for the breach hereof. Separate suits may be brought to collect any such damages for any Lease Period(s), and such suits shall not in any manner prejudice the Lessor's right to collect any such damages for any subsequent Lease Period(s).

(h) The Lessor may retain and apply against the Lessor's damages all sums which the Lessor would, absent such Lease Event of Default, be required to pay to, or turn over to, the Lessee pursuant to the terms of this Lease, including, without limitation, any sums which the Lessor may be required to pay to Lessee under Section 14.5.

Section 17.2 Survival of Lessee's Obligations. No termination of this Lease, in whole or in part, or repossession of any of the Property or exercise of any remedy under Section 17.1 shall, except as specifically provided therein, relieve the Lessee of any of its liabilities and obligations hereunder. In addition, except as specifically provided therein, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent, including Additional Rent, due hereunder before, after or during the exercise of any of the foregoing remedies, including all reasonable legal fees and other costs and expenses incurred by the Lessor by reason of the occurrence of any Lease Event of Default or the exercise of the Lessor's remedies with respect

thereto, and including all costs and expenses incurred in connection with (x) the return of the Property in the manner and condition required by, and otherwise in accordance with the provisions of, Articles IX and XII hereof as if the Property were being returned at the end of the Lease Term or (y) making any Alterations the Lessor deems reasonably necessary for purposes of reletting the Property as then constituted. At any sale of the Property or any part thereof or any other rights pursuant to Section 17.1, the Lessor may bid for and purchase the Property.

Section 17.3 Remedies Cumulative; No Waiver; Consents. To the extent permitted by, and subject to the mandatory requirements of Applicable Laws and Regulations, each and every right, power and remedy herein specifically given to the Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to

exercise at the same time or thereafter any right, power or remedy. No delay or omission by the Lessor in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Lessee or to be an acquiescence therein. The Lessor's consent to any request made by the Lessee shall not be deemed to constitute or preclude the necessity for obtaining the Lessor's consent, in the future, to all similar requests. No waiver by the Lessor of any Lease Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Lease Event of Default.

ARTICLE XVIII

RIGHT TO PERFORM FOR LESSEE

If the Lessee shall fail to perform or comply with any of its agreements contained herein, the Lessor may, on five Business Days' prior written notice to the Lessee (except in the event of an emergency, in which case only such prior notice, if any, as is reasonable under the circumstances shall be required), perform or comply with such agreement, and the Lessor shall not thereby be deemed to have waived any default caused by such failure and such performance or compliance shall not relieve the Lessee from any default hereunder, and the amount of such payment and the amount of the expenses of the Lessor (including reasonable attorney's fees and expenses) incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Overdue Rate, shall be deemed Additional Rent, payable by the Lessee to the Lessor upon demand.

ARTICLE XIX

[Intentionally Omitted]

ARTICLE XX

INDEMNIFICATION

Section 20.1 General Indemnification. The Lessee agrees to assume liability for, and to indemnify, protect, defend, save and keep harmless each Indemnitee, on an After-Tax Basis, from and against, any and all Claims that may be imposed on, incurred by or asserted against any Indemnitee, whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person, in any way relating to or arising out of (a) the ownership, operation, possession, use, improvement, leasing, subleasing, disposition or maintenance of all or any part of the Property (or any Replacement Property), (b) the construction, design, purchase, acceptance, rejection, modification, substitution or condition of the Property (or any Replacement Property), including without limitation claims or penalties arising from any violation of Applicable Laws and Regulations, without regard to whether compliance therewith is required by the terms of this Lease or liability in tort (strict or otherwise), (c) any Release, violation of Environmental Laws, Environmental Claim or other loss of or damage to any property or the environment relating to the Property (or any Replacement Property) or the Lessee (including, without limitation, all expenses associated with remediation, response, removal, corrective action, financial assurance, natural resource damages and the protection of wildlife, aquatic species, vegetation, flora and fauna, and any mitigative action required under applicable Environmental Laws), (d) the Operative Documents, or the transaction contemplated thereby, including, without limitation, the transfer of title to the Land, the Improvements and the Fixtures (and any Replacement Property) to the Lessor or (e) any breach by the Lessee or the Seller of any of their representations or warranties under the Operative

Documents (including, without limitation, any such breach of representations relating to the Lessor's title to any portion of the Property (or any Replacement Property)) or failure by the Lessee or the Seller to perform or observe any covenant or agreement to be performed by it under any of the Operative Documents; provided, however, that the Lessee shall not be required to
indemnify an Indemnitee under this Section 20.1 for any of the following: (1) with respect to the Lease, any Claim to the extent attributable to acts or events which occur after the later of (A) the expiration of the Lease Term or earlier termination of the Lease (and, if required by the terms of the Lease, the surrender of the Property (or any Replacement Property) by the Lessee to the Lessor or its assigns) (except to the extent fairly attributable to acts or events occurring or accruing prior thereto) and (B) the surrender of possession of the Property to the Lessor, (2) any Claim to the extent resulting from the willful misconduct or gross negligence of such Indemnitee or any of its Indemnitee Group (other than willful misconduct or gross negligence which is imputed as a matter of law to such Indemnitee by virtue of a Lessor's ownership of the Property or any Replacement Property), (3) any cost or expense expressly provided under the Operative Documents to be paid or borne by a party other than the Seller or the Lessee, (4) any Claim resulting from a transfer by any Indemnitee of all or part of its interest in a Lease, the other Operative Documents or any Property, other than (w) while a Lease Event of Default shall have occurred and be continuing, (x) a transfer as a result of an Event of Loss or Event of Taking pursuant to the Lease, (y) a transfer resulting from Lessee's election to terminate the Lease pursuant to Section 6.1 or to cause a substitution

pursuant to Section 6.2 of the Lease, or (z) any other transfer required by the terms of the Lease, (5) any Claim resulting from a breach or violation by such Indemnitee of any of its or by Indemnitee Group of any of their respective representations, warranties or covenants in any of the Operative Documents or from a violation of Applicable Laws and Regulations by an Indemnitee or by any of its Indemnitee Group other than any such violation (x) imputed to any such Person as a matter of law by reason of their participation in the Overall Transaction or (y) otherwise related to the business or activities of the Lessee or the nature, design, engineering, construction, location, maintenance, repair or use of the Property (or any Replacement Property) by the Lessee, (6) any Claim resulting from Lessor Liens attributable to such Indemnitee or any of its Indemnitee Group and (7) any Claim in respect of Taxes (as to which the Tax Indemnity Agreement and the provisions of Article IV hereof shall govern), other than a payment necessary to make a payment under this Section 20.1 on an After-Tax Basis. The Lessee shall be entitled to credit against any payments due under this Section 20.1 any insurance recoveries received by the Indemnitee in respect of the related Claim under or from insurance paid for by the Lessee or assigned to the Lessor by the Lessee.

If the Lessee shall obtain knowledge of any Claim indemnified against under this Section 20.1, the Lessee shall give prompt notice thereof to the appropriate Indemnitee or Indemnitees, and if any Indemnitee shall obtain any such knowledge, such Indemnitee shall give prompt notice thereof to the Lessee, provided that failure so to notify the Lessee shall not release the Lessee from
any of its obligations to indemnify hereunder except to the extent such failure shall have precluded the Lessee from contesting such Claim or such failure shall result in an increased Claim, but only to the extent of such increase. With respect to any amount that the Lessee is requested by an Indemnitee to pay by reason of this Section 20.1, such Indemnitee shall, if so requested by the Lessee and prior to any payment and at Lessee's expense, submit such additional information to the Lessee as the Lessee may reasonably request and which is reasonably available to such Indemnitee to substantiate properly the requested payment.

In case any action, suit or proceeding shall be brought against any Indemnitee, such Indemnitee shall notify the Lessee of the commencement thereof,

and the Lessee shall be entitled, at its expense, acting through counsel reasonably acceptable to such Indemnitee, to participate in, and, to the extent that the Lessee desires to, assume and control the defense thereof; provided, however, that the Lessee shall not be entitled to assume and control the defense of any such action, suit or proceeding if and to the extent that, (A) in the reasonable opinion of such Indemnitee, (x) such action, suit or proceeding involves the potential imposition of criminal liability or civil sanctions on such Indemnitee or (y) the control of such action, suit or proceeding would involve the Lessee in a potential conflict of interest which under applicable rules of professional conduct would prohibit representation of both such parties, (B) a Material Lease Default or Lease Event of Default has occurred and is continuing and the Indemnitee notifies the Lessee that it is no longer permitted to control the defense of such Claim, (C) the proceeding involves any material danger of the sale, forfeiture or loss of, or the creation of any Lien (other than any Permitted Lien) on the Property, or (D) the amounts involved, in the good faith opinion of the Indemnitee, are likely to have a material adverse effect on the business of such Indemnitee, in which case the Indemnitee will be entitled to assume and take control of the defense thereof at Lessee's expense. The Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by the Lessee in accordance with the foregoing. The Lessee shall not settle or

compromise any such action, suit or proceeding unless in connection therewith Lessee shall obtain a full release against any Claim involved therein in favor of each Indemnitee.

Each Indemnitee shall at the Lessee's expense supply the Lessee with such information and documents reasonably requested by the Lessee as are necessary or advisable for the Lessee to participate in any action, suit or proceeding to the extent permitted by this Section 20.1. No Indemnitee shall enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under this Section 20.1 without the prior written consent of the Lessee, which consent shall not be unreasonably withheld, unless such Indemnitee waives its right to be indemnified under this Section 20.1 with respect to such Claim.

Upon payment in full of any Claim by the Lessee pursuant to this Section 20.1 to or on behalf of an Indemnitee, the Lessee, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto (other than claims in respect of insurance policies maintained by such Indemnitee at its own expense), and such Indemnitee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be necessary to preserve any such claims and otherwise cooperate with the Lessee and give such further assurances as are necessary or advisable to enable the Lessee vigorously to pursue such claims.

Nothing in this Section 20.1 shall be construed as a guaranty by the Lessee of any residual value in the Property.

The Lender shall be a third party beneficiary of this Article XX entitled to enforce the provisions hereof directly against the Lessee.

Section 20.2 Survival. The obligations of Lessee under this Article XX shall survive expiration or earlier termination of this Lease. No Indemnitee shall be entitled to payment of any amount hereunder to the extent of any prior payment with respect to the same Claim under any other indemnity from the Lessee.

ARTICLE XXI

TRANSFERS OF INTERESTS

Section 21.1 Transfers of Interests. (a) (a) (i) Other than as expressly permitted by this Section 21.1, Lessor shall not, without the prior written consent of the Lessee, assign, convey or otherwise transfer (other than to a lender in connection with a financing or mortgaging with respect to the Property) all or any part of the Lessor's right, title or interest in, to and under this Lease or any other Operative Documents or the Property (the "Lessor Interest") and (ii) other than as expressly permitted by this Section 21.1, the Lessor Parent, which is the sole member of the Lessor, shall not assign, convey or otherwise transfer all or any part of its membership interest with respect to the Lessor (the "Member Interest").

(b) If Lessor desires to sell or offer for sale the Lessor Interest, or Lessor Parent desires to sell or offer for sale the Member Interest, the Lessor or Lessor Parent, as the case may be, shall first provide Lessee in writing all of the material economic terms and conditions of the

proposed sale, including, without limitation, the price (the "Offered Terms") and the requirements for compliance with or satisfaction of any transfer, assignment and assumption obligations under any Loan then outstanding, and shall offer Lessee the opportunity to purchase the Lessor Interest or Member Interest, as the case may be, for the same purchase price and otherwise on substantially the same terms and conditions as such Offered Terms (other than representations and warranties that may be offered as an inducement to certain third parties). Lessee shall have the right to accept the Offered Terms by written notice to the Lessor given within thirty (30) Days after Lessee's receipt of the Offered Terms; provided, however, that the Lessee shall have satisfied any transfer, assignment and assumption obligations and any other requirements of Lessor in connection therewith under any Loan then outstanding. If Lessee does not accept the Offered Terms within thirty (30) Days after receipt of the Offered Terms from the Lessor, Lessee shall be deemed to have rejected the Offered Terms and the Lessor may enter into a contract to sell the Lessor Interest or the Lessor Parent may enter into a contract to sell the Member Interest during the fifteen (15) month period beginning on the date of the expiration of the applicable period, provided that a sale resulting from such offer shall be consummated on substantially the same terms as the Offered Terms (other than representations and warranties that may be offered as an inducement to certain third parties) (it being agreed that any sale at a price that is equal to or greater than 95% of the purchase price contained in the Offered Terms shall be considered to be substantially the same terms as to price). If such sale is not consummated within a reasonable period after a contract for sale has been executed within such fifteen (15) month period, the provisions of this Section 21.1(b) shall again apply in respect of any proposed offer of the Lessor Interest or Member Interest whether made during such fifteen (15) month period or thereafter.

(c) Notwithstanding anything contained to the contrary in this Section 21.1, Lessee shall not have the right of first offer under Section 21.1(b) with respect to the Lessor Interest or Member Interest; (i) while a Lease Event of Default has occurred and is continuing; (ii) following a retention of the Property by the Lessor in connection with a termination under Section 6.1; (iii) at any time after the expiration or earlier termination of this Lease; (iv) in connection with a termination of this Lease or a sale of the Property pursuant to Section 6.1; or (v) the first transfer occurring in the first twenty-four (24) months of the Basic Term.

(d) Neither Lessor nor Lessor Parent shall, directly or indirectly assign, convey or otherwise transfer all or any part of the Lessor Interest or Member Interest to a transferee, respectively, without the prior written consent of Lessee, unless:

(1) Lessor and Lessor Parent shall have complied with their respective obligations under Section 21.1(b) above;

(2) Lessee shall have received at least two (2) Business Days prior notice for the first transfer and fifteen (15) Business Days prior notice for transfers thereafter, which notice shall specify the name and address of the proposed transferee, whether such proposed transferee meets the requirements of paragraph (5) of this Section 21.1(d) and a certification to the effect that the Lessor has complied with the provisions of Section 21.1(b);

(3) the transferee shall have the requisite power and authority to enter into and carry out the transactions contemplated hereby and by the other

related Operative Documents, such transfer does not and will not involve, either directly or indirectly, the assets of any employee benefit plan or plan that would cause a violation of any provision of ERISA or the imposition of an excise tax under the Code, and such transfer will not violate any Applicable Laws and Regulations or create a relationship which would be in violation of any Applicable Laws and Regulations;

(4) the transferee shall agree in writing to be bound by all the terms of, and to undertake all the obligations of Lessor and Lessor Parent, respectively, contained in this Lease and the Operative Documents pursuant to an assignment and assumption agreement in a form reasonably acceptable to Lessee;

(5) the transferee (x) is a U.S. Person or, if not, Lessee receives, at Lessor's cost and expense, satisfactory legal opinions that Lessee is not subject to any material increased tax indemnity or withholding tax risk, and such other corporate, tax and regulatory opinions as Lessee may reasonably request, (y) is not a Competitor; and (z) has a tangible net worth equal to or greater than $1,000,000; and

(6) the Lessor Parent and Lessee shall have received an opinion of counsel to the transferee (prepared at no expense to Lessee) as to compliance with paragraph (3) and due authorization, execution, delivery, validity and enforceability of the assumption agreement referred to in paragraph (4) of this Section 21.1(d).

(e) Each party hereto agrees that, upon any transfer by the Lessor or the Lessor Parent of the Lessor Interest or the Member Interest, as the case may be, in accordance with the provisions of Section 21.1 hereof, the transferee shall, with respect to the interest transferred, succeed to, and be substituted for, and may exercise every right and power of, the Lessor or the Lessor Parent, as the case may be, under this Lease and each other Operative Document to which the Lessor or the Lessor Parent is a party with the same effect as if such transferee had been named as the Lessor or the Lessor Parent herein and therein, and the transferor (and the Lessor Parent to the extent the transferor is the Lessor) shall, subject to the provisions of Section 21.1(d)(4) hereof, be released from all of its obligations under such Operative Documents to the extent of the interest transferred; provided, however, that the transferor shall
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not be released from any obligation arising, accruing or relating to any period prior to such transfer unless such new transferee expressly agrees to assume such obligations.

(f) Notwithstanding anything to the contrary contained herein, the provisions of this Article XXI, except clauses (d)(5)(x) and (d)(5)(y) of Section 21.1, shall not apply to transfers to Affiliates of General Electric Capital Corporation, a Delaware corporation, or during the continuance of an Event of Default under this Lease.

ARTICLE XXII

[Intentionally omitted]

ARTICLE XXIII

MISCELLANEOUS

Section 23.1 Binding Effect; Successors and Assigns; Survival. The terms and provisions of this Lease, and the respective rights and obligations hereunder of the Lessor and the Lessee, shall be binding upon their respective permitted successors, legal representatives and assigns, and inure to the benefit of their respective permitted successors, legal representatives and assigns.

Section 23.2 Quiet Enjoyment. The Lessor covenants that it will not and it will not cause or permit anyone claiming by or through Lessor to interfere in the Lessee's or any of its sublessees' quiet enjoyment of the Property hereunder during the Lease Term, so long as no Lease Event of Default has occurred and is continuing.

Section 23.3 Notices. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given to any Person shall be in writing by United States mail, by nationally recognized courier service or by hand and any such notice shall become effective when received or, if sent by nationally recognized courier service for next day delivery, on the next day after delivery of such notice to such courier service, and shall be directed to the Address of such Person. From time to time any party may designate a new Address for purposes of notice hereunder by notice to each of the other parties hereto. The Lessee shall deliver copies to the Lender of all notices delivered to the Lessor at the time, and in the manner, delivered to the Lessor; provided, however, that the failure to deliver such notice shall not constitute a default hereunder or a breach hereof.

Section 23.4 Severability. Any provision of this Lease that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and Lessee shall remain liable to perform its obligations hereunder except to the extent of such unenforceability.

Section 23.5 Amendment; Complete Agreements. Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the Lessee and the Lessor. This Lease, together with the other Operative Documents, is intended by the parties as a final expression of their agreement and as a complete and

exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein and therein. No course of prior dealings between the parties or their officers, employees, agents or Affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease or any other Operative

Document. Acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties or their Affiliates shall not be relevant or admissible to determine the meaning of any of the terms of this Lease or any other Operative Document. No representations, undertakings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth in the Operative Documents.

Section 23.6 Headings. The Table of Contents and headings of the various Articles and Sections of this Lease are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

Section 23.7 Counterparts. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 23.8 Governing Law; WAIVER OF JURY TRIAL. This Lease shall be governed by and construed in accordance with the internal laws (and not the conflict laws) of the State of New York; provided, however, that if the law of the State in which the Property is located is required to be applicable to any provisions hereof, then the State law shall be applicable with respect to such provisions.

(a) Jurisdiction. Any action or proceeding against any of the parties hereto relating in any way to this Lease or any other Operative Document may be brought and enforced in the courts of the State of New York or of the United States for the Southern District of New York, and the parties hereto irrevocably consent to the jurisdiction of each such court in respect of any such action or proceeding. Each of the parties hereto further irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, return receipt requested, to the Address of such party as provided for notices under Section 23.3 hereof. The foregoing shall not limit the right of any party to serve process in any other manner permitted by law or to bring any action or proceeding, or to obtain execution of any judgment, in any other jurisdiction, including without limitation the State in which the Property is located.

(b) Venue. Each of the parties hereto hereby irrevocably waives any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising under or relating to this Lease or any other Operative Document in any court located in the Borough of Manhattan, City and State of New York, and hereby further irrevocably waives any claim that a court located in the Borough of Manhattan, City and State of New York is not a convenient forum for any such action or proceeding.

(c) WAIVER OF JURY TRIAL. LESSEE AND LESSOR HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LESSEE AND LESSOR MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS LEASE. IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS LEASE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND

VOLUNTARILY MADE BY LESSEE AND LESSOR, AND LESSEE AND LESSOR HEREBY ACKNOWLEDGE

THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. LESSEE AND LESSOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED IN THE SIGNING OF THIS LEASE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 23.9 Security Funds. Any amounts otherwise payable to Lessee under this Lease or any other Operative Document but which shall be paid to or retained by Lessor pursuant to the terms hereof as a result of any Lease Default or Lease Event of Default shall be held by the Lessor, as security for the obligations of Lessee under this Lease and the other Operative Documents and, at such time as there shall not be continuing any such Lease Default or Lease Event of Default, such amounts, net of any amounts theretofore applied to Lessee's obligations hereunder or under any other Operative Document, shall be paid to Lessee. Any such amounts which are held by the Lessor pending payment to Lessee shall, until paid to Lessee as provided herein or until applied against Lessee's obligations hereunder, under any other Operative Document in connection with any exercise of remedies hereunder, be invested in Permitted Investments by the Lessor as directed from time to time by Lessor for the benefit and at the risk and expense of the Lessee.

Section 23.10 Discharge of Lessee's Obligations by its Affiliates. The Lessor agrees that performance of any of the Lessee's obligations hereunder by one or more of its Affiliates or one or more sublessees of the Property or any part thereof shall constitute performance by the Lessee of such obligations to the same extent and with the same effect hereunder as if such obligations were performed by the Lessee.

Section 23.11 Estoppel Certificates. Each party hereto agrees that at any time and from time to time during the Lease Term, it will promptly, but in no event later than fifteen (15) Business Days after request by the other party hereto, execute, acknowledge and deliver to such other party or to any prospective purchaser (if such prospective purchaser has signed a commitment or letter of intent to purchase the Property or any part thereof), assignee or mortgagee or third party designated by such other party, a certificate stating (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which Basic Rent has been paid; (c) whether or not there is any existing default by the Lessee in the payment of Basic Rent or any other sum of money hereunder, and whether or not there is any other existing default by either party with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof; (d) whether or not, to the knowledge of the signer, there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate and (e) other items that may be reasonably requested; provided that no such certificate may be requested unless the requesting party has a good faith reason for such request.

Section 23.12 Miscellaneous Matters Affecting the Property.

(1) If no Material Lease Default or Lease Event of Default shall

occur and be continuing (other than any Material Lease Default or Lease Event of Default which will be cured by the action which Lessee requests pursuant to this Section 23.12(1)), the Lessor shall (within thirty (30) days after its receipt of (x) the written request of Lessee, and (y) the materials requested by the party in question pursuant to Section 23.12(2) hereof (such request to be made within fifteen (15) days of receipt of Lessee's notice under clause (x) hereof)), subject to the requirements of Section 23.12(2) hereof, join in any (i) grant of easements, licenses, rights of way, party wall rights and other rights in the nature of easements, with or without consideration, (ii) release of easements, licenses, rights of way, party wall rights or other rights in the nature of easements which are for the benefit of the Land or Property or any portion thereof, with or without consideration, (iii) dedication or transfer of portions of the Land, not improved with a building, for road, highway or other public purposes, with or without consideration, (iv) execution of petitions to have the Land or any portion thereof annexed to any municipal corporation or utility district, (v) to the extent necessary to use of the Property, execution of agreements for the use and maintenance of common areas, for reciprocal rights of parking, ingress and egress and amendments to any covenants and restrictions affecting the Land or Property or any portion thereof, with or without consideration, (vi) request to any Governmental Authority for platting or subdivision or replatting or resubdivision approval with respect to the Land or any portion thereof or any parcel of land of which the Land or any portion thereof forms a part or a request for any variance from zoning or other governmental requirements, with or without consideration, (vii) creation of a governmental special benefit district for public improvements and payments of special assessments in connection therewith, in lump sum or installments, and (viii) execution and delivery to such Person of any instrument appropriate to confirm or effect such grant, release, dedication, transfer, request or such other matter, document or proceeding (to the extent of their respective interests in the Land, Property or the applicable portion thereof).

(2) The Lessor's obligations pursuant to Section 23.12 (1) hereto shall be subject to the requirements that:

(i) any action taken pursuant to Section 23.12(1) hereof (an "Action") shall be at the sole cost and expense of Lessee, and, whether or not any proposed Action is consummated, Lessee shall pay all reasonable out-of-pocket costs of the Lessor and the Lender in connection therewith (including, without limitation, the reasonable fees of attorneys, architects, engineers, planners, appraisers and other professionals retained by the Lessor or the Lender in connection with any proposed Action);

(ii) the requested Action will not interfere with and is not detrimental to the continued use and operation of the Property and will not cause the Property or any portion thereof to fail to comply in all respects with the provisions of this Lease or any other Operative Documents and all Applicable Laws and Regulations and applicable Permitted Liens (including, without limitation, all applicable zoning, planning, building, and subdivision ordinances, all applicable setback and parking requirements, all applicable restrictive covenants and all applicable architectural approval requirements) and will not cause a breach of or a default under any mortgages secured by or other loan document evidencing indebtedness secured by the Property;

(iii) all Governmental Actions required prior to the requested Action shall have been applied for or obtained, and all filings required prior to the requested Action shall have been made;

(iv) no such Action shall result in any material down-zoning of the related Land or any portion thereof or a material reduction in the maximum density or development rights available to the Land under

all Applicable Laws and Regulations;

(v) all consideration received in connection with any Action (net of all expenses paid by Lessee under clause (i) above) shall be paid to Lessee and any portion thereof (to the extent received by Lessee) which is allocable to the interests of the Lessor shall be paid by Lessee over to such party as its interest may appear promptly following receipt thereof;

(vi) all documents executed in connection with any Action shall be reasonably satisfactory in form and substance to the Lessor and the Lender;

(vii) Lender's consent, if and to the extent required under any document evidencing the Loan, shall have been obtained;

(viii) the Lessor and the Lender shall have received the items, if any, requested pursuant to Section 23.12(2) hereof;

(ix) this Lease and Lessee's obligations hereunder shall continue in full force and effect, without abatement, suspension, deferment, diminution, reduction, counterclaim, setoff, relevant defense or deduction, notwithstanding the taking of any requested Action or the refusal of the Lessor or the Lender to take any requested Action;

(x) to the extent any agreement entered into in connection with such Action provides any party a right to a Lien on any portion of the Property, such agreement shall expressly provide that such Lien shall be subject and subordinate to any mortgage on the Property;

(xi) no such requested Action shall reduce the Fair Market Sales Value, Residual Value, condition, utility or Remaining Life of the Property other than to a de minimis extent or otherwise cause any adverse tax consequences to Lessor;

(xii) Lessor shall have received at Lessee's sole cost and expense any title endorsement to its Owner's Title Insurance Policy as Lessor reasonably requests in connection therewith;

(xiii) Lender shall have received at Lessee's sole cost and expense any title endorsement to the Mortgage Title Policy as Lender reasonably requests in connection therewith; and

(xiv) Lessee shall have paid, or reimbursed Lessor and Lender for, all costs and expenses incurred in connection therewith.

(3) In connection with any request by Lessee pursuant to this Section 23.12, Lessee shall deliver to the Lessor (each in form and substance reasonably satisfactory to the Lessor), a written report that describes (1) the nature of the Action and (2) the form and amount of consideration to be paid or received, copies of all Governmental Actions required in connection with such Action, copies of all governmental filings required in connection with such Action and other reasonable evidence (including an Officer's Certificate certifying as to the satisfaction of the requirements of Section 23.12(2) hereof), surveys, plans and specifications and the like containing satisfaction of the requirements of Section 23.12(2) herein with respect to such Action.

Section 23.13 Lessor Bankruptcy. The parties hereto agree that the benefits to the Lessee of Section 365(h) of the Bankruptcy Code shall include any Renewal Terms even if the Lessor becomes subject to the Bankruptcy Code prior to the commencement of any Renewal Term.

Section 23.14 No Joint Venture. There is no intention to create a joint venture or partnership relation between the Lessor and the Lessee and any such implication is hereby expressly disclaimed.

Section 23.15 No Accord and Satisfaction. The acceptance by the Lessor of any sums from the Lessee (whether as Basic Rent or otherwise) in amounts which are less than the amounts due and payable by the Lessee hereunder is not intended, nor shall be construed, to constitute an accord and satisfaction of any dispute between the Lessor and the Lessee regarding sums due and payable by the Lessee hereunder, unless the Lessor specifically deems it as such in writing.

Section 23.16 No Merger. In no event shall the leasehold interests, estates or rights of the Lessee hereunder merge with any interests, estates or rights of the Lessor in or to the Property, it being understood that such leasehold interests, estates and rights of the Lessee hereunder shall be deemed to be separate and distinct from the Lessor's interests, estates and rights in or to the Property, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same person, corporation or other entity.

Section 23.17 Further Assurances. The Lessee, at its own cost and expense, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as the Lessor reasonably may request from time to time in order to carry out more effectively the intent and purposes of this Lease and the other Operative Documents.

Section 23.18 Memorandum of Lease. Concurrently with execution and delivery hereof, the parties shall execute and deliver a short form memorandum of lease in substantially the form of Exhibit C attached hereto and made a part hereof to be recorded (or if required, the Lease shall be so recorded) in the Register of Deeds office of the county in which the Property is situated.

Section 23.19 Interest Conveyed. This Lease is an agreement of lease and the Lessor does not convey to the Lessee any right, title or interest in or to the Property except as a lessee.

Section 23.20 Computation of Stipulated Loss Value and Termination Value. Stipulated Loss Value as of any Stipulated Loss Value Date shall be computed by multiplying the Purchase Price of the Property by the percentage set forth opposite the applicable Stipulated Loss Value Date on Schedule 2A hereto. Termination Value as of any Termination Date shall be computed by multiplying the Purchase Price of the Property by the percentage set forth opposite the applicable Termination Date on Schedule 2B hereto.

Section 23.21 Subordination and Nondisturbance. Upon the Lessor's request from time to time, the Lessee shall execute an agreement subordinating the Lessee's right, title and interest in and to the Property under this Lease to the Lien of mortgages or deeds of trust encumbering the Lessor's right, title and interest in and to the Property, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, that the mortgagee of such mortgage or beneficiary of such deed of trust shall have

executed an agreement in form and substance reasonably satisfactory to the Lessee providing that, so long as no Lease Event of Default shall have occurred and then be continuing, no foreclosure or other proceedings for the enforcement of such mortgage or deed of trust shall terminate this Lease or otherwise adversely affect the Lessee's quiet and peaceful use and possession of the Property for the uses and purposes permitted under this Lease, nor shall the leasehold estate granted by this Lease be affected in any other manner, Lessee shall not (except to the extent required by Applicable Laws and Regulations) be named in any such proceedings and upon completion thereof the successor in title to the Lessor shall be bound to this Lease as a direct obligation between the Lessee and such successor, except that no such successor shall be (A) liable for any act or omission of any prior Lessor, (B) bound by any payment of Rent which the Lessee might have paid more than one month prior to its due date hereunder, or (C) bound by any amendment or modification (made subsequent to the date of such mortgage or deed of trust) or cancellation of this Lease or surrender of the Property (except surrenders and cancellations expressly provided for herein) made without the prior written consent of the mortgagee of such mortgage or the beneficiary of such deed of trust. Lessee shall attorn to and recognize any such mortgagee or beneficiary, in the event such mortgagee or beneficiary becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, or any other successor or assignee of Lessor permitted under the terms of this Lease, as the landlord and lessor under this Lease for the remainder of the term hereof, and Lessee shall perform and observe its obligations hereunder, subject only to the terms and conditions of this Lease. Lessee further covenants and agrees to execute and deliver upon the request of such mortgagee or beneficiary or successor or assignee of Lessor an appropriate agreement of attornment to such person or entity and any subsequent titleholder of the Property in accordance with the terms of this Section 23.21.

Lessee agrees to enter into agreements that are reasonably required for Lessor to obtain financing, upon the request and at the expense of Lessor; provided, however, that no such agreement shall adversely affect the rights or
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interests of the Lessee, including without limitation, the rights of Lessee under this Lease or any other Operative Document.

Section 23.22 True Lease. Lessor and Lessee agree that this Lease is a
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true lease and as such the lessor shall be treated as the owner and Lessor of the Property and the Lessee as the lessee thereof and that this Lease does not represent a financing arrangement. Each party shall

reflect the transaction represented hereby in all applicable books, records and reports (including tax filings) in a manner consistent with "true lease" treatment rather than "financing" treatment.

Section 23.23 Financial Reporting. So long as the Lessee is subject to
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the reporting requirements of Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended, Lessee will deliver to Lessor and to any Lender (a) copies of all of Lessee's Annual Reports on Form 10-K within ninety (90) days after filing the same with the Securities and Exchange Commission ("SEC"), (b) Quarterly Reports on Form 10-Q within sixty (60) days after filing the same with the SEC, and (c) with reasonable promptness, such additional information (including copies of public reports filed by Lessee) regarding the business affairs and financial condition of Lessee as Lessor or any Lender may reasonably request. If Lessee is no longer subject to such reporting requirements, Lessee will deliver to Lessor and to any Lender within 90 days after the end of each fiscal year of Lessee, a balance sheet of Lessee and its consolidated subsidiaries as at the end of such year and a statement of profits and losses of Lessee and its consolidated subsidiaries for such year setting forth in each case, in comparative form, the corresponding figures for the preceding fiscal year, and certified by independent certified public accountants of recognized national (in the United States) standing selected by Lessee and within 60 days

after the end of each fiscal quarter of Lessee a balance sheet of Lessee and its consolidated subsidiaries as at the end of such quarter and statements of profit and losses of Lessee and its consolidated subsidiaries for such quarter setting forth in each case, in comparative form, the corresponding figures for the similar quarter of the preceding year, and certified by the chief financial officer of Lessee, the foregoing financial statements all being prepared in accordance with generally accepted accounting principles, consistently applied.

Section 23.24 Notice of Certain Changes. Lessee shall provide Landlord and, so long as the Lien of any loan secured by the Property has not been terminated or discharged, the Lender, prompt written notice of any change in its chief executive office, principal place of business, or name, jurisdiction of incorporation or the place where it maintains its business records concerning the Property or the Overall Transaction, which notice shall, in any event, be provided no later than 30 days after such change.

Section 23.25 Non-Recourse. Notwithstanding anything in this Lease to the contrary, the obligations of Lessor under this Lease (except the obligations of the sole member of Lessor described in Article XXI of this Lease) are not personal obligations of the members, managers, directors, officers, shareholders, agents or employees of Lessor and Lessor shall have no obligation, nor incur any liability, beyond Lessor's interest in the Property and Lessee shall look exclusively to such interest of Lessee in the Property for the payment and discharge of any obligation imposed upon Lessor under this Lease. Lessee agrees that, with respect to any judgment which may be obtained by Lessee against Lessor, Lessee shall look solely to the estate or interest owned by Lessor in the Property, and Lessee will not collect or attempt to collect any such judgment out of any other assets of Lessor or seek recourse against the assets of the members, managers, directors, officers, shareholders, agents or employees of Lessor.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have each caused this Lease Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

LESSOR:

In the presence of:

DANACQ FARMINGTON HILLS LLC, a Delaware limited liability company

/s/ Elizabeth M. Curley
Name: Elizabeth M. Curley

By: General Electric Capital Corporation
Its: Manager

/s/ Margaret H. Pease
Name: Margaret H. Pease

By: /s/ Stephen Benko
Stephen Benko

Its: Authorized Signatory

LESSEE:

DANA CORPORATION, a Virginia corporation

_____ By:_____
Name:
_____ Its:_____
Name:

Acknowledged and agreed to for the sole
purpose of Article XXI hereof:

Lessor Parent--GEBAM, Inc., the sole member of Lessor,
will agree to the of Article XXI

By: /s/ Stephen Benko

Stephen Benko

Its: Authorized Signatory

IN WITNESS WHEREOF, the undersigned have each caused this Lease Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

LESSOR:

In the presence of:

DANACQ FARMINGTON HILLS LLC, a Delaware limited liability company

_____ By: General Electric Capital Corporation

Name: Its: Manager

_____ By: _____
Name:

Its: _____

LESSEE:

DANA CORPORATION, a Virginia corporation

/s/ Theresa S. Whetro By: /s/ A. Glenn Paton

Name: Theresa S. Whetro

/s/ Deborah A. Vankirk Its: A. Glenn Paton, Viece Prsident-
--- Treasurer
Name: DEBORAH A. VANKIRK

Acknowledged and agreed to for the sole
purpose of Article XXI hereof:

Lessor Parent--GEBAM, Inc., the sole member of Lessor,
will agree to the of Article XXI

By:_____

Its:_____

DANA CORP
Schedule 1 to Lease Agreement
Primary Term Rent Payment Schedule
Farmington Hills, MI

Rent Payment Dates	Monthly Rental Payment & Allocation Thereof
November 1, 2001 - October 1, 2011	$ 194,216.67
November 1, 2011 - October 1, 2021	$ 213,638.33

EXHIBIT 10.130

SECOND AMENDMENT TO LEASE AGREEMENT FOR THE DANA DETROIT BUILDING

SECOND AMENDMENT TO LEASE AGREEMENT
(Farmington Hills, Michigan)

THIS SECOND AMENDMENT TO LEASE AGREEMENT (the "Amendment") is made and entered into as of March 29, 2002, by and between DANACQ FARMINGTON HILLS, LLC, a Delaware limited liability company ("Lessor"), and DANA CORPORATION, a Virginia corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee previously entered into that certain Lease Agreement, dated as of October 26, 2001 (the "Original Lease"), as amended by that certain First Amendment to Lease Agreement between Lessor and Lessee dated as of December 6, 2001 (the "First Amendment;" and the Original Lease, as so previously amended, is herein referred to as the "Lease"), pursuant to the terms of which Lessee has leased that certain "Property" (as defined in the Original Lease) located at 27404 Drake Road, Farmington Hills, Oakland County, Michigan; and

WHEREAS, Danacq Kalamazoo LLC, a Delaware limited liability company and an affiliate of Lessor (the "Kalamazoo Lessor") and Lessee also previously entered into that certain Lease Agreement dated as of October 26, 2001 (the "Original Kalamazoo Lease"), as amended by that certain First Amendment to Lease Agreement between the Kalamazoo Lessor and Lessee dated as of December 6, 2001 (the "First Kalamazoo Amendment;" and the Original Kalamazoo Lease, as so previously amended, is herein referred to as the "Kalamazoo Lease"), pursuant to the terms of which Lessee has leased certain improved real property more particularly described in the Original Kalamazoo Lease which is located at 6938 Elm Valley Drive, Kalamazoo, Michigan (the "Kalamazoo Property"); and

WHEREAS, to facilitate the sale by GEBAM, Inc., a Delaware corporation (the "Lessor Parent" as defined in the Lease and the Kalamazoo Lease and referred to in this Amendment as "GEBAM") of all of its "Member Interest" (as also defined in each of said leases) in Lessor and in the Kalamazoo Lessor to Wells Operating Partnership, L.P., a Delaware limited partnership ("Wells") contemporaneously with, and immediately following, the execution and delivery of this Amendment, Lessor and Wells have requested that Lessee agree to modify and amend the Lease and the Kalamazoo Lease on the terms set forth, respectively, in this Amendment and that certain Second Amendment to Lease Agreement of even date herewith between the Kalamazoo Lessor and Lessee relating to the Kalamazoo Lease (the "Second Kalamazoo Lease Amendment"), and Lessee is willing to do so on the terms and conditions set forth in this Amendment and the Second Kalamazoo Lease Amendment;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars, the mutual premises contained herein and in the Second Kalamazoo Lease Amendment, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee do hereby covenant and agree as follows:

1. Defined Terms. Terms used herein and denoted by their initial capitalization shall have the meanings set forth in the Lease unless specifically provided herein to the contrary. In the event of any conflict or inconsistency between the terms and conditions of this Amendment and of the

Lease, the terms and conditions of this Amendment shall govern and control.

2. Renewal Options. Article V of the Lease is hereby deleted in its entirety, and the following Article V is hereby substituted in lieu thereof:

ARTICLE V

RENEWAL OPTIONS

Section 5.1. FMV Renewal Terms. Upon the expiration of the Basic Term, Lessee shall have the right and option, subject to the terms of this Article V, to extend the Lease Term for up to six (6) successive fair market value renewal terms (each such renewal term, a "Renewal Term") of five (5) years commencing on the day following the expiration of the Basic Term or the immediately preceding Renewal Term, as the case may be.

Section 5.2. Conditions to Renewal Terms. The right and option of Lessee to extend this Lease for any of the Renewal Terms shall be subject to the following terms:

(i) At the commencement of any of the Renewal Terms, this Lease shall be in full force and effect and no Material Lease Default or Lease Event of Default shall have occurred and be continuing;

(ii) Lessee shall have exercised its right to each Renewal Term by giving irrevocable written notice to the Lessor no later than fifteen (15) months prior to the expiration of the Basic Term or the previous Renewal Term; and

(iii) Each Renewal Term shall be on the same terms, covenants and conditions set forth in this Lease; provided, however, that Basic Rent shall be determined in the manner set forth in Section 5.3 hereof.

Section 5.3. Rent During Renewal Terms. Basic Rent for each Renewal Term shall be the Fair Market Rental Value of the Property as of the date of commencement of such Renewal Term, determined in accordance with the Appraisal Procedure not more

than two hundred seventy (270) days prior to the commencement of such Renewal Term payable monthly in advance on the day of each month that Basic Rent was due during the last year of the Basic Term or of the preceding Renewal Term, as the case may be.

3. Early Termination.

(a) Clause (ii) of the second (2nd) full paragraph of Section 6.1, appearing on page 14 of the Lease, and continuing through the end of the sentence in which said clause (ii) is contained, is hereby deleted in its entirety, and the following clause (ii) is hereby inserted in lieu thereof:

(ii) the Lessor shall, on an "as is, where is" basis and without recourse to or warranty by the Lessor, except as to the absence of Lessor Liens (other than any Lien arising out of a sublease for which the Lessor has provided a non-disturbance agreement in accordance with

the terms of this Lease) and subject to the same disclaimers as set forth in Section 7.1, simultaneously therewith sell the Property to the highest bidder, the total net selling price realized at such sale to be retained by the Lessor.

(b) The last sentence of the fifth (5/th/) full paragraph of Section 6.1, appearing as the third (3/rd/) full paragraph on page 15 of the Lease, is hereby deleted in its entirety, and the following sentence is hereby inserted in lieu thereof:

Lessee shall pay, as Additional Rent, on demand and no later than the Termination Date, all of the Lessor's reasonable costs and expenses of whatever kind or nature paid or incurred in connection with the rescinded termination or in connection with the completed termination of this Lease, including, but not limited to reasonable attorneys' fees.

4. Loss, Destruction, Condemnation or Damage. The reference "Section 14.1(d)" contained in the last sentence and last line of Section 14.1 of the Lease, appearing on page 30 thereof, is hereby deleted, and the reference "Section 14.1(c)" is hereby inserted in lieu thereof.

5. Transfer of Interests. Section 21.1(f) of the Lease, appearing on page 46 thereof, is hereby modified and amended by adding the following sentence thereto:

Notwithstanding anything to the contrary contained herein, the provisions of this Article XXI shall not apply to a transfer or sale of the Property pursuant to Section 6.1 of this Lease.

6. Termination Value Schedule. Schedule 2B to the Lease is hereby deleted in its entirety, and Schedule 2B attached to this Amendment is hereby substituted in lieu thereof.

7. Amendment of Appendix A. Appendix A of the Lease shall be modified and amended as follows:

(a) by deleting the "Address" of Lessor contained in clause "(i)" on page 2 of Appendix A, and substituting in lieu thereof the following:

(i) With respect to the Lessor:

Wells Operating Partnership, L.P.
c/o Wells Capital, Inc.
6200 The Corners Parkway
Suite 250
Atlanta, Georgia 30092
Attention: Michael C. Berndt
Fax: (770) 200-8199

with a copy to:

Troutman Sanders LLP
Bank of America Plaza
Suite 5200
600 Peachtree Street, N.E.
Atlanta, Georgia 30308-2216
Attention: John W. Griffin or
Managing Partner
Fax: (404) 962-6577;

(b) By deleting the definition of "Appraiser" appearing on page 5 of Appendix A in its entirety;

(c) By deleting the definition of "Fixed Rate Renewal Term" appearing on page 9 of Appendix A in its entirety;

(d) By deleting the definition of "FMV Renewal Term" also appearing on page 9 of Appendix A in its entirety;

(e) By deleting the words "or 5.2" appearing in the second (2nd) line of the definition of "Lease Term" on page 10 of Appendix A;

(f) By deleting the definition of "Mortgage Title Policy" appearing on page 14 of Appendix A and by substituting in lieu thereof the following definition:

"Mortgage Title Policy" shall mean the mortgagee title insurance policy issued in favor of any Lender in connection with a Loan."; and

(g) By deleting the definition of "Title Company" appearing on page 18 of Appendix A in its entirety.

8. Compliance with Transfer Requirements. By its execution and delivery hereof, Lessee hereby acknowledges and agrees for the benefit of GEBAM and Wells that all of requirements to be satisfied by Lessor and the Lessor Parent in connection with the consummation contemporaneously herewith of the sale and conveyance of the "Member Interest" by GEBAM to Wells pursuant to Article XXI of the Lease have been satisfied in full.

9. Condition to Amendment. This Amendment shall be of no force or effect in its entirety unless and until the following conditions are satisfied, and the date on which both of said conditions have been satisfied shall be the effective date of this Amendment:

(a) The consummation of the purchase and sale of the Member Interest in Lessor by and between GEBAM and Wells; and

(b) The concurrent consummation of the purchase and sale of the Member Interest in the Kalamazoo Lessor by and between GEBAM and Wells.

10. Ratification and Binding Effect. Except to the extent expressly modified by this Amendment, all terms of the Lease shall remain in full force and effect; and the Lease, as so modified and amended by this Amendment, is expressly ratified and confirmed by the parties hereto. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, Lessee and Lessor have caused this Amendment to be duly authorized, executed and delivered as of the day and year first above written.

LANDLORD:

DANACQ FARMINGTON HILLS LLC,
a Delaware limited liability company

By: General Electric Capital Corporation
a Delaware corporation, its Manager

By: /s/ Stephen Benko

Name: Stephen Benko

Title: Authorized Signatory

(SIGNATURES CONTINUED ON NEXT PAGE)

(SIGNATURES CONTINUED FROM PREVIOUS PAGE)

TENANT:

DANA CORPORATION,
a Virginia corporation

By: /s/ A. Glenn Paton

Name: A. Glenn Paton

Title: Vice President-Treasurer

EXHIBIT 10.131

LEASE AGREEMENT FOR THE DANA KALAMAZOO BUILDING

LEASE AGREEMENT

Dated as of October 26, 2001

by and between

DANACQ KALAMAZOO LLC, as Lessor

and

DANA CORPORATION, a Virginia corporation, as Lessee

Lease of Office and Research and Development Facility located in Kalamazoo, Michigan

TABLE OF CONTENTS

LEASE AGREEMENT dated as of October 26, 2001, by and between DANACQ KALAMAZOO LLC, a Delaware limited liability company, as Lessor, and DANA CORPORATION, a Virginia corporation, as Lessee.

In consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS

The capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in Appendix A for all purposes hereof.

ARTICLE II

LEASE OF PROPERTY

On the Lease Term Commencement Date, the Lessor shall demise and lease, and hereby as of the Lease Term Commencement Date does demise and lease, the Property to the Lessee, and the Lessee shall rent and lease, and hereby as of the Lease Term Commencement Date, does rent and lease, the Property from the Lessor, for the Basic Term and, subject to the exercise by the Lessee of its renewal options as provided in Article V hereof, for the Renewal Terms. The Lessee may from time to time own or hold under lease from Persons other than the Lessor, furniture, trade fixtures and equipment located on or about the Property (including the equipment and systems described on Schedule X attached hereto and made a part hereof, but excluding HVAC equipment, building systems or other equipment integral to or necessary for the operation of the Improvements for general office and research and development purposes and not integral to or necessary in connection with the business conducted by Lessee) that is not subject to this Lease. The Lessor shall from time to time, upon the reasonable request of the Lessee, promptly acknowledge in writing to the Lessee or other Persons that the Lessor does not own or have any other right or interest in or to such furniture, trade fixtures and equipment. The demise and lease of the Property pursuant to this Article II shall include any additional right, title or interest in the Property which may at any time be acquired by the Lessor, the intent being that all right, title and interest of Lessor in and to the Property shall at all times be demised and leased to the Lessee hereunder.

ARTICLE III

RENT

Section 3.1 Basic Rent. During the Basic Term, Lessee shall pay to Lessor rent, in advance, for the periods occurring during the Basic Term as set forth in Schedule 1 hereto on the dates as specified on Schedule 1 under the caption "Rent Payment Date" and in the amounts

as specified on Schedule 1 under the caption "Basic Rent Payment". Basic Rent shall be allocable to the month in which the Rent Payment Date occurs. It is the intent of the parties that such allocation shall be an allocation of fixed rent within the meaning of Treas. Reg. ss.1.467-1(c)(2)(ii). If, with respect to any month, the Basic Rent due and allocable with respect to such month is for a period of days less than the full number of days in such month, the Basic Rent due for such month shall be pro rated to an amount equal to the Basic Rent specified for such month multiplied by a fraction the numerator of which is the number of days this Lease is in effect for such month and the denominator of which is the number of days in such month.

Section 3.2 Additional Rent. Basic Rent shall be absolutely net to Lessor so that this Lease shall yield, net to Lessor, the Basic Rent specified in Section 3.1 in each year of the Lease Term and that all ad valorem real estate taxes, impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to compliance with Applicable Laws and Regulations, and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Property which may arise or become due during the Lease Term shall be paid or discharged by Lessee, subject to the rights of Lessee set forth in Section 9.9 hereof. In the event Lessee fails to pay or discharge any imposition, ad

valorem real estate taxes, insurance premium, utility charge, maintenance, repair or replacement expense or any expense related to compliance with Applicable Laws and Regulations which it is obligated to pay or discharge, Lessor may, but shall not be obligated to, pay the same, and in that event Lessee shall promptly reimburse Lessor therefor and pay the same, together with interest thereon at the Overdue Rate computed from the date of payment of such cost to the date of reimbursement, as additional rent (all such items, together with any other amounts that the Lessee agrees to pay or discharge hereunder, being sometimes hereinafter collectively referred to as "Additional Rent").

Section 3.3 Method of Payment. Basic Rent shall be paid to the Lessor
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at such place as Lessor shall specify in writing to the Lessee from time to time (but in any event not less than five (5) Business Days prior to the due date therefor). Each payment of Basic Rent shall be made by the Lessee by wire transfer of funds consisting of lawful currency of the United States of America which funds shall be immediately available prior to 1:00 p.m., local time, at the place of payment on the scheduled date when such payment shall be due, unless such scheduled date shall not be a Business Day, in which case such payment shall be made on the next succeeding Business Day, with the same force and effect as though made on such scheduled date and (provided such payment is made by 1:00 p.m., local time, on such next succeeding Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

Section 3.4 Late Payment. If any Basic Rent shall not be paid when
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due, the Lessee shall pay to the Lessor as Additional Rent, interest (to the maximum extent permitted by law) on such overdue amount from and including the due date thereof to but excluding the Business Day of payment thereof (unless such payment shall be made after 1:00 p.m., local time, on such date of payment, in which case such date of payment shall be included) at the Overdue Rate, plus any penalty or late charge payable to Lender (or that would have been payable to Lender but for an advance of funds by the Lessor) under the Loan, plus interest (to the maximum extent permitted by law) thereon at the Overdue Rate. If any Basic Rent shall be paid on the date when due, but after

1:00 p.m., local time, at the place of payment, interest shall be payable as aforesaid for one day at the Overdue Rate.

Section 3.5 Net Lease; No Setoff; Etc. This Lease is a net lease and,
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notwithstanding any other provision of this Lease, it is intended that Basic Rent shall be paid without counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and Lessee's obligation to pay all such amounts, throughout the Basic Term and all applicable Renewal Terms, is absolute and unconditional. Except to the extent otherwise expressly specified in Articles VI and XIV of this Lease, the obligations and liabilities of the Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including without limitation: (a) any defect in the condition, merchantability, design, quality or fitness for use of the Property or any part thereof, or the failure of the Property to comply with all Applicable Laws and Regulations, including any inability to occupy or use the Property by reason of such non-compliance; (b) any damage to, removal, abandonment, salvage, loss, contamination of or Release at or from, destruction of or any requisition or taking of the Property or any part thereof; (c) any restriction, prevention or curtailment of or interference with any use of the Property or any part thereof including eviction; (d) any defect in title to or rights to the Property or any Lien on such title or rights on the Property; (e) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of or by the Lessor; (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to the Lessee, the Lessor, or any

other Person, or any action taken with respect to this Lease by any trustee or receiver of the Lessee, the Lessor or any other Person, or by any court, in any such proceeding; (g) any claim that the Lessee has or might have against any Person, including without limitation the Lessor, any vendor, manufacturer, contractor of or for the Property or any Improvements; (h) any invalidity or unenforceability or disaffirmance of this Lease against or by the Lessee or any provision hereof or any of the other Operative Documents or any provision of any thereof; (i) the impossibility of performance by Lessor, the Lessee or both; (j) any action by any court, administrative agency or other Governmental Authority; (k) any environmental condition affecting the Property; or (l) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not the Lessee shall have notice or knowledge of any of the foregoing. Except as specifically set forth herein, this Lease shall be noncancellable by the Lessee for any reason whatsoever and, except as expressly provided in this Lease, the Lessee, to the extent permitted by Applicable Laws and Regulations, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease, or to any diminution, abatement or reduction of Rent payable by the Lessee hereunder. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as expressly provided in this Lease, the Lessee shall, unless prohibited by Applicable Laws and Regulations, nonetheless pay to the Lessor an amount equal to each Basic Rent and Additional Rent payment at the time and in the manner that such payment would have become due and payable under the terms of this Lease if it had not been terminated in whole or in part, and in such case, so long as such payments are made and no Lease Event of Default shall have occurred and be continuing the Lessor will deem this Lease to have remained in effect. The Lessee assumes the sole responsibility for the condition, use, operation, maintenance and management of the Property, and the Lessor shall have no responsibility in respect thereof and shall have no liability for damage to the Property to the Lessee or any subtenant of the Lessee on any account or for any reason whatsoever other than by reason of the Lessor's willful misconduct or gross negligence or breach of any of its obligations under any Operative Document.

Section 3.6 Rent after Failure to Vacate Property. In the event that the Lessee remains in possession of the Property after the expiration or earlier termination of this Lease, and without the Lessor's consent (unless the Property has been acquired by the Lessee and the Lessee has fully paid for the same in accordance with the provisions hereof), the Lessee shall be deemed to be occupying the Property as a tenant at sufferance. Any such occupancy by the Lessee shall be subject to all of the terms, covenants and conditions of this Lease, including without limitation the obligation to pay Additional Rent, insofar as the same are applicable to such a tenancy, except that (i) the Lessee shall pay Basic Rent to the Lessor, payable in arrears on the last Business Day of each month, for each day (or any portion thereof) that such occupancy shall continue, in an amount per diem equal to 150% of the average daily Basic Rent payable during the 12 months ending on the last day of the Lease Term and (ii) the Lessee shall not have the right to make any Alterations unless required by Applicable Laws and Regulations. Basic Rent shall be payable in the manner provided in Section 3.3 for payments of Basic Rent. The provisions of this Section shall not be deemed to grant to the Lessee the right to, or otherwise be deemed to, extend the Lease Term beyond the expiration or earlier termination of this Lease. Neither the payment by the Lessee to the Lessor nor the acceptance by the Lessor from the Lessee of any amount in payment for the Lessee's occupancy of the Property beyond the expiration or earlier termination of this Lease shall (a) be deemed to convert the Lessee's occupancy into any interest other than a tenancy at sufferance, (b) revoke or otherwise impair the validity of any notice to quit or ejectment notice or proceeding or similar proceeding terminating this Lease and Lessee's rights of possession hereunder that the Lessor may have served or commenced, or (c) prohibit or otherwise impair the Lessor's right to immediately obtain an order of ejectment or possession against the Lessee. The Lessee irrevocably waives the benefit of Applicable Laws and

Regulations that may grant to the Lessee any rights inconsistent with the provisions of this Section. The provisions of this Section do not waive Lessor's right of re-entry or right to regain possession by actions at law or in equity or any other rights hereunder, and any receipt of payment by Lessor shall not be deemed a consent by Lessor to the Lessee's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Lessor and Lessee.

ARTICLE IV

GENERAL TAX INDEMNITY

Section 4.1 Indemnity. Except as provided in Section 4.2 below, the Lessee agrees (but, in all events, without duplication of indemnities) to indemnify on an After-Tax Basis each of the Lessor, the Lessor Parent, their successors and assigns, the agents, directors, officers and employees of the foregoing, (each, together with any Affiliate thereof, a "Tax Indemnitee"), and to hold each Tax Indemnitee harmless from and to defend each Tax Indemnitee against all Taxes that are actually imposed upon any Tax Indemnitee, the Property or any portion thereof or any interest therein, or upon any Operative Document or interest therein, or otherwise arising out of, in connection with or relating to, any of the following:

(i) the acceptance, rejection, delivery, construction, financing, refinancing, acquisition, operation, warranty, ownership, possession, maintenance, repair, lease, condition, alteration, modification, restoration, refurbishing, rebuilding, return, repossession, servicing, abandonment, retirement, preparation, replacement, purchase, sale or other disposition, insuring, sublease, any other use or non-use of, or the imposition of any lien (or the incurrence of any liability to refund or pay over any amount as a result of any lien) on, the Property or any portion thereof or any interest therein;

(ii) the conduct of the business or affairs of the Lessee or any other operator at or in connection with the Property;

(iii) the Property or any portion thereof or interest therein or the applicability of the Lease to the Property;

(iv) the manufacture, design, purchase, acceptance, rejection, delivery, non-delivery or redelivery or condition of, or improvement to, the Property, or any portion thereof, or any interest therein;

(v) the Lease or any other Operative Document, the execution or delivery thereof, any other documents contemplated thereby or the performance, enforcement or amendment of any terms thereof;

(vi) the payment or receipt of Basic Rent, Additional Rent or any other payment under the Lease or the other Operative Documents

(vii) the conveyance of title to the Property; or

(viii) otherwise relating to the transactions contemplated by the Operative Documents;

Section 4.2 Excluded Taxes. The indemnity provided for in Section 4.1 above shall be subject to exclusion for Taxes that are attributable to or arise as a result of any of the following (the "Excluded Taxes"):

(i) Taxes imposed on, based on or measured by gross or net

income or receipts, capital, franchise, net worth or "doing business" taxes, in each case whether paid directly or by means of withholding, other than, in each case, (x) Taxes that are or are in the nature of sales, use, rental, value added, ad valorem, property, or similar taxes and (y) the Michigan Single Business Tax for any taxable year beginning after the sixth anniversary of the Closing Date but only up to a maximum of $21,290 for any such taxable year;

(ii) Taxes attributable to any period after expiration or other termination of the Lease Term and the payment in full of all amounts payable by the Lessee under the Operative Documents;

(iii) Taxes imposed on a Tax Indemnitee attributable to the gross negligence or willful misconduct of such Tax Indemnitee or any Affiliate thereof unless such negligence or misconduct is imputed to such Tax Indemnitee or Affiliate solely as a result of its participation in the transactions contemplated by the Operative Documents and not as a result of any action or inaction by such Tax Indemnitee or Affiliate;

(iv) Taxes in the nature of capital gain, accumulated earnings, personal holding company, excess profits, succession or estate, minimum, alternative minimum, preference, franchise, conduct of business and other similar taxes, other than, in each case, Taxes that are or are in the nature of sales, use, rental, value added, ad valorem, property or similar taxes;

(v) Taxes imposed on a Tax Indemnitee that arise out of, or are caused by, any act or omission of such Tax Indemnitee (or any Affiliate thereof) that is expressly prohibited by the Operative Documents or by a breach by such Tax Indemnitee (or any Affiliate thereof) of any of its representations, warranties or covenants under any Operative Document except to the extent attributable to any breach by the Lessee of any covenant, representation or warranty contained in any Operative Document;

(vi) Taxes arising out of, or caused by, (i) any voluntary assignment, sale, transfer or other disposition (except incremental ad valorem, property, or similar taxes that arise due to the price or terms of an assignment or transfer itself) or (ii) any involuntary assignment, sale, transfer or other disposition resulting from a bankruptcy or similar proceeding for relief of debtors in which such Tax Indemnitee is a debtor or a foreclosure by a creditor of the Tax Indemnitee of (A) the Lessor Parent of any of its interest in the Lessor or (B) the Lessor of all or any of its interest in the Property unless, in each case, such assignment, sale, transfer or other disposition (1) occurs during the continuance of a Lease Event of Default, (2) occurs pursuant to a casualty, or the Lessee's exercise of a right under the Operative Documents, (3) results from any merger or consolidation of the Lessee or (4) results from any sublease, assignment, rebuilding, modification, substitution, improvement, replacement or addition of or to the Property by the Lessee but only if the Lessor has not consented to such action under the relevant provision of the Lease, if such consent is required.

(vii) Taxes that would not have arose but for the creation of or the existence of Lessor Parent's Liens or Lessor's Liens;

(viii) Taxes imposed on any assignee or successor-in-interest to a Tax Indemnitee to the extent any such Taxes exceed the Taxes that would have been imposed had no assignment or transfer taken place determined under the law as in effect on the date of transfer (excluding however, any such incremental ad valorem, property or

similar taxes that arise due to the price or terms of the assignment or transfer itself);

(ix) Taxes that are included as a part of the Lessor's Purchase Price;

(x) With respect to the Lessor Parent, Taxes for which the Lessee is is obligated to indemnify the Lessor Parent under the Tax Indemnity Agreement (or which are expressly excluded from indemnification thereunder);

(xi) Taxes attributable to the failure of the Tax Indemnitee to comply with certification, information, documentation, reporting or other similar requirements concerning the nationality, residence, identity, connection with the jurisdiction imposing such Taxes or other similar matters, provided that the foregoing exclusion
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shall apply only such Tax Indemnitee is eligible to comply with such requirement, the Lessee shall have given such Tax Indemnitee timely written notice of such requirement and the Tax Indemnitee shall have determined in good faith that compliance with any such requirement shall not result in any identified non-immaterial adverse effect to its interests or to those of its Affiliates provided further, however that
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the immediately preceding proviso shall not apply if such certification, information, documentation, reporting or other similar requirements are required by law or regulation;

(xii) Taxes imposed on a Tax Indemnitee where the Tax Indemnitee's breach of its contest obligations under Section 4.7 hereof effectively precludes the Lessee's ability to contest the Taxes;

(xiii) Taxes to the extent imposed on any Tax Indemnitee resulting from an amendment, modification, supplement or waiver to any Operative Document which was not requested by the Lessee and as to which the Lessee is not a party and the Tax Indemnitee (or any Affiliate thereof) is a party unless such amendment, modification, supplement or waiver (A) was required by Applicable Law or the Operative Documents, (B) may be necessary or appropriate to, and is in conformity with, any amendment to any Operative Document requested by the Lessee in writing or required by Applicable Law, (C) is made while a Lease Event of Default shall have occurred and be continuing or (D) was expressly consented to by the Lessee or any of its Affiliates in writing; and

(xiv) Taxes imposed under Section 4.975 of the Code or under subtitle B of Title I of ERISA.

Section 4.3 Payment. Each payment required to be made by the

Lessee to a Tax Indemnitee pursuant to this Section 4 shall be paid either (i) when due directly to the applicable taxing authority by the Lessee if it is permitted to do so, or (ii) where direct payment is not permitted and with respect to gross up amounts, in immediately available funds to such Tax Indemnitee by the later of (A) 30 days following the Lessee's receipt of the Tax Indemnitee's written demand for the payment (which demand shall be accompanied by a statement of the Tax Indemnitee describing in reasonable detail the Taxes for which the Tax Indemnitee is demanding indemnity and the computation of such Taxes), (B) subject to Section 4.7 below, in the case of amounts which are being contested pursuant to such Section 4.7, at the time and in accordance with a Final Determination of such contest or (C) in the case of any indemnity demand for which the

Lessee has requested review and determination pursuant to Section 4.4 below, the completion of such review and determination; provided, however, in no event later than the date which is five Business Days prior to the date on which such Taxes are required to be paid to the applicable taxing authority. Any amount payable to the Lessee pursuant to Section 4.5 or Section 4.6 below shall be paid promptly after the Tax Indemnitee realizes (or is deemed to realize) a Tax Benefit giving rise to a payment under Section 4.5 or receives a refund or credit giving rise to a payment under Section 4.6, as the case may be, and shall be accompanied by a statement of the Tax Indemnitee computing in reasonable detail the amount of such payment. Any amount that would be payable to the Lessee pursuant to Section 4.5 or Section 4.6 below but for the fact that such amount would be in excess of the amount of indemnity(ies) previously paid to the Tax Indemnitee by the Lessee may be used as an offset against any future general tax indemnity payments owed by the Lessee to such Tax Indemnitee. Upon the Final Determination of any contest pursuant to Section 4.7 below in respect of any Taxes for which the Lessee has made a Tax Advance (as defined in Section 4.7 below), the amount of the Lessee's obligation under Section 4.1 above shall be determined as if such Tax Advance had not been made. Any obligation of the Lessee under this Section 4 and the Tax Indemnitee's obligation to repay the Tax Advance will be satisfied first by set off against each other, and any difference owing by either party will be paid within 10 days of such Final Determination.

Section 4.4 Independent Examination. Within 15 days after the Lessee receives any computation from a Tax Indemnitee (pursuant to Section 4.3 above), the Lessee may request in writing that an independent public accounting firm selected jointly by the Lessee and the Tax Indemnitee review and determine on a confidential basis the amount of any indemnity payment by the Lessee to the Tax Indemnitee pursuant to this Section 4 or any payment by a Tax Indemnitee to the Lessee pursuant to Section 4.5 or Section 4.6 below. The Tax Indemnitee shall cooperate with such accounting firm and supply it with all information (other than income tax returns) reasonably necessary for the accounting firm to conduct such review and determination provided, that such accounting firm shall agree in writing in a manner satisfactory to the Tax Indemnitee to maintain the confidentiality of such information. The parties hereto agree that the independent public accounting firm's sole responsibility shall be to verify the computation of any payment pursuant to this Section 4 and that matters of interpretation of law or of this Lease or any other Operative Document are not within the scope of the independent accountant's responsibility. The fees and disbursements of such accounting firm will be paid by the Lessee; provided that such fees and disbursements will be paid by the Tax Indemnitee if the verification results in an adjustment in the Lessee's favor of five percent or more of the indemnity payment or payments computed by the Tax Indemnitee (calculated using a discount rate of seven percent). The determination of the accounting firm shall be final, binding and conclusive on both the Tax Indemnitee and the Lessee. Such accounting firm shall be requested to make its determination within 20 days.

Section 4.5 Tax Benefit. If, as the result of any Taxes paid or indemnified against by the Lessee under this Section 4, the aggregate Taxes payable by the Tax Indemnitee in connection with such payment for any taxable period are less (whether by reason of a deduction, credit, allocation or apportionment of income or otherwise and computed on the basis of the highest generally applicable Tax rates applicable) than the amount of such Taxes that otherwise would have been payable by such Tax Indemnitee (a "Tax Benefit"), then to the extent such Tax Benefit was not taken into account in determining the amount of indemnification payable under Section 4.1 above and provided no Lease Event of Default shall have occurred and be continuing (in which

event the payment provided under this Section 4.5 shall be deferred until the Lease Event of Default has been cured), such Tax Indemnitee shall pay to the Lessee the lesser of (A) (y) the amount of such Tax Benefit, plus (z) an amount equal to any United States Tax benefit actually realized by such Tax Indemnitee as a result of the payment under clause (y) above and this clause (z) (such benefit to be determined on the basis of the highest generally applicable Tax rates applicable) and (B) the amount of the indemnity(ies) paid pursuant to this Section 4 giving rise to such Tax Benefit. If it is subsequently determined that the Tax Indemnitee was not entitled to such Tax Benefit, the portion of such Tax Benefit that is required to be repaid or recaptured will be treated as Taxes for which the Lessee shall indemnify the Tax Indemnitee pursuant to this Section 4 without regard to Section 4.2 (except Section 4.2(iii)).

Section 4.6 Refund. If a Tax Indemnitee obtains a refund or credit of all or part of any Taxes paid, reimbursed or advanced by the Lessee pursuant to this Section 4, the Tax Indemnitee promptly shall pay to the Lessee (x) the amount of such refund or credit plus (y) an amount equal to any Tax benefit actually realized by such Tax Indemnitee as a result of the payments to the Lessee under clause (x) above and this clause (y) (such amounts to be determined on the basis of the highest generally applicable Tax rates applicable), provided that (A) if at the time such payment is due to the Lessee a Lease Event of Default shall have occurred and be continuing, such amount shall not be payable until such Lease Event of Default has been cured and (B) the aggregate amount payable to the Lessee pursuant to this sentence shall not exceed the aggregate amount of the indemnity(ies) paid pursuant to Section 4.3. If it is subsequently determined that the Tax Indemnitee was not entitled to such refund or credit, the portion of such refund or credit that is required to be repaid or recaptured will be treated as Taxes for which the Lessee shall indemnify the Tax Indemnitee pursuant to this Section 4 without regard to Section 4.2 (except Section 4.2(iii)). If, in connection with a refund or credit of all or part of any Taxes paid, reimbursed or advanced by the Lessee pursuant to this Section 4, a Tax Indemnitee receives an amount representing interest on such refund or credit, the Tax Indemnitee promptly shall pay to the Lessee (1) the amount of such interest that shall be fairly attributable to such Taxes paid, reimbursed or advanced by the Lessee prior to the receipt of such refund or credit net of any Taxes incurred on such interest and (2) any Tax savings realized by such Tax Indemnitee as a result of the payments made by the Tax Indemnitee under (1) and (2) (such benefit to be determined on the basis of the highest generally applicable Tax rates applicable).

Section 4.7 Contest.

(i) Notice of Contest. If a written claim for payment is made by any taxing authority against a Tax Indemnitee for any Taxes with respect to which the Lessee may be liable for indemnity hereunder (a "Tax Claim"), such Tax Indemnitee shall give the Lessee written notice of such Tax Claim promptly after its receipt, and shall furnish the Lessee with copies of such Tax Claim and all other writings received from the taxing authority to the extent relating to such claim, provided that failure so to notify the Lessee shall not relieve the Lessee of any obligation to indemnify the Tax Indemnitee hereunder except to the extent that such failure effectively precludes the ability to conduct a contest hereunder. The Tax Indemnitee shall not pay such Tax Claim until at least 30 days after providing the Lessee with such written notice, unless required to do so by law or regulation.

(ii) Control of Contest. Subject to Section 4.7(iii) below,

the Lessee will be entitled to contest (acting through counsel selected by the Lessee and reasonably acceptable to the Tax Indemnitee), and control the contest of, any Tax Claim if (i) the contest of the Tax Claim may be pursued in the name of the Lessee; (ii) the contest of the Tax Claim must be pursued in the name of the Tax Indemnitee but can be pursued independently from any other proceeding involving a tax liability of such Tax Indemnitee for which the Lessee is not responsible (with the Tax Indemnitee agreeing to use reasonable efforts to sever the contest of any indemnified Tax from the contest of any unindemnified Tax so that the Lessee can control the contest of the indemnified Tax), or (iii) the Tax Indemnitee requests that the Lessee control such contest. In the case of all other Tax Claims, subject to Section 4.7(iii) below, the Tax Indemnitee will contest the Tax Claim if the Lessee shall request that the Tax be contested, and the following rules shall apply with respect to such contest:

(1) the Tax Indemnitee will control the contest of such Tax Claim in good faith (acting through counsel selected by the Tax Indemnitee and reasonably acceptable to the Lessee),

(2) at the Lessee's written request, if payment is made to the applicable taxing authority, the Tax Indemnitee shall use all reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, and

(3) the Tax Indemnitee shall not otherwise settle, compromise or abandon such contest without the Lessee's prior written consent except as provided in Section 4.7(iv) below.

In either case, the party conducting such contest shall consult with and keep reasonably informed the other party and its designated counsel with respect to such Tax Claim, shall provide the other party with copies of any reports or claims issued by the relevant auditing agents or taxing authority as well as redacted portions of tax returns, and shall consider and consult in good faith with the other party regarding any request (a) to resist payment of Taxes if practical and (b) not to pay such Taxes except under protest if protest is necessary and proper (but the decision regarding what actions are to be taken shall be made by the controlling party in its sole judgment; provided, however, -------- -------
that (subject to Section 4.7(iv) below) if the Tax Indemnitee is the controlling party, such Tax Indemnitee may not settle the contest without the consent of the Lessee).

(iii) Conditions of Contest. Notwithstanding the foregoing, in no event shall the Lessee be permitted or a Tax Indemnitee be required to contest (or to continue the contest of) any Tax Claim, unless:

(1) within 30 days after notice by the Tax Indemnitee to the Lessee of such Tax Claim, the Lessee shall request in writing to the Tax Indemnitee that such Tax Claim be contested; provided that if a shorter period is required for taking action with respect to such Tax Claim and the Tax Indemnitee notifies the Lessee of such requirement, the Lessee shall use reasonable efforts to request such contest within such shorter period,

(2) no Lease Default or Lease Event of Default has occurred and is continuing,

(3) there is (i) no realistic risk of sale, forfeiture or loss of, or the creation of a Lien on the Lessor's or Lessor Parent's interest in the Property or any material portion thereof or any interest therein (other than a Permitted Lien) and (ii) no risk of the imposition of criminal penalties as a result of such Tax Claim;

provided that clause (3)(i) shall not apply if the Tax is fully paid in either manner specified in clause (4) below or the Lessee posts security satisfactory to the Tax Indemnitee,

(4) if such contest involves payment of such Tax, the Lessee will either advance to the Tax Indemnitee on an interest-free basis and at no after tax cost to such Tax Indemnitee (a "Tax Advance") or pay such Tax Indemnitee the amount payable by the Lessee pursuant to Section 4.1 above with respect to such Tax,

(5) the Lessee agrees to pay (and pay on demand) and at no after tax cost to such Tax Indemnitee all reasonable costs and expenses incurred by the Tax Indemnitee in connection with the contest of such claim (including all reasonable legal fees and disbursements),

(6) the Tax Indemnitee has been provided at the Lessee's sole expense with an opinion of independent tax counsel selected by the Lessee and reasonably acceptable to the Tax Indemnitee to the effect that there is a Reasonable Basis for contesting such Tax Claim,

(7) the amount of Taxes in controversy, taking into account the amount of all similar and logically related Taxes with respect to the transactions contemplated by the Operative Documents that could be raised in any other year (including any future year) not barred by the statute of limitations, exceeds $30,000,

(8) the Lessee shall acknowledge in writing its liability to indemnify the Tax Indemnitee hereunder in respect of such claim if the contest is not successful, provided that such acknowledgment of liability shall not be binding if the contest is resolved on a basis from which it can be established that the Lessee would not be required to indemnify the Tax Indemnitee under this Section 4 in the absence of such acknowledgment, and

(9) in the case of a judicial appeal, no appeal to the U.S. Supreme Court shall be required of the Tax Indemnitee or shall be permitted by the Lessee.

(iv) Waiver of Indemnification. Notwithstanding anything to the contrary contained in this Section 4, the Tax Indemnitee at any time may elect to decline to take any action or any further action with respect to a Tax Claim and may in its sole discretion settle or compromise any contest with respect to such Tax Claim without the Lessee's consent if the Tax Indemnitee:

(1) waives its right to any indemnity payment by the Lessee pursuant to this Section 4 in respect of such Tax Claim (and any other claim for Taxes with respect to any other taxable year the contest of which is effectively precluded by the Tax Indemnitee's decision not to take (or not to take any further) action with respect to the Tax Claim), and

(2) promptly repays to the Lessee any Tax Advance and any amount paid to such Tax Indemnitee under Section 4.1 above in respect of such Taxes, but not any costs or expenses with respect to any such contest.

Except as provided in the preceding sentence, any such waiver shall be without prejudice to the rights of the Tax Indemnitee with respect to any other Tax Claim.

Section 4.8 Reports. If any report, statement or return is required to be filed by a Tax Indemnitee with respect to any Tax that is subject to indemnification under this Section 4, the Lessee will (1) notify the Tax Indemnitee in writing of such requirement not later than 30 days prior to the date such report, statement or return is required to be filed (determined without regard to extensions) and (2) if so directed by the Tax Indemnitee and if the return to be filed reflects only information in respect of the transactions contemplated by the Operative Documents, prepare and furnish to such Tax Indemnitee not later than 30 days prior to the date such report, statement or return is required to be filed (determined without regard to extensions) a proposed form of such report, statement or return for filing by the Tax Indemnitee. Each Tax Indemnitee and the Lessee will timely provide the other with all information in its possession that the other party may reasonably require and request to satisfy its obligations under this Section 4.

Section 4.9 Non-Parties. If a Tax Indemnitee is not a party to this Agreement, the Lessee may require such Tax Indemnitee to agree in writing, in a form reasonably acceptable to the Lessee, to the terms of this Section 4 prior to making any payment to such Tax Indemnitee under this Section. Subject to the preceding sentence, the Lessee's obligations under this Section 4 shall inure to the benefit of each and every Tax Indemnitee without regard to whether such Tax Indemnitee is a party to this Agreement.

ARTICLE V

RENEWAL OPTIONS

Section 5.1 Fixed Rate Renewal Term. Upon the expiration of the Basic Term, Lessee shall have the right and option, subject to the terms of this Article 5, to extend the Lease Term for five (5) successive fixed rate renewal terms (each such renewal term, a "Fixed Rate Renewal Term") of five (5) years each commencing immediately following the expiration of the Basic Term or the previous Fixed Rate Renewal Term, as the case may be.

Section 5.2 FMV Renewal Terms. Upon the expiration of the Basic Term and the last Fixed Rate Renewal Term, Lessee shall have the right and option, subject to the terms of this Article 5, to extend the Lease Term for one (1) successive fair market value renewal period of five (5) years (the "FMV Renewal Term"; each Fixed Rate Renewal Term and the FMV Renewal Term shall be collectively referred to as the "Renewal Terms").

Section 5.3 Conditions to Renewal Terms. The right and option of Lessee to extend this Lease for any of the Renewal Terms shall be subject to the following terms:

(i) At the commencement of any of the Renewal Terms, this Lease shall be in full force and effect and no Material Lease Default or Lease Event of Default shall have occurred and be continuing;

(ii) Lessee shall have exercised its right to each Fixed Rate Renewal Term by giving irrevocable written notice to the Lessor no later than twelve (12) months prior to the expiration of the Basic Term or the previous Fixed Rate Renewal Term; and

(iii) Lessee shall have exercised its right to each FMV Renewal Term by giving irrevocable written notice to Lessor no later than fifteen (15) months prior to the expiration of the Basic Term or the then current Renewal Term; and

(iv) Each Renewal Term shall be on the same terms, covenants and conditions set forth in this Lease; provided, however, that Basic Rent shall be determined in the manner set forth in Section 5.4 hereof.

Section 5.4 Rent During Renewal Terms. (a) (a) Basic Rent for each Rent Payment Date during the first two (2) Fixed Rate Renewal Terms shall be payable monthly in advance and in the amounts and on the day of each month that Basic Rent was due during the last year of the Basic Term. Basic Rent for each Rent Payment Date during each Fixed Rate Renewal Term after the first two (2) Fixed Rate Renewal Terms shall be payable monthly in advance on the day of each month that Basic Rent was due during the last year of the Basic Term and in the amount of 105% of Basic Rent that was due during the last year of the immediately preceding Fixed Rate Renewal Term.

(b) Basic Rent for each FMV Renewal Term shall be the Fair Market Rental Value of the Property as of the date of commencement of such FMV Renewal Term, determined in accordance with the Appraisal Procedure not more than two hundred seventy (270) days prior to the commencement of such FMV Renewal Term payable monthly in advance on the day of each month that Basic Rent was due during the last year of the Basic Term or of the preceding Renewal Term, as the case may be.

ARTICLE VI

EARLY TERMINATION

Section 6.1 Obsolescence Termination. So long as no Lease Event of Default has occurred and is continuing, the Lessee shall have the right, on the terms and subject to the conditions contained in this Section 6.1, at its option (i) at any time during the period commencing on the date which is the first day of the sixth (6th) lease year and ending on the last day of the tenth (10th) lease year, and (ii) at any time during the period commencing on the date which is the first day of the eleventh (11th) lease year and ending on the last day of the eighteenth (18th) lease year so long as such exercise under this clause (ii) shall not have caused the Lessee to have terminated

for obsolescence more than three (3) of the properties subject to this Lease and the Other Leases, in each case on at least one hundred twenty (120) days' irrevocable (subject to the second succeeding paragraph) prior written notice (a "Notice of Termination") to the Lessor, to terminate this Lease on any Rent Payment Date (the "Termination Date"), if the Property shall have become Obsolete or if Lessee shall have made a good faith determination, such good faith determination to be evidenced by an Officer's Certificate delivered to the Lessor, to the effect that disposition of the Property is necessary or advisable for purposes of complying with Applicable Laws and Regulations. In connection with and at the time of delivery of any Notice of Termination, Lessee shall deliver to Lessor an appraisal of the then-current Fair Market Sales Value of the Property free and clear of the Lease (the "Appraisal") determined in accordance with the Appraisal Procedure. During the period commencing on the date of receipt by Lessor of the Notice of Termination and ending on the date on which Lessor is no longer entitled to provide a Retention Election, the Lessor,

but not the Lessee, shall be entitled, directly or through one or more agents, to seek bids for the sale of the Property. During the period commencing with the date on which the Lessor is no longer entitled to provide a Retention Election until the Termination Date, the Lessee, as non-exclusive agent for the Lessor, shall undertake on behalf of the Lessor to obtain cash bids for the purchase of the Property. Prior to solicitation of any such bids, the Lessee and the Lessor shall agree on a form of contract of purchase relating to the Property acceptable to the Lessor. The Lessee may use a third party as its agent in connection with any such sale. In connection with so acting as Lessor's agent, Lessee may, by written notice to Lessor delivered no less than fifteen (15) days after expiration of the period during which Lessor is entitled to provide a Retention Election, extend the Termination Date to any Rent Payment Date not more than two hundred seventy (270) days from the Termination Date initially designated in the Notice of Termination. The Lessee shall certify to the Lessor in writing the amount and terms of each bid received by the Lessee and the name and address of the Person submitting a bid (which Person shall not be the Lessee, any Affiliate of the Lessee, or any Person with an agreement to allow Lessee or any Affiliate of Lessee to use the Property at any time during the three (3) year period following any such termination but may be the Lessor). Unless Lessor should have delivered a Retention Election, on the Termination Date (subject to receipt of the net sales price and all additional payments and instruments specified in the next succeeding sentence), (i) the Lessee shall deliver possession of the Property to such highest bidder, and (ii) the Lessor shall, on an "as is, where is" basis and without recourse to or warranty by the Lessor, except as to the absence of Lessor Liens and subject to the same disclaimers as set forth in Section 7.1, simultaneously therewith sell the Property to such highest bidder, the total net selling price realized at such sale to be retained by the Lessor. In addition, on the Termination Date, the Lessee shall deliver to Lessor an instrument in which Lessee agrees not to, and not to permit any Affiliate to, directly or indirectly use the Property during the three (3) year period following the Termination Date and shall pay to the Lessor the sum of (A) the excess, if any, of the Termination Value determined as of the Termination Date over the net sales price of the Property paid to the Lessor pursuant to the preceding sentence, plus (B) all accrued and unpaid Basic Rent as of the Termination Date, if any, plus (C) any Make-Whole Amount, plus (D) any Additional Rent then due.

Notwithstanding the foregoing, the Lessor may elect to retain, rather than sell, its interest in the Property by giving irrevocable notice to that effect to the Lessee provided that such irrevocable notice (a "Retention Election") is given no later than one hundred twenty (120) days after the receipt of the Notice of Termination. If the Lessor elects to retain its interest in the Property pursuant to this paragraph, on the Termination Date the Lessee shall deliver possession of

the Property to Lessor or Lessor's designee and the Lessee shall pay to the Lessor or to whoever is entitled thereto, on the scheduled Termination Date, the amount set forth in clauses (B) and (D) of the preceding paragraph.

Anything in this Section 6.1 to the contrary notwithstanding, the Lessee shall have the right to revoke any Notice of Termination on not more than two (2) occasions during the Lease Term if, with respect to each such occasion, during the period in which the Lessee had the right to serve as agent for the Lessor to obtain cash bids either (i) there were no cash bids or (ii) all such cash bids were for an amount less than 90% of the Fair Market Sales Value of the Property as set forth in the Appraisal. Lessee shall pay the Lessor's reasonable expenses incurred in connection with the rescinded termination or incurred in connection with the completed termination.

If an acceptable bid for the Property shall not have been obtained or if a sale shall not have occurred on or as of the Termination Date, then this Lease shall continue in full force and effect until an acceptable bid is

obtained and a sale shall have occurred. If the Lessee shall fail to pay all amounts due under and pursuant to this Section 6.1 on the scheduled Termination Date, no sale shall be consummated, this Lease shall continue in full force and effect and it shall be deemed that Lessee has revoked its Notice of Termination.

Upon compliance by the Lessee with the provisions of this Section 6.1, the obligation of the Lessee to pay Basic Rent after the Termination Date shall cease, the Lease Term shall end and the obligations of the Lessee hereunder (other than any such obligations expressly surviving termination of this Lease) shall terminate as of the Termination Date. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action in connection with any such sale other than to sell its interest in the Property as provided above.

ARTICLE VII

CONDITION OF PROPERTY

Section 7.1 Disclaimers. The Property is demised and let by the Lessor "AS IS" in its present condition, subject to (a) the rights of any parties in possession thereof, (b) the state of the title thereto existing at the time the Lessor acquired title to its interest in the Property, (c) any state of facts which an accurate survey or physical inspection might show (including the survey delivered on the Lease Term Commencement Date), (d) all Applicable Laws and Regulations and (e) any violations of Applicable Laws and Regulations which may exist on the Lease Term Commencement Date. The Lessee has examined the Property and (insofar as the Lessee is concerned) has found the same to be satisfactory. THE LESSOR HAS NOT MADE NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, NOR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE VALUE, HABITABILITY, CONDITION, DESIGN, OPERATION, OR FITNESS FOR USE OF THE PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE

PROPERTY (OR ANY PART THEREOF) AND THE LESSOR SHALL NOT BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR THE FAILURE OF THE PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY APPLICABLE LAWS AND REGULATIONS except that the Lessor hereby represents and warrants that the Property is and shall be free of Lessor Liens attributable to Lessor. It is agreed that the Lessee has been afforded full opportunity to inspect the Property, is satisfied with the results of its inspections of the Property and is entering into this Lease solely on the basis of the results of its own inspections and all risks incident to the matters discussed in the preceding sentence, as between the Lessor, on the one hand, and the Lessee, on the other, are to be borne by the Lessee. The Lessee acknowledges that the Property has been subject to a sale-leaseback transaction among the Lessee, the Seller and the Lessor and, therefore, the Lessee is fully familiar with the condition of the Property and is not looking to any other Person as to any warranty with respect thereto. The provisions of this Article VII have been negotiated, and, except to the extent otherwise expressly stated, the foregoing provisions are intended to be a complete exclusion and negation of any representations or warranties by the Lessor, express or implied, with respect to the Property, that may arise pursuant to any law now or hereafter in effect, or otherwise.

ARTICLE VIII

LIENS

The Lessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Property, any Basic Rent, title thereto or any interest therein, except in all cases Permitted Liens. The

Lessee shall promptly, but not later than thirty (30) days after the filing thereof, at its own expense, take such action as may be necessary duly to discharge or eliminate or bond in a manner reasonably satisfactory to the Lessor any such Lien (other than Permitted Liens) and provide title endorsement coverage as Lessor may reasonably request if the same shall arise at any time.

Nothing contained in this Lease shall be construed as constituting the consent or request of the Lessor, express or implied, to or for the performance by any contractor, laborer, materialman, or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Property or any part thereof, which would result in any liability of the Lessor for payment therefor. NOTICE IS HEREBY GIVEN THAT THE LESSOR WILL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO THE LESSEE, OR TO ANYONE HOLDING AN INTEREST IN THE PROPERTY OR ANY PART THEREOF THROUGH OR UNDER THE LESSEE, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF THE LESSOR IN AND TO THE PROPERTY.

ARTICLE IX

MAINTENANCE AND REPAIR; ALTERATIONS, MODIFICATIONS AND ADDITIONS

Section 9.1 Maintenance and Repair. The Lessee, at its own expense, shall at all times, (a) maintain the Property in good order and repair, subject to ordinary wear and tear, provided, however, the Lessee shall make such additions, improvements and updates to the Property as may be necessary to maintain the Property consistent with the standards then applicable to other similar properties owned and operated by the Lessee and its Affiliates, but in no event less than the standards of other prudent owners of similar office and research and development facilities; provided, further, however, the Lessee shall satisfy the recommendations with respect to the Property set forth in Schedule Y attached hereto no later than November 30, 2001; (b) maintain the Property in accordance with all Applicable Laws and Regulations; (c) comply with the standards imposed by any insurance policies required to be maintained hereunder which are in effect at any time with respect to the Property or any part thereof; and (d) make all necessary or appropriate repairs, replacements and renewals of the Property which may be required to keep the Property in the condition required by the preceding clause (a), whether interior or exterior, structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen, and including, without limitation, repairs, replacements and renewals that would constitute capital expenditures under GAAP if incurred by an owner of property. The Lessee waives any right that it may now have or hereafter acquire to (i) require the Lessor to maintain, repair, replace, alter, remove or rebuild all or any part of the Property or (ii) make repairs at the expense of the Lessor. All such repairs, restorations and replacements shall be constructed and installed in a good and workmanlike manner in compliance with Applicable Laws and Regulations. In carrying out its obligations under this Section 9.1, the Lessee shall not discriminate in any way in the maintenance of the Property as compared with other similar properties owned, managed or leased by the Lessee.

Section 9.2 Alterations; Additions.

(a) (i) Lessee shall make all alterations, renovations, modifications or improvements to the Improvements, including, without limitation, construction of new facilities with respect thereto and expansion and re-arrangement of the Improvements,

destruction or demolition of existing Improvements (provided that such destruction or demolition does not reduce the number of rentable square feet of the Improvements) and complete re-construction of a facility or any part thereof which is included as part of the Property (collectively, "Alterations"), ----------- which are required by Applicable Laws and Regulations.

(ii) Provided Lessee at the time of an Alteration maintains a Credit Rating of Investment Grade or higher, Lessee may make any Alteration not required by Applicable Laws and Regulations, the cost of which is ten percent (10%) or less of the Purchase Price of the Property, without Lessor's and Lender's consent;

(iii) Provided Lessee at the time of an Alteration maintains a Credit Rating of Investment Grade or higher, Lessee may make any Alteration not required by Applicable Laws and Regulations, the cost of which is more than ten percent

(10%) of the Purchase Price of the Property, with Lessor's and Lender's prior consent, which consent shall not be unreasonably withheld;

(iv) In the event Lessee shall not then maintain a Credit Rating of Investment Grade or higher, Lessee shall not have the right to make any Alteration not required by Applicable Laws or Regulations the cost of which exceeds $250,000 unless Lessee shall have received the prior written consent of Lessor, not to be unreasonably withheld or delayed, and Lessee shall have delivered to Lessor security for the benefit of the Lessor and the Lender in form and substance reasonably satisfactory to the Lessor, and in amounts at all times sufficient (and which may be applied, with the consent of Lessor and Lender) to complete such Alteration.

Lessee's right to make Alterations is subject to the conditions that:

(x) such Alterations do not decrease (other than to a de minimis extent) the Fair Market Sales Value, Residual Value, condition, utility or Remaining Life of the Property below the Fair Market Sales Value, Residual Value, condition, utility or Remaining Life of the Property immediately prior to the Alterations (assuming the Property was in the condition required by this Lease) and such Alterations do not cause the Property to be characterized as "limited-use property" (as defined in Revenue Procedure 2001-28); and

(y) Lessee has delivered to Lessor and Lender the plans and specifications relating to the proposed Alteration which, in cases where Lessor's and Lender's consent to an Alteration is required, shall be subject to Lessor's and Lender's approval, not to be unreasonably withheld or delayed. With respect to any Alteration, Lessee shall certify that: (x) any new structures, and any structural alterations, additions or additional buildings or structures, shall be built under the supervision of a certified architect, (y) the structural integrity of the existing buildings will not be impaired by such work, and (z) such new structures, structural alterations, additions or additional buildings or structures or the results of such demolition will not encroach upon (or with respect to demolitions, cause any damage to) any adjacent premises. With respect to demolitions, Lessee shall certify, with respect to buildings not demolished, the substance of subclause (y) of the immediately preceding sentence, and with respect to buildings being demolished, the

substance of subclause (z) of the immediately preceding sentence.

(b) It is understood and agreed that, so long as no Material Lease Default or Lease Event of Default shall have occurred and be continuing, Lessee shall have the right to construct on the Land, with the consent of Lessor and Lender (such consent not to be unreasonably withheld or delayed), additional buildings and other facilities which are not an integral part of the Improvements ("Additions") so long as such Additions and the impact of such
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Additions on the Property meet the conditions set forth in Sections 9.2(a)(i) and 9.2(a)(ii) above. In addition, the Lessor and Lender agree pursuant to Section 23.12 below, to provide such easements as may be reasonably requested by the Lessee in connection with such Additions, provided that such
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easements do not cause the Property and Alterations to fail to meet the conditions set forth in Section 9.2(a)(i) above.

(c) If Lessee shall make or cause to be made any Alterations or Additions, it shall do so in a good and workmanlike manner and, subject to Section 9.9 hereof, in compliance with Applicable Laws and Regulations, and such Alterations or Additions, as the case may be, shall be free of Liens other than Permitted Liens. Whenever Lessee is making Alterations or Additions, Lessee shall commence such Alterations or Additions promptly and, once commenced, shall diligently pursue the completion of such Alterations or Additions and, in any event, shall complete such Alterations within the lesser of three (3) years after commencement of such Alterations or Additions or the then remaining term of this Lease. If any such Alterations or Additions shall not have been completed prior to the expiration of this Lease, Lessee shall be deemed to remain in possession of the Property and Section 3.6 hereof shall apply.

(d) For the purpose of confirming that Lessee is not required to remove any specified Alteration or Addition as required by Section 9.5, the Lessee shall have the right to request the consent of the Lessor as to any Alteration or Addition to the Property pursuant to this Section 9.2 as to which consent is not otherwise required hereunder, which consent shall not be unreasonably withheld. The reasonable cost and expense of Lessor's (i) review of any plans and specifications or other documents required to be furnished pursuant to this Lease or (ii) review/supervision of any such Alterations or Additions shall be paid by Lessee to Lessor, within thirty (30) days after demand, as Additional Rent.

Section 9.3 Permanent and Non-Severable. All Alterations not
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required by Applicable Laws and Regulations, which are severable from the Property, which have not been financed by the Lessor, and which may be removed therefrom without (a) decreasing (other than to a de minimis extent) the Fair Market Sales Value, Residual Value or Remaining Life of the Property from the Fair Market Sales Value, Residual Value and Remaining Life that the Property would have had if such Alterations had never been made and (b) causing material damage to the Property (after taking into account the repairs which would be required to return the Property to its condition prior to the time that such Alterations were made (provided that Lessee makes all such repairs)) ("Severable
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Alterations") shall remain the property of Lessee. Not earlier than sixty (60)
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days prior to the surrender of the Property, the Lessor may elect to purchase on the Lease Termination Date from the Lessee any Severable Alterations (if not already owned by the Lessor, previously removed by the Lessee or previously identified for removal by Lessee) which purchase shall be at the Fair Market Sales Value of such Alterations. Any such Severable Alterations which Lessor has not purchased or requested be removed and which Lessee elects to leave in place at the end of the Lease Term and all Additions shall, at such time, become Lessor's property and title thereto shall vest in Lessor without compensation to

Lessee. All Alterations which are not Severable Alterations will become part of the Property and title thereto will automatically vest in Lessor when made without compensation to Lessee, and will thereupon become part of the Property subject to this Lease. On the Lease Termination Date at the request of Lessor, Lessee shall deliver a deed or bill of sale on an "as is, where is" basis to Lessor covering all Alterations which are not Severable Alterations and all other Alterations and Additions which Lessee is not removing from the Property, in each case, appropriate to transfer title to Lessor, free and clear of all Liens other than Permitted Liens.

Section 9.4 Cooperation. If any Applicable Laws and Regulations require that Lessor submit a request for governmental approvals and permits in connection with any Alterations or Additions, Lessor shall, subject to the terms and conditions of Section 23.12, cooperate in obtaining all necessary governmental permits and approvals to complete any such Alterations or Additions without any cost or expense to Lessor.

Section 9.5 Obligations with Respect to Alterations and Additions at End of Lease Term. At the end of the Lease Term, if requested by Lessor, Lessee shall (at its expense) remove all Additions and all Alterations as to which the Lessor has not consented to their construction or installation on the Property. Lessee shall, at Lessee's sole cost and expense, diligently complete the removal of such Additions and Alterations (including any portion thereof below ground level) in a good and workmanlike manner in compliance with Applicable Laws and Regulations, and shall restore the Land on which such Alterations or Additions were constructed to its condition prior to the making of such Alterations or Additions.

Section 9.6 [Intentionally Omitted.]

Section 9.7 Compliance with Applicable Laws and Regulations. During the Lease Term, at Lessee's expense and without expense to the Lessor, Lessee will comply in all material respects with the provisions of all Applicable Laws and Regulations governing the use, operation, condition or maintenance of, or otherwise affecting, the Property; provided, however, that this Section 9.7 shall not apply to compliance with Environmental Laws, which compliance shall be governed solely by Section 9.8.

Section 9.8 Environmental Covenants. In order to induce Lessor to enter into this Lease, Lessee covenants and agrees during the term of this Lease:

(a) to comply and to cause all assignees, tenants, sub-tenants and other Persons occupying or conducting business on the Property to comply with all Environmental Laws applicable to the Property or any operation thereon or to Lessee or its subtenants, assignees, tenants as occupants of the Property or other Persons occupying or conducting business on the Property;

(b) to have sole responsibility for any and all costs and expenses of compliance with applicable Environmental Laws, including any such compliance directed to the Lessor or to which any of Lessor, or Lessee or its subtenants, assignees, tenants or other Persons occupying or conducting business on the Property may become subject;

(c) not to generate, use, treat, store, handle, Release or dispose of, or permit the generation, use, treatment, storage, handling, Release or disposal of Hazardous Materials on the Property, or transport or permit the transportation of Hazardous Materials to or from the Property in any quantity or

manner which would violate, or give rise to liability under, any applicable Environmental Laws;

(d) to conduct or cause to be conducted any investigation, study, sampling and testing and undertake any Remedial Action with respect to Hazardous Materials on or from the Property (including, for the avoidance of doubt, with respect to Hazardous Materials on or from the Property prior to commencement of the Lease Term) as required by and in accordance with the requirements of the applicable Environmental Laws;

(e) (i) Lessee shall promptly notify Lessor of (A) any fact, circumstance, condition, occurrence or Release of Hazardous Materials occurring at or from the Property relating to any underground storage tank or otherwise that may be reasonably expected to result in an expense in excess of $500,000 relating to or as a result of noncompliance with any applicable Environmental Law, such notice to be given no later than fifteen (15) Business Days after the condition is discovered by Lessee or such Release or occurrence takes place, whichever is later, and (B) any pending or threatened Environmental Claim that may reasonably be expected to result in an expense in excess of $500,000 against Lessee relating to the Property, such notice to be given no later than fifteen (15) Business Days after Lessee receives written notice that such Environmental Claim is commenced or threatened. To the extent possible, all such notices shall describe in reasonable detail the nature of the Environmental Claim, fact, circumstance, condition, occurrence or Release and Lessee's response thereto.

(ii) Upon the written request of Lessor, Lessee shall provide Lessor with copies of all written communications with any Governmental Authority or third party (other than any privileged written communication with counsel), and all other documents reasonably requested by the foregoing Persons relating to the subject of any notice required under Section 9.8(e)(i).

(iii) Lessee shall provide reports relating to any Environmental Claim in such detail as may reasonably be requested by Lessor. In addition, if any fact, circumstance, condition, occurrence or Release occurs at or from the Property that relates to any underground storage tank or otherwise that may reasonably be expected to result in an expense in excess of $500,000 relating to or as a result of noncompliance with any applicable Environmental Law or Environmental Claim, Lessor may require with respect to the Property that is the subject of the claim, at Lessee's sole cost and expense, the undertaking of a Phase I environmental audit and, if such Phase I environmental audit discloses any environmental condition or conditions that reasonably require a Phase II environmental audit, a Phase II environmental audit for the Property. All audits pursuant to this provision shall be prepared by a consultant that is, and the scope of the audit shall be, reasonably acceptable to Lessor.

(iv) Subject to the terms of Article XV, Lessor, Lender and their respective agents, employees, contractors and representatives shall have the right, but not the duty, at their cost and expense (unless a Lease Event of Default is continuing, in which case such inspection will be at Lessee's cost and expense), to enter upon the Property during reasonable times and upon reasonable notice to monitor and inspect any fact, circumstance, condition, occurrence or Release of Hazardous Materials thereon that relates to an underground storage tank or otherwise that may result in an expense in excess of $500,000 relating to or as a result of non-compliance with any applicable Environmental Law. In exercising its rights herein, each such party shall use reasonable efforts to minimize interference with the Lessee's business but any such entry shall not constitute an eviction of Lessee, in whole or in part. If any Governmental

Authority shall ever require testing to ascertain whether there has been a Release or violation of applicable Environmental Laws, then the costs thereof shall be paid by Lessee; and

(f) Lessee shall maintain the Property and cause alterations to be performed to the Property in compliance with Environmental Laws applicable to asbestos.

Section 9.9 Contests. (a) (a) Subject to the terms of Section 9.9(b) of this Lease, during the Lease Term, Lessee may contest the validity or application of any Applicable Laws and Regulations (other than with respect to any matters described in the Tax Indemnity Agreement, as to which the Tax Indemnity Agreement shall control) or the validity or amount of any Impositions or Liens by appropriate proceedings diligently conducted in good faith in the name of Lessee, or, if the provisions of any Applicable Laws and Regulations require that such proceeding be brought by or in the name of Lessor, with Lessor, in the name of Lessor, or both, without any cost or expense to Lessor so long as such proceedings shall not interfere with the disposition of the Property or any part thereof or involve (i) any material risk of the sale, forfeiture or loss of the Property or any part thereof or title thereto or any interest therein, (ii) a material risk of extending the ultimate imposition of such Applicable Laws and Regulations beyond the termination of the Lease Term, (iii) any risk of criminal liability being imposed on the Lessor, or (iv) a material risk of reduction of the value, utility or remaining useful life (except to an insignificant extent) of the Property.

(b) Subject to Section 9.9(a) and satisfaction of the following conditions, Lessee, at its sole cost and expense, may contest the assertion by any Governmental Authority or any other Person of any Applicable Laws and Regulations affecting all or a portion of the Property:

(i) no Lease Event of Default has occurred and is continuing;

(ii) such contest shall not present (A) any material danger of the sale, forfeiture or loss of any part of the Property, title thereto or interest therein, material interference with the use, value or disposition of the Property or the payment of Rent relating to the Property, or (B) any danger of criminal liability or material danger of any civil sanctions being imposed on the Lessor;

(iii) such contest shall not result, or be reasonably likely to result, in any Lien against the Property or any Rent payable hereunder or, if such contest shall, or shall be reasonably likely to, result in any such Lien, and if the Lessee shall not then maintain a Credit Rating of Investment Grade, Lessee shall have provided additional security for the benefit of the Lessor and the Lender in form and substance, and in amounts, reasonably satisfactory to the Lessor;

(iv) any such contests, once instituted, unless discontinued, settled or compromised, shall be prosecuted diligently until a final judgment is obtained; and

(v) Lessee may only delay compliance with the subject Applicable Laws and Regulations until the earliest to occur of: (A) a determination by the applicable judicial or Governmental Authority that the contest is unsuccessful, which determination is not, or ceases to be, subject to further appeal, (B) the discontinuance, settlement or compromise of such judicial proceeding or proceeding involving or heard by a Governmental Authority or (C) the last day of the Basic Term or any Renewal

Term then in effect.

ARTICLE X

LOCATION AND USE

Section 10.1 Location. Lessee shall not remove, or permit to be removed, the Improvements or any part thereof from the Property without the prior written consent of the Lessor, except that the Lessee or any other Person may remove (a) any Severable Alteration with respect to which title has passed to or remained with the Lessee in accordance with the provisions of Section 9.3, (b) any part of the Improvements on a temporary basis for the purpose of repair or maintenance thereof or (c) any part of an Improvement which has been replaced by another part pursuant to Section 9.2 and which has become subject to this Lease.

Section 10.2 Use. Lessee may use the Property for any lawful purpose, provided such use involves general office, research and development or distribution purposes, and does not increase the risk of an Environmental Claim ("Permitted Uses"). Lessor shall not unreasonably withhold its consent to any other use of the Property by Lessee, so long as such use relates to the business of manufacturing, distributing, assembling and designing automobile, truck and off-highway vehicle parts. Lessee shall have the right not to utilize the Property or any part thereof at any time and from time to time, subject to compliance with all other terms of this Lease.

ARTICLE XI

INSURANCE

Section 11.1 Coverage. Subject to Lessee's rights of self-insurance set forth in this Section 11.1, Lessee shall maintain or cause to be maintained:

(a) (i) all-risk property insurance covering each and every component of the Property against physical loss or damage, including, but not limited to fire and extended coverage, collapse, flood and earth movement in an amount at least equal to the replacement value. Such insurance policy shall contain an agreed amount endorsement waiving any coinsurance penalty; (ii) loss of rental income insurance in an amount sufficient to provide proceeds which will cover the actual loss of Basic Rent during restoration, not to exceed a period of twelve (12) months.

(b) "boiler and machinery" insurance with respect to damage (not insured against pursuant to Section 11.1(a) hereof) to the boilers, pressure vessels or similar apparatus located on the Property for risks normally insured against under boiler and machinery policies;

(c) commercial general liability insurance with respect to the Property written on an occurrence basis (not claims made basis) with a limit of not less than $1,000,000 per occurrence. Such coverage shall include, but shall not be limited to, premises/operations, explosion, collapse, underground hazards, hostile fire and limited sudden and accidental pollution, contractual liability, independent contractors, property damage, bodily injury, advertising injury and personal injury liability. Such insurance shall not contain an exclusion for punitive or exemplary damages when insurable by law;

(d) (i) Workers' Compensation insurance in accordance with statutory provisions or qualified self-insurance covering accidental injury, illness or death of an employee of Lessee while at work or in the scope of his employment with Lessee and (ii) Employer's Liability in an amount not less than $1,000,000 or such greater amount as may be required by law. Such coverage shall not contain any occupational disease exclusion; and

(e) excess or umbrella liability insurance in an amount not less than $10,000,000 written on an occurrence basis (i.e., not claims made basis)
providing coverage limits in excess of the insurance limits in (c) and (d)(ii) above for all operations of the Lessee. Such insurance shall follow the form of the primary insurance and drop down in case of exhaustion of underlying limits. Such insurance shall not contain an exclusion for punitive or exemplary damages where insurable under law.

The insurance required to be maintained pursuant to this Lease shall be no less favorable, except for limits of liability, than that generally maintained by Lessee and its Affiliates on properties which are owned or operated by them and all insurance carried pursuant to Sections 11.1(a) (i) and 11.1(a)(ii) or 11.1(c) shall be placed with such insurer having a minimum Standard & Poor's rating of A and insurance carried pursuant to Sections 11.1(b) and 11.1(e) shall be placed with such insurer having a minimum A.M. Best rating of A.IX (or such other rating as Lessor and Lender may reasonably agree) authorized to do business in the State in which the Property is located, and be in such form, with terms, conditions, limits and deductibles as shall be reasonably acceptable to the Lessor; provided that such insurance may be reinsured by insurers in which Lessee or any of its Affiliates has an interest.

To the extent that any of the levels of insurance specified above are not available in the commercial market or not available at commercially reasonable rates, the Lessee shall be entitled to maintain insurance at lower levels or different terms and conditions so long as the coverage is consistent with the practice of the Lessee.

Any of the foregoing insurance coverages may be carried as a part of blanket policies, provided that (i) amounts shall not be less than those
required by this Section 11.1; (ii) any such policy(ies) shall otherwise comply with the requirements of this Article XI; (iii) the protection afforded, except for the limits of liability or the exhaustion of aggregate limits, under any such policy(ies) shall be no less than that which would have been afforded under a separate policy or policies relating only to the Property; and (iv) each certificate of insurance shall explicitly specify replacement value with respect to the Property coverage.

Notwithstanding the preceding provisions of this Section 11.1, at any time that the Lessee shall maintain a Credit Rating of BBB from Standard & Poor's and Baa2 from Moody's, or higher, Lessee shall be entitled to self-insure and/or have deductibles against any risks described in Section 11.1(a)-(d) so long as such risks retained do not exceed $10,000,000 (as adjusted upwards annually by the consumer price index) in any single occurrence and no Lease Event of Default shall have occurred and be continuing for thirty (30) days. At any time that the Lessee is not entitled to self-insure as described in the immediately preceding sentence, (i) if the Lessee shall then maintain a Credit Rating of Investment Grade or higher, the amount of any deductible with respect to any property insurance policy required by this Lease shall be $250,000 or less and with respect to any general liability insurance policy required by this Lease shall be $1,500,000 or less or (ii) if the

Lessee shall not then maintain a Credit Rating of Investment Grade or higher,

then within thirty (30) days of the downgrade below Investment Grade, the amount of any deductible with respect to any property or general liability insurance policy required by this Lease shall not be greater than five percent 5% of annual Basic Rent. The Lessee may, from time to time, increase the amount of self-insurance and/or deductibles from the amounts set forth herein with the Lessor's prior written consent, such consent not to be unreasonably withheld. In addition, with respect to insurance required by Section 11.1(e), at the written request of the Lessor delivered not less than sixty (60) days prior to the proposed effective date thereof, all minimum amounts of policies (but not deductibles) shall be increased (but not decreased) on or after the tenth (10th) anniversary of the Lease Term Commencement Date and every five (5) years thereafter to the level that a prudent lessee of comparable property would carry.

Section 11.2 Policy Provisions. Any insurance policy required to be maintained by Lessee pursuant to Section 11.1 shall:

(a) specify Lessee as the insured, Lessor as loss payee and Lender as mortgagee and loss payee with respect to all property insurance, including rental income insurance, and, except in the case of the insurance described in Section 11.1(d), Lessor and Lender as additional insured in respect of claims or suits for bodily injury or property damage arising from the use, ownership, occupancy, lease or sublease of the Property as to all such insurances. It shall be understood that any obligation imposed upon the Lessee, including but not limited to the obligation to pay premiums, shall be the sole obligation of Lessee and not of Lessor;

(b) provide, in the case of insurance carried pursuant to Section 11.1(a) and (b), that all insurance proceeds in respect of any loss or occurrence with respect to the Property (i) shall be adjusted with Lessee, unless a (and only for so long as no) Lease Event of Default shall be continuing, in which case such proceeds shall be adjusted solely with Lessor (or Lender, if Lessor has assigned such right to Lender) and (ii) shall be payable (x) to Lessee in accordance with Article XIV, and (y) in all other circumstances to Lessor or the Depository or otherwise as Lessor may direct;

(c) provide that, in respect of the interests of Lessor and Lender, such policies shall not be invalidated by any action or inaction of Lessee or any other Person (other than the Person making the claim thereunder) and shall insure Lessor and Lender regardless of, and any claims for losses shall be payable notwithstanding:

(i) any act of negligence, including any breach of any condition or warranty in any policy of insurance, of Lessee or any other Person (other than the Person making the claim thereunder);

(ii) the occupation or use of the Property for purposes more hazardous than permitted by the terms of the policies;

(iii) any foreclosure or other similar proceeding or notice of sale relating to any of the Property; and

(iv) any change in the title to or ownership of the Property after Lessee and its insurance underwriter has notice of such change in title or ownership;

(d) provide that such insurance shall be primary insurance and that the insurers under such insurance policies shall be liable under such policies without right of contribution from any other insurance coverage effected by or on behalf of Lessor under any other insurance policies covering a loss that is also covered under the insurance policies maintained or arranged by Lessee pursuant to this Article XI and shall expressly provide that all provisions

thereof, except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of Lessee), shall operate in the same manner as if there were a separate policy covering each insured;

(e) provide that any cancellation thereof shall not be effective as to Lessee, Lessor or Lender until at least thirty (30) days after receipt by Lessee or Lessor, as applicable, of written notice thereof (except for the nonpayment of premium for which ten (10) days notice shall be given); provided
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that such delayed effectiveness shall not be required where the insurance proposed to be canceled has been replaced with other insurance, or Lessee has self-insured, in either case in accordance with the terms hereof; and

(f) waive any right of subrogation of the insurers against Lessor and Lender and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Lessor or Lender.

So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall have the right to settle all claims with the insurers.

Section 11.3 Certificates of Insurance; Performance by Lessor. On or
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prior to the Closing Date and on or before the fifteenth (15th) day prior to the expiration of any policy maintained pursuant to this Article XI and not less than five (5) days prior to any assignment of Lessee's interest in this Lease permitted under Section 13.3 of this Lease or any sale or replacement of the Property or any refinancing permitted under this Lease, Lessee shall deliver to Lessor certificates of insurance issued by the insurers evidencing the insurance maintained pursuant to this Article XI or, to the extent Lessee is permitted to self-insure under the requirements established in Section 11.1 of this Lease and Lessee has elected to do so, an Officer's Certificate that self-insurance is permitted under Section 11.1 of this Lease and that self-insurance is in place for any insurance coverage required under this Article XI that is not otherwise evidenced by the insurers' certificates of insurance. In the event that Lessee shall fail to maintain insurance or provide notice of self-insurance as herein provided, Lessor and/or its successors, designees, or assigns may at their respective option, but without obligation, provide such insurance and, in such event, Lessee shall, within ten (10) days after receipt of demand from time to time, reimburse Lessor and/or its successors, designees, or assigns for the cost thereof, together with interest on such cost at the Overdue Rate computed from the date of payment of such cost to the date of reimbursement. Lessor and/or its successors, designees, or assigns shall give prompt written notice to Lessee of any such insurance.

Section 11.4 General. Notwithstanding anything to the contrary
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herein, no provision of this Article XI or any provision of this Lease shall impose on Lessor any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by Lessee, nor shall Lessor be responsible for any representations or warranties made by or on behalf of Lessee to any insurance broker, company or underwriter.

Section 11.5 Proceeds. All proceeds of property insurance policies
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or self-insurance maintained pursuant to this Article XI and the amount of any deductible shall be paid in the manner set forth in Article XIV of this Lease; provided, however, that, if the applicable Section of this Lease requires that
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the proceeds of property insurance be retained by the Depository, and Lessee was self-insured with respect to the occurrence which would have generated such proceeds, then Lessee shall, within seven (7) days after receipt of written

notice from Lessor, pay a sum equal to the proceeds which would have been paid by the insurance policies required under Section 11.1(a) (assuming that there was no deductible allowed and no self-insurance in place), to the Depository as though there were an actual policy of insurance in place.

Section 11.6 Separate Insurance. Nothing in this Article XI shall be construed to prohibit Lessor from insuring at its own expense the Property or its interest therein, provided any insurance so maintained shall not provide for or result in a reduction of the coverage or the amounts payable under any of the insurance required to be maintained by Lessee under this Article XI.

ARTICLE XII

RETURN OF PROPERTY

Section 12.1 Surrender; Environmental Compliance. On the Lease Termination Date, Lessee shall surrender the Property in good order and condition, ordinary wear and tear and loss by casualty covered by insurance (to the extent the proceeds have been received by the Lessor) excepted, free and clear of all Liens other than Lessor Liens and Liens described in clause (vi) of the definition of Permitted Liens, in the condition required by Section 9.1 of this Lease. In the event Lessee elects, at its option, to remove any of the equipment described on Schedule X, or any other property or equipment not subject to this Lease, Lessee shall repair any damages caused by such removal and restore the Property to the condition it was in prior to the installation of such equipment or property. Upon surrender, the Lessee shall deliver an Environmental Report to the Lessor showing that the Property is in compliance with Environmental Laws, which Environmental Report shall be dated within one hundred twenty (120) days of the date of such surrender. The delivery of such Environmental Report shall not relieve the Lessee of any indemnification obligation or liability with respect to any Release, violation of Environmental Law, Environmental Claim or other loss of or damage to any property or the environment. Simultaneously with such surrender, Lessee shall deliver to Lessor:

(i) to the extent maintained by Lessee in the ordinary course of its business, originals of all transferable operating licenses, other licenses, certificates of occupancy, other certificates, permits, authorizations and approvals relating to the use and occupancy of the Property;

(ii) to the extent in the possession or control of Lessee (x) plans and specifications for all mechanical, electrical and HVAC systems pertaining to the Property and (y) as-built drawings, blueprints, operating and repair manuals, engineering logs and preventative maintenance records relating to the Property or any Alteration or Addition;

(iii) maintenance contracts, warranties or claims related to the Property or any Alteration or Addition;

(iv) keys to the Property and all locks located therein in the possession or control of Lessee; and

(v) such other papers and documents in the possession and control of Lessee which may be necessary for the ownership or the proper operation of the Property.

ARTICLE XIII

ASSIGNMENT, SUBLEASING AND MERGER

Section 13.1 Subletting of Portions of the Property Without Lessor's Consent. The Lessee may sublease all or any part of the Property to any Person at any time on such terms and conditions as Lessee may desire in its sole discretion, without the consent of Lessor; provided, however, that (i) any such sublease shall be expressly subject and subordinate to this Lease and shall not release Lessee from any of its obligations or liabilities under this Lease or under any other Operative Document; (ii) no such sublease may be entered into if a Lease Event of Default has occurred and is continuing; (iii) any sublessee shall not be bankrupt or insolvent at the inception of the sublease and shall be permitted to use the Property only for Permitted Uses; (iv) any such sublease shall be for a term that does not extend beyond the Basic Term or any Renewal Term that has been irrevocably elected; (v) the sublease shall not contain any purchase options; and (vi) no sublease shall cause any portion of the Property to be tax-exempt use property within the meaning of Section 168(h) of the Code.

Section 13.2 Delivery of Non-Disturbance Agreements by Lessor. Upon the request of Lessee, Lessor and Lender shall execute and deliver a subordination, non-disturbance and attornment agreement in the form attached to this Lease as Exhibit B (a "Non-Disturbance Agreement"), in connection with a sublease by Lessee complying with Section 13.1, provided such sublease is (i) to a sublessee with a Credit Rating of at least Baa by Moody's and BBB by Standard & Poor's, (ii) at a rental rate equal to the greater of the Basic Rent payable under this Lease on a per square foot basis and the Fair Market Rental Value of the Property, (iii) for not less than fifty percent (50%) of the usable square footage of the Improvements which space is physically contiguous to the space which is not subleased and is accessible by a separate entrance or a common lobby, (iv) for a term of not less than five (5) years and not more than ten (10) years, and provided that the Improvements are readily convertible to multi-tenant use without material expenditure of funds so that the space remaining after the subletting is contiguous and is accessible by a separate entrance or a common lobby and is a self-contained and readily marketable unit of space. Lessor and Lender shall execute and deliver the Non-Disturbance Agreement with respect to such sublease within twenty (20) Business Days after request by Lessee so long as (x) Lessee pays all reasonable costs and expenses (including reasonable attorneys' fees and expenses) in connection therewith, (y) no Lease Event of Default has then occurred and is continuing and (z) the Lessee shall have delivered a certificate to the Lessor and the Lender confirming compliance with Section 13.1 and this 13.2.

Section 13.3 Assignment of Lease. So long as no Lease Event of Default has occurred and is continuing, Lessee may assign its interest in this Lease without the consent or approval of Lessor. No assignment permitted hereunder shall (a) relieve Lessee of any of its obligations, liabilities or duties hereunder and under the other Operative Documents, which shall be and remain those of a principal and not a guarantor, (b) cause any portion of the Property to be tax-exempt use property within the meaning of Section 168(h) of the Code or (c) be to an assignee that is bankrupt or insolvent as of the effective date of such assignment. Notwithstanding clause (a) of the immediately preceding sentence, Lessee may assign its interest in this Lease and the Lessee shall be relieved of all its obligation, liabilities or duties hereunder so long as (i) (A) the assignee of this Lease has a Credit Rating of not less than A3 by Moody's and A- by Standard & Poor's or (B) the obligations of the assignee of this Lease are guaranteed by an entity which has a Credit Rating of not less than A3 by Moody's and A- by Standard & Poor's, (ii) the assignee and such guarantor shall have assumed the due and punctual performance of all of the

obligations of Lessee under this Lease pursuant to an assignment and assumption agreement and guarantee in form and substance, and supported by opinions in form and substance and from counsel, satisfactory to the Lessor and Lender and (iii) Lessor shall have consented thereto (which consent shall not be unreasonably withheld).

Section 13.4 Merger. The Lessee agrees that it will not consolidate with or merge with any other Person or sell, convey, transfer or lease its assets as an entirety or substantially as an entirety, unless: (a) the surviving entity (if other than the Lessee) or the Person that shall acquire by sale, conveyance, transfer or lease the assets of the Lessee as an entirety or substantially as an entirety shall execute and deliver to the Lessor an assumption by such successor entity of the due and punctual performance of each covenant and condition of this Lease to be performed or observed by the Lessee and (b) no Material Lease Default or Lease Event of Default shall have occurred and be continuing after giving effect to such consolidation, merger or sale, conveyance, transfer or lease of assets of the Lessee as an entirety or substantially as an entirety. Upon any such consolidation or merger, or any sale, conveyance, transfer or lease of the assets of the Lessee as an entirety or substantially as an entirety in accordance with this Section 13.4, the surviving Person or the Person to which such sale, conveyance, transfer or lease shall be made shall succeed to, and be substituted for, and may exercise every right and power of, the Lessee under this Lease.

Section 13.5 Affiliates. Subject to Section 13.1, the Lessee shall have the right, without the consent of Lessor, to sublease the Property or portions thereof to, or share occupancy with Affiliates of Lessee (or entities which are joint ventures of Lessee, its Affiliates and third parties), provided Lessee shall remain liable under this Lease as a principal and not as a guarantor.

ARTICLE XIV

LOSS, DESTRUCTION, CONDEMNATION OR DAMAGE

Section 14.1 Payment of Stipulated Loss Value on an Event of Loss. Upon the occurrence of an Event of Loss, the Lessee shall promptly (and, in any event, within thirty (30) days after such occurrence) give the Lessor written notice of such Event of Loss and shall, within ninety (90) days after such occurrence give the Lessor written notice stating whether Lessee elects

to (i) comply with the provisions of Section 14.2 hereof relating to restoration and rebuilding of the Property affected by such damage, destruction or taking, or (ii) terminate this Lease on a Rent Payment Date occurring not less than one hundred twenty (120) days from the delivery of such notice and, if such election shall occur during the Basic Term, making a rejectable offer to purchase the Property in accordance with this Section 14.1. Unless the Lessor rejects the Lessee's offer to purchase the Property in accordance with the last paragraph of this Section 14.1, on the first Stipulated Loss Value Date at least one hundred twenty (120) days after the date of such notice the Lessee shall, without regard to the adequacy of any Net Casualty Proceeds or Net Condemnation Proceeds, pay to the Lessor an amount equal to the sum of the Stipulated Loss Value as of such payment date and other amounts, if any, then due hereunder or under any of the other Operative Documents (collectively, the "Termination Amount"). If an Event of Loss shall occur during a Renewal Term, Lessee shall, within ninety (90) days after such occurrence, give Lessor written notice whether Lessee elects to (i) comply with the provisions of Section 14.2 hereof relating to restoration or rebuilding of the Property, or (ii) terminate this Lease. In the event Lessee

elects to terminate this Lease, this Lease shall terminate on a Rent Payment Date selected by Lessee which is not less than sixty (60) days after the date of Lessee's notice, upon payment by Lessee of the sums described in Section 14.1(d) hereof.

(a) If the Lessor fails to expressly reject Lessee's offer to purchase pursuant to this Section 14.1 in writing within ninety (90) days from the date of Lessee's offer, the Lessee shall pay the Termination Amount specified in Section 14.1 to the Lessor on such purchase date; provided that (i) any Net Casualty Proceeds derived from insurance required to be maintained by the Lessee pursuant to Section 11.1 of this Lease then held by the Lessor shall be credited against such Termination Amount, if not already paid by the Lessee, and any Net Casualty Proceeds derived from insurance required to be maintained by the Lessee pursuant to Section 11.1 of this Lease remaining thereafter shall be paid to, or retained by, the Lessee or as it may direct or, if such Termination Amount has already been paid by the Lessee, any such Net Casualty Proceeds shall be paid over to, or retained by, the Lessee or as it may direct and (ii) the Lessee's interest in the Net Condemnation Proceeds (to the extent that proceeds have been received by the Lessor) shall be credited against such Termination Amount, if not already paid by the Lessee, and any such Net Condemnation Proceeds remaining thereafter shall be paid over to, or retained by, the Lessee or as it may direct or, if such Termination Amount has already been paid by the Lessee, such Net Condemnation Proceeds (to the extent that proceeds have been received by the Lessor) shall be paid over to, or retained by, the Lessee or as it may direct. Upon payment in full of the Termination Amount payable pursuant to this Section 14.1, (x) the Lease Term shall end, (y) the obligations of the Lessee hereunder (other than any obligations expressed herein as surviving termination of this Lease) shall terminate as of the date of such payment and (z) with respect to an Event of Loss not constituting an Event of Taking of 100% of the Property, the Lessor shall transfer to the Lessee, or if the Lessee shall so designate, to the property damage insurer, as-is, where-is, without recourse or warranty but free and clear of Lessor Liens, and subject to the same disclaimers as set forth in Section 7.1, all right, title and interest of the Lessor in, to and under the Property.

(b) Anything herein to the contrary notwithstanding, if the Lessee shall fail to pay all amounts due under and pursuant to this Section 14.1, no sale shall be consummated and this Lease shall continue in full force and effect.

(c) In the event that the Lessor expressly rejects in writing the offer of the Lessee to purchase the Property as provided in this Section 14.1 at the purchase price stated therein, the Lessee shall pay the following amount to the Lessor or such amount shall be retained (in the case of the Net Casualty Proceeds) by the Lessor on the date that would otherwise have been the purchase date pursuant to Section 14.1(i) hereof: the sum of (A) Net Casualty Proceeds or Net Condemnation Proceeds, as the case may be, plus (B) with respect to an Event of Loss not constituting an Event of Taking, an amount equal to the deductible under the policy or policies represented by such Net Casualty Proceeds, plus (C) with respect to an Event of Loss not constituting an Event of Taking, any amounts Lessee has chosen to self-insure (the amounts described in clauses (A), (B) and (C) being collectively referred to as the "Loss Proceeds" for the Property. Upon payment in full of such amount, plus any Basic Rent then accrued and unpaid and any Additional Rent, (1) the Lease Term shall end and (2) the obligations of the Lessee hereunder (other than any obligations expressed herein as surviving termination of this Lease) shall terminate as of the date of such payment. Upon payment to Lessor of all amounts owing under this paragraph, all Loss Proceeds remaining shall be paid to or retained by the Lessee.

Section 14.2 Restoration; Application of Payments. All Net Proceeds (except for payments under insurance policies maintained other than pursuant to

Article XI of this Lease) received at any time by the Lessor or the Lessee from any Governmental Authority or other Person with respect to any Condemnation, Casualty or Event of Loss to the Property or any part thereof, shall (except to the extent Section 14.4 applies) be applied as set forth below in this Section 14.2. Unless the Lessee shall have offered to purchase the Property in accordance with Section 14.1 hereof and the Lessor shall have agreed to accept such offer, the repair, rebuilding, replacement and restoration of the Property shall be commenced by Lessee within one hundred twenty (120) days after any Condemnation, Casualty or Event of Loss (and in any event, Lessee shall promptly effect such repair, rebuilding, replacement or restoration as shall be necessary to stabilize the Improvements and render the Improvements safe), and such repair, rebuilding, replacement or restoration shall be completed promptly, but in any event prior to the end of the Lease Term. Subject to the provisions of this Section 14.2, so long as there is not continuing any Material Lease Default or Lease Event of Default, the Lessee shall control all aspects of any repair, rebuilding, replacement and restoration of the Property so as to (i) restore the same to at least the value, utility and remaining useful life and (ii) to the extent possible, to substantially the same condition as existed immediately prior to the occurrence of such Condemnation, Casualty or Event of Loss (other than the restoration of Improvements made after the Closing Date to which the Lessee retains title) and, except to the extent permitted by Section 9.9, in accordance with Applicable Laws and Regulations. In addition to its rights under Section 15.1 hereof, Lessor shall have the right to review plans and specifications and inspect the Property, at Lessee's sole cost and expense, at any time upon not less than three (3) Business Days' prior notice in connection with any such repair, rebuilding, replacement or restoration.

(a) If the Lessee shall have elected or be required to repair or restore the Property and (i) no Material Lease Default or Lease Event of Default has occurred and is continuing, (ii) Lessee shall then maintain a Credit Rating of Investment Grade and (iii) the Net Proceeds (including amounts with respect to which Lessee is self-insured as provided in Section 11.5 hereof) payable are ten percent (10%) of the Purchase Price or less, all such Net Proceeds shall, subject to Section 11.2(b), be paid to the Lessee immediately upon demand, and in any event shall be applied, as necessary, for the repair or restoration of the Property;

(b) If (i) a Material Lease Default or Lease Event of Default has occurred and is continuing at the time of the subject Casualty, Condemnation or Event of Loss, or thereafter during the repair or restoration period or (ii) Lessee shall then not maintain a Credit Rating of Investment Grade or (iii) the Net Proceeds with respect to the Property exceed ten percent (10%) of the Purchase Price, the full amount of such Net Proceeds, or the amount of such excess, as applicable shall be paid to the Depository. The Depository shall have no affirmative obligation to prosecute a determination of the amount of, or to effect the collection of, any Net Proceeds unless the Depository shall have been given an express written undertaking to do so. Moneys received by the Depository pursuant to the provisions of this Lease shall not be commingled with the Depository's own funds and shall be held by the Depository in trust, either separately or with other trust funds, for the uses and purposes provided in this Lease. The Depository shall invest any moneys held by it in Permitted Investments and the interest paid or received by the Depository on the moneys so held in trust shall be added to the moneys so held in trust. The Depository shall not be liable or accountable for any action taken or suffered by the Depository or for any disbursement of moneys made by the Depository in good faith in reliance on advice of legal counsel. In disbursing monies pursuant to this Section, the Depository may rely conclusively on the information contained in any notice given to the Depository by the Lessee (a copy of which shall be sent to the Lessor) in accordance with the provisions hereof unless the Lessor notifies the Depository in writing within ten (10) Business Days after the giving of any such notice by the Lessee that (i) the Lessor intends to dispute such information, in which case the disputed amount shall not be disbursed but shall continue to be held by the Depository until such dispute shall have been resolved or (ii) a Lease Event of Default is continuing, in which case the

proceeds shall be held in accordance with Section 23.9 hereof;

(c) If such excess proceeds or the full amount of such Net Proceeds, as applicable, are being held pursuant to clause (b) above, from time to time, but not more often than once in any thirty (30) day period and provided that the Lessee has first paid any amounts required to be paid by the Lessee out of its own funds hereunder, the Lessee may (i) request reimbursement out of such excess proceeds or Net Proceeds, as applicable, for the actual costs and expenses incurred by the Lessee in connection with such repair and rebuilding; or (ii) request the Depository to pay such costs and expenses directly to contractors and suppliers. Such requests shall be made by written notice to the Depository, setting forth in reasonable detail all of such costs and expenses incurred by the Lessee and certifying that (1) all of such costs and expenses are due and owing (or will be due and owing within the next seven (7) days) and (2) such costs and expenses were not the subject of a previous certificate delivered pursuant to this clause (c) and (3) such other matters as are customary in accordance with prudent practice for periodic construction draws. Any request by the Lessee for the payment of such excess proceeds or such Net Proceeds, as applicable, shall also be accompanied by:

(I) a certificate of a licensed architect certifying:

(A) that the restoration has been completed to the extent set forth in the request for work completed to such date by the Lessee in compliance in all material respects with the approved plans for such restoration; and

(B) the cost, as reasonably estimated by such certifying party, of the restoration to be completed subsequent to the date of such certificate; and

(II) an Officer's Certificate of the Lessee certifying that:

(A) the amount of Net Proceeds then held by the Depository and the Lessee, as the case may be, are sufficient to complete the restoration to be completed subsequent to the date of such certificate or if not, that Lessee has delivered to the Depository available funds (and Lessee hereby agrees to deposit such funds with the Depository) which, together with the undisbursed Net Proceeds, are sufficient to complete the restoration;

(B) no Material Lease Default or Lease Event of Default is continuing; and

(C) no Liens other than Permitted Liens have arisen out or any labor performed in connection with such repair and restoration.

If the Lessor shall in good faith desire to dispute the information contained in any notice given by the Lessee, the Lessor shall so notify the Lessee and the Depository in writing within five (5) Business Days after the giving of such notice, specifying the amount intended to be disputed and the nature of the dispute. After such five (5) Business Days period has elapsed, if the Lessor has not disputed the information contained in the Lessee's notice, the Depository shall promptly disburse to the Lessee out of such excess proceeds or Net Proceeds, as the case may be, the amount of such costs and expenses;

(d) Subject to Section 14.5, and once such repair and restoration is completed in accordance with the plans and specifications approved by Lessor, as certified by an independent architect engaged by Lessee, and fully paid for, any Net Casualty Proceeds under insurance paid for or provided by the Lessee in excess of amounts necessary for the repair or restoration of the affected Improvements, or amounts necessary for the payments required to be paid pursuant to Section 14.1, shall be paid to the Lessee upon payment of the amounts required to be paid under Section 14.1 or to be paid because of the Lessor's

rejection of the Lessee's offer to purchase the Property; and

(e) Any Net Condemnation Proceeds shall be divided between the Lessor and the Lessee as their interests appear in accordance with Applicable Laws and Regulations. Any such Net Condemnation Proceeds attributable to the Lessee's interest in the affected Property(s) shall be applied first to the payment of amounts required to be paid under Section 14.1, if applicable, and all other Net Condemnation Proceeds attributable to the Lessee's interest shall be paid to the Lessee. Any Net Condemnation Proceeds attributable to the Lessor's interest in the Property shall be distributed to the Lessor.

During any period of repair or rebuilding pursuant to this Article XIV, this Lease will remain in full force and effect and Basic Rent allocable to the Property shall continue to accrue and be payable without abatement or reduction. The Lessee shall maintain records setting forth information relating to the receipt and application of payments in accordance with this Section 14.2. Such records shall be kept on file by the Lessee at its offices and shall be made available at their then current location to the Lessor during normal business hours upon request. All repair and

rebuilding pursuant to this Article XIV shall be done in compliance with the requirements of Section 9.2(a) (as if references therein to "Alterations" were to such repair and rebuilding).

Section 14.3 Event of Taking. If an Event of Taking shall occur for the Property, prior to the date title to the Property shall have been conveyed to the condemning authority having jurisdiction thereof, the Lessee shall give the Lessor prompt written notice of such occurrence and the date thereof.

Section 14.4 Application of Certain Payments Not Relating to an Event of Taking. (a) In case of a requisition for temporary use of all or a portion of the Property which is not an Event of Taking for the Property, this Lease shall remain in full force and effect, without any abatement or reduction of Basic Rent, and the Net Condemnation Proceeds for the Property shall, unless a Material Lease Default or Lease Event of Default has occurred and is continuing, be paid to the Lessee, except that any portion of such Net Condemnation Proceeds that was awarded with respect to the time period after the expiration or termination of the Lease Term shall be allocated between the Lessor and the Lessee as their respective interests shall appear. Following the occurrence of any Condemnation which is not an Event of Taking at the Property (so long as this Lease shall not have been terminated with respect to the Property as provided in this Article XIV), Lessee shall to the extent possible restore the Property to the condition existing prior to the date of such Condemnation not constituting an Event of Taking.

(b) In case of a Condemnation not resulting in an Event of Taking and which is not a case of a requisition for temporary use of all or a portion of the Property, to the extent the Condemnation relates to an Improvement included in the Property, the Lessee shall (i) construct a building or improvement of equal remaining economic useful life and expected residual value or repair, rebuild, replace or restore the Property to the fullest possible extent. In connection therewith this Lease shall continue in full force and effect, without any abatement or reduction in Basic Rent and the Net Condemnation Proceeds for the Property shall be paid to the Lessor and the Lessee as their interests may appear.

Section 14.5 Dispositions of Proceeds during Default. Subject to the provisions of Sections 14.2(b) hereof, so long as a Material Lease Default or Lease Event of Default shall have occurred and be continuing, any amount that would otherwise be payable to or for the account of, or that would otherwise be

retained by, the Lessee pursuant to this Article XIV shall be paid to the Lessor and applied by Lessor to the payment of Lessee's obligations under this Lease and the other Operative Documents or held as security for the obligations of the Lessee under this Lease pursuant to Section 23.9 hereof, as Lessor may elect.

Section 14.6 Negotiations. In the event any part of the Property becomes subject to condemnation or requisition proceedings, the Lessee shall give notice thereof to the Lessor promptly after the Lessee has knowledge thereof and so long as this Lease has not been terminated the Lessee shall control the negotiations with the relevant Governmental Authority; provided that no settlement will be made without Lessor's prior consent, not to be unreasonably withheld unless a Material Lease Default or Lease Event of Default is continuing in which case Lessor shall assume control of such negotiations and Lessor may agree to such settlement without the consent of the Lessee in its sole discretion. The Lessee and the Lessor shall give to the other such information, and copies of such documents, which relate to such proceedings, or which relate to the settlement

of amounts due under insurance policies required by Article XI, and are in the possession of the Lessee or the Lessor, as the case may be, as are reasonably requested by the other.

Section 14.7 No Rent Abatement. Rent shall not abate hereunder by reason of any Casualty, any Condemnation or any Event of Loss when this Lease does not terminate in accordance with the provisions of this Article XIV, and the Lessee shall continue to perform and fulfill all of the Lessee's obligations, covenants and agreements hereunder to the extent reasonably practicable given such Casualty, Condemnation or Event of Loss. Without limiting the foregoing, the Lessee expressly waives the provisions and benefits of any present or future law relating to damage or destruction (including, without limitation, any statutes now or hereafter in effect in any jurisdiction where the Property is located) and agrees that the provisions of this Lease shall control the rights of the Lessor and the Lessee with respect to damage or destruction or any condemnation.

Section 14.8 Investment. Provided that no Lease Event of Default is continuing, the Lessor agrees that the Lessee may direct the investment of amounts held by the Lessor or the Depository pursuant to this Article XIV and not applied to the payment of Lessee's obligations under this Lease and the other Operative Documents in Permitted Investments. Any losses attributable to such investment shall be promptly reimbursed by the Lessee. During the continuance of a Material Lease Default or Lease Event of Default, the Lessor shall cause all such funds to be invested in Permitted Investments.

ARTICLE XV

INSPECTION

Section 15.1 Entry on Property. Lessor, its agents, employees and contractors, at their own expense, or after a Lease Event of Default has occurred and is continuing at Lessee's expense, may enter the Property (to be accompanied by a designated representative of Lessee) during normal business hours and upon not less than five (5) Business Days' prior written notice (or, in the case of an emergency, two (2) Business Day' prior written notice; provided that if Lessor reasonably believes that irreparable damage to the Property will occur by not inspecting sooner than after such two (2) Business

Day period, upon such shorter notice as is reasonable in light of the circumstances) to conduct inspections of the Property, or exhibit the Property to bona fide prospective purchasers or lenders, excluding designated secured areas. Other than in connection with a proposed sale of the Property or refinancing of any loan secured thereby or during a period when a Lease Event of Default shall have occurred and be continuing or during the twelve (12) month period prior to the expiration of the Lease Term, such inspections shall be limited to no greater than twice per calendar year.

Lessee waives any claim for damages for any injury or inconvenience to or interference with Lessee's business or any loss of occupancy or quiet enjoyment of the Property occasioned by such entry; except if the claim arises out of the gross negligence or willful misconduct of such parties or their respective agents or contractors in connection with such entry. In the exercise of its right of entry hereunder, such parties shall use all reasonable efforts not to interfere with the business operations of Lessee or any other Person at the Property. In addition, subject to such confidentiality requirements with respect to trade secrets or information relating to

the proprietary business of Lessee as Lessee shall reasonably deem necessary or appropriate, and upon reasonable prior notice, Lessor and its agents, employees and contractors shall be entitled to inspect the books and records relating to the condition, maintenance and operation of the Property (other than in respect of any businesses operated thereon) at the offices of Lessee or any Affiliate of Lessee that may be subleasing or managing the Property and to meet with representatives of Lessee regarding the same, in each case during normal business hours.

ARTICLE XVI

EVENTS OF DEFAULT

Section 16.1 Events of Default. The following events shall constitute Lease Events of Default:

(a) the Lessee shall fail to make any payment of Basic Rent within five (5) days after the due date thereof or shall fail to make any payment of Stipulated Loss Value or Termination Value within ten (10) Business Days after the receipt of written notice of such failure to the Lessee from the Lessor;

(b) the Lessee shall fail to make any payment of Additional Rent or any other amount payable hereunder and such failure shall continue for a period of twenty (20) Business Days after written notice of such failure to the Lessee from the Lessor or the payee thereof;

(c) the Lessee shall sublease, assign or otherwise transfer its interest in this Lease in violation of the terms hereof, violate the provisions of Section 13.4 hereof or abandon the Property;

(d) the Lessee shall fail to perform in any material respect any covenant, condition or agreement (not included in clauses (a), (b), (c) or (g) of this Section 16.1) to be performed by it hereunder or under any other Operative Document and such failure shall continue for a period of thirty (30) days after written notice thereof to the Lessee from the Lessor; provided, that if such default is capable of being cured but cannot be cured within such 30-day period, the cure period shall be extended, for as long as is necessary to effectuate a cure, so long as the Lessee is diligently pursuing such cure (but in no event in excess of one hundred eighty (180) days from the date of Lessor's notice of default);

(e) the filing by Lessee of any petition for dissolution or

liquidation of Lessee, or the commencement by Lessee of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or Lessee shall have consented to the entry of an order for relief in an involuntary case under any such law, or the failure of Lessee generally to pay its debts as such debts become due (within the meaning of the Bankruptcy Code or any other applicable bankruptcy laws), or the failure by Lessee promptly to satisfy or discharge any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under this Lease, or the appointment of or taking possession by a receiver, custodian or trustee (or other similar official) for Lessee or any substantial part of its property, or a general assignment by Lessee for the benefit of its creditors, or the entry by Lessee into an agreement of composition with its creditors, or Lessee shall have taken any corporate action in furtherance of any

of the foregoing; or the filing against Lessee of an involuntary petition in bankruptcy which results in an order for relief being entered or, notwithstanding that an order for relief has not been entered, the petition is not dismissed within ninety (90) days of the date of the filing of the petition, or the filing under any law relating to bankruptcy, insolvency or relief of debtors of any petition against Lessee for reorganization, composition, extension or arrangement with creditors which either (i) results in a finding or adjudication of insolvency of Lessee or (ii) is not dismissed within ninety (90) days of the date of the filing of such petition (the term "dissolution or liquidation" of Lessee, as used in this paragraph (e), shall not be construed to include the cessation of the corporate existence of Lessee resulting either from a merger or consolidation of Lessee into or with another corporation or a dissolution or liquidation of Lessee following a transfer of all or substantially all of its assets as an entirety as permitted by the express terms of the Operative Documents);

(f) any representation or warranty by Lessee in any Operative Document or in any certificate or document delivered pursuant to any Operative Document shall have been materially incorrect when made, shall remain material when discovered and, if capable of cure, shall not have been cured within thirty (30) days after receipt of written notice by Lessee from Lessor, unless the default is not curable within such thirty (30) days but is capable of being cured within one hundred eighty (180) days and the Lessee shall be diligently proceeding to correct such failure and such failure shall not be corrected within one hundred eighty (180) days from the date of Lessor's notice of default; or

(g) the failure by the Lessee to maintain the insurance required by Article XI hereof.

ARTICLE XVII

ENFORCEMENT

Section 17.1 Remedies. Upon the occurrence of any Lease Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, by notice to the Lessee declare this Lease to be in default, and subject to Applicable Laws and Regulations, at any time thereafter the Lessor may, so long as such Lease Event of Default is continuing, do one or more of the following as the Lessor, in its sole discretion shall determine:

(a) the Lessor may, by notice to the Lessee terminate this Lease as of the date specified in such notice, and as of the date specified in such notice the term of this Lease shall expire and terminate as fully and completely as if such date had been fixed for the expiration of the term of this Lease, and all rights of Lessee hereunder shall expire and terminate, but Lessee shall remain liable as hereinafter provided; however, (A) no reletting, reentry or

taking of possession of the Property by the Lessor will be construed as an election on the Lessor's part to terminate this Lease unless a written notice of such intention is given to the Lessee, (B) notwithstanding any reletting, reentry or taking of possession, the Lessor may at any time thereafter elect to terminate this Lease for a continuing Lease Event of Default, and (C) no act or thing done by the Lessor or any of its agents, representatives or employees and no agreement accepting a surrender of the Property shall be valid unless the same be made in writing and executed by the Lessor;

(b) the Lessor may (i) demand that the Lessee, and the Lessee shall upon the written demand of the Lessor, return the Property promptly to the Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, Articles IX and XII hereof as if the Property were being returned at the end of the Lease Term, and the Lessor shall not be liable for the reimbursement of the Lessee for any costs and expenses incurred by the Lessee in connection therewith and (ii) without prejudice to any other remedy which the Lessor may have for possession of the Property, enter upon the Property and take immediate possession of (to the exclusion of the Lessee) the Property and expel or remove the Lessee and any other Person who may be occupying the Property, but if such other Person shall have entered into a non-disturbance and attornment agreement with the Lessor only to the extent permitted therein, by summary proceedings, all without liability to the Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to the Property caused by such taking or otherwise and, in addition to Lessor's other damages, Lessee shall be responsible for the reasonably necessary costs and expenses of reletting, including, without limitation, brokers' fees and the costs of any alterations (but only for use of the Improvements as then constituted) or repairs made by Lessor;

(c) the Lessor may sell the Property at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee in which event the Lessee's obligation to pay Basic Rent hereunder for periods commencing after the date of such sale shall be terminated (except to the extent that Basic Rent is to be included in computations under paragraph (e) or (f) below if the Lessor shall elect to exercise its rights thereunder);

(d) the Lessor may hold, keep idle or lease to others all or any part of the Property as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect to such action or inaction, except that the Lessee's obligation to pay Basic Rent from and after the occurrence of a Lease Event of Default shall be reduced by the net proceeds, if any, received by the Lessor from leasing the Property to any Person other than the Lessee for the same periods or any portion thereof after deductions for all costs of reletting the Property, including without limitation all repossession costs, brokerage commissions, reasonable attorneys fees (including fees and expenses of appellate proceedings), employee expenses, alteration costs and expenses of preparation for such reletting;

(e) The Lessor may, whether or not the Lessor shall have exercised or shall thereafter at any time exercise any of its rights under paragraph (a), (b), (c) or (d) of this Article XVII with respect to the Property, demand, by written notice to the Lessee specifying a date (the "Final Payment Date") not
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earlier than ten (10) days after the date of such notice, that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the Final Payment Date, as liquidated damages for loss of a bargain and not as a penalty (the parties agreeing that the Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount) pursuant to clause (iii) below, as consideration for the transfer of the Property, an amount equal to the sum of (A) all accrued and unpaid Basic Rent due and unpaid as of the Final Payment Date (it being understood that the Lessee shall pay when due any Basic Rent due on a Rent Payment Date which occurs on or after the Lease Event of Default but prior to the Final Payment Date), plus (B)

whichever of the following amounts the Lessor, in its

sole discretion, shall specify in such notice (together with interest on such amount at the Overdue Rate from the Final Payment Date specified in such notice to the date of actual payment):

(i) if the Property or any part thereof has not been sold, an amount equal to the excess, if any, of the Stipulated Loss Value or Termination Value for that portion of the Property not so sold, computed as of the Final Payment Date, over the Fair Market Sales Value of the Property as of the Final Payment Date (such Fair Market Sales Value to be determined by mutual agreement of the Lessor and the Lessee or if they cannot agree within ten (10) days after such notice by the Appraisal Procedure); or

(ii) if the Property or any part thereof has not been sold, an amount equal to the excess, if any, of the Stipulated Loss Value or Termination Value for the portion of the Property not so sold computed as of the Final Payment Date over the present value of the Fair Market Rental Value for the portion of the Property not so sold for the balance of the Lease Term discounted monthly at an annual rate of eight percent (8%) (such Fair Market Rental Value to be determined by mutual agreement of the Lessor and the Lessee or if they cannot agree within ten (10) days of such notice by the Appraisal Procedure);

(f) if the Lessor shall have sold the Property or any part thereof pursuant to paragraph (c) above, the Lessor may, if it shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (the parties agreeing that the Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount) (in lieu of Basic Rent for the Property due for periods commencing on or after the Stipulated Loss Value Date or Termination Value coinciding with such date of sale (or, if the sale date is not a Stipulated Loss Value Date, the Stipulated Loss Value or Termination Value date next preceding the date of such sale)), an amount equal to the sum of (A) all accrued and unpaid Basic Rent due and unpaid as of such sale date (it being understood that the Lessee shall pay when due any Basic Rent due on a Rent Payment Date which occurs on or after the Lease Event of Default but prior to such sale date), plus (B) the amount of any excess of the Stipulated Loss Value or Termination Value for the Property so sold, computed as of such Stipulated Loss Value Date, over the net proceeds of such sale, together with interest at the interest rate on any debt secured by an interest in the Lease and the Property on such excess from such Stipulated Loss Value Date to the date of sale, plus (C) interest at the Overdue Rate on all of the foregoing amounts from the date of such sale until the date of payment; provided, however, to the extent that the Lessee shall have paid Basic Rent in advance on or after the date the Lease Event of Default occurred but prior to such sale date, the amount payable by the Lessee hereunder shall be reduced by an amount equal to the advance Basic Rent so paid multiplied by a fraction, the numerator of which shall be the number of days in the Lease Period with respect to such advance Basic Rent payment before such sale date and the denominator of which shall be the actual number of days in such Lease Period.

(g) The Lessor may exercise any other right or remedy that may be available to it under Applicable Laws and Regulations or in equity, or proceed by appropriate court action (legal or equitable) to enforce the terms hereof or to recover damages for the breach hereof.

Separate suits may be brought to collect any such damages for any Lease Period(s), and such suits shall not in any manner prejudice the Lessor's right to collect any such damages for any subsequent Lease Period(s).

(h) The Lessor may retain and apply against the Lessor's damages all sums which the Lessor would, absent such Lease Event of Default, be required to pay to, or turn over to, the Lessee pursuant to the terms of this Lease, including, without limitation, any sums which the Lessor may be required to pay to Lessee under Section 14.5.

Section 17.2 Survival of Lessee's Obligations. No termination of this Lease, in whole or in part, or repossession of any of the Property or exercise of any remedy under Section 17.1 shall, except as specifically provided therein, relieve the Lessee of any of its liabilities and obligations hereunder. In addition, except as specifically provided therein, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent, including Additional Rent, due hereunder before, after or during the exercise of any of the foregoing remedies, including all reasonable legal fees and other costs and expenses incurred by the Lessor by reason of the occurrence of any Lease Event of Default or the exercise of the Lessor's remedies with respect thereto, and including all costs and expenses incurred in connection with (x) the return of the Property in the manner and condition required by, and otherwise in accordance with the provisions of, Articles IX and XII hereof as if the Property were being returned at the end of the Lease Term or (y) making any Alterations the Lessor deems reasonably necessary for purposes of reletting the Property as then constituted. At any sale of the Property or any part thereof or any other rights pursuant to Section 17.1, the Lessor may bid for and purchase the Property.

Section 17.3 Remedies Cumulative; No Waiver; Consents. To the extent permitted by, and subject to the mandatory requirements of Applicable Laws and Regulations, each and every right, power and remedy herein specifically given to the Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any right, power or remedy. No delay or omission by the Lessor in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Lessee or to be an acquiescence therein. The Lessor's consent to any request made by the Lessee shall not be deemed to constitute or preclude the necessity for obtaining the Lessor's consent, in the future, to all similar requests. No waiver by the Lessor of any Lease Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Lease Event of Default.

ARTICLE XVIII

RIGHT TO PERFORM FOR LESSEE

If the Lessee shall fail to perform or comply with any of its agreements contained herein, the Lessor may, on five Business Days' prior written notice to the Lessee (except in the event of an emergency, in which case only such prior notice, if any, as is reasonable under the circumstances shall be required), perform or comply with such agreement, and the Lessor shall not thereby be deemed to have waived any default caused by such failure and such performance or compliance shall not relieve the Lessee from any default hereunder, and the amount of such payment and the amount of the expenses of the

Lessor (including reasonable attorney's fees and expenses) incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Overdue Rate, shall be deemed Additional Rent, payable by the Lessee to the Lessor upon demand.

ARTICLE XIX

[Intentionally Omitted]

ARTICLE XX

INDEMNIFICATION

Section 20.1 General Indemnification. The Lessee agrees to assume liability for, and to indemnify, protect, defend, save and keep harmless each Indemnitee, on an After-Tax Basis, from and against, any and all Claims that may be imposed on, incurred by or asserted against any Indemnitee, whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person, in any way relating to or arising out of (a) the ownership, operation, possession, use, improvement, leasing, subleasing, disposition or maintenance of all or any part of the Property (or any Replacement Property), (b) the construction, design, purchase, acceptance, rejection, modification, substitution or condition of the Property (or any Replacement Property), including without limitation claims or penalties arising from any violation of Applicable Laws and Regulations, without regard to whether compliance therewith is required by the terms of this Lease or liability in tort (strict or otherwise), (c) any Release, violation of Environmental Laws, Environmental Claim or other loss of or damage to any property or the environment relating to the Property (or any Replacement Property) or the Lessee (including, without limitation, all expenses associated with remediation, response, removal, corrective action, financial assurance, natural resource damages and the protection of wildlife, aquatic species, vegetation, flora and fauna, and any mitigative action required under applicable Environmental Laws), (d) the Operative Documents, or the transaction contemplated thereby, including, without limitation, the transfer of title to the Land, the Improvements and the Fixtures (and any Replacement Property) to the Lessor or (e) any breach by the Lessee or the Seller of any of their representations or warranties under the Operative Documents (including, without limitation, any such breach of representations relating to the Lessor's title to any portion of the Property (or any Replacement Property)) or failure by the Lessee or the Seller to perform or observe any covenant or agreement to be performed by it under

any of the Operative Documents; provided, however, that the Lessee shall not be required to indemnify an Indemnitee under this Section 20.1 for any of the following: (1) with respect to the Lease, any Claim to the extent attributable to acts or events which occur after the later of (A) the expiration of the Lease Term or earlier termination of the Lease (and, if required by the terms of the Lease, the surrender of the Property (or any Replacement Property) by the Lessee to the Lessor or its assigns) (except to the extent fairly attributable to acts or events occurring or accruing prior thereto) and (B) the surrender of possession of the Property to the Lessor, (2) any Claim to the extent resulting from the willful misconduct or gross negligence of such Indemnitee or any of its Indemnitee Group (other than willful misconduct or gross negligence which is imputed as a matter of law to such Indemnitee by virtue of a Lessor's ownership of the Property or any Replacement Property), (3) any cost or expense expressly provided under the Operative Documents to be paid or borne by a party other than the Seller or the Lessee, (4) any Claim resulting from a transfer by any Indemnitee of all or part of its interest in a Lease, the other Operative Documents or any Property, other than (w) while a Lease Event of Default shall

have occurred and be continuing, (x) a transfer as a result of an Event of Loss or Event of Taking pursuant to the Lease, (y) a transfer resulting from Lessee's election to terminate the Lease pursuant to Section 6.1 or to cause a substitution pursuant to Section 6.2 of the Lease, or (z) any other transfer required by the terms of the Lease, (5) any Claim resulting from a breach or violation by such Indemnitee of any of its or by Indemnitee Group of any of their respective representations, warranties or covenants in any of the Operative Documents or from a violation of Applicable Laws and Regulations by an Indemnitee or by any of its Indemnitee Group other than any such violation (x) imputed to any such Person as a matter of law by reason of their participation in the Overall Transaction or (y) otherwise related to the business or activities of the Lessee or the nature, design, engineering, construction, location, maintenance, repair or use of the Property (or any Replacement Property) by the Lessee, (6) any Claim resulting from Lessor Liens attributable to such Indemnitee or any of its Indemnitee Group and (7) any Claim in respect of Taxes (as to which the Tax Indemnity Agreement and the provisions of Article IV hereof shall govern), other than a payment necessary to make a payment under this Section 20.1 on an After-Tax Basis. The Lessee shall be entitled to credit against any payments due under this Section 20.1 any insurance recoveries received by the Indemnitee in respect of the related Claim under or from insurance paid for by the Lessee or assigned to the Lessor by the Lessee.

If the Lessee shall obtain knowledge of any Claim indemnified against under this Section 20.1, the Lessee shall give prompt notice thereof to the appropriate Indemnitee or Indemnitees, and if any Indemnitee shall obtain any such knowledge, such Indemnitee shall give prompt notice thereof to the Lessee, provided that failure so to notify the Lessee shall not release the Lessee from
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any of its obligations to indemnify hereunder except to the extent such failure shall have precluded the Lessee from contesting such Claim or such failure shall result in an increased Claim, but only to the extent of such increase. With respect to any amount that the Lessee is requested by an Indemnitee to pay by reason of this Section 20.1, such Indemnitee shall, if so requested by the Lessee and prior to any payment and at Lessee's expense, submit such additional information to the Lessee as the Lessee may reasonably request and which is reasonably available to such Indemnitee to substantiate properly the requested payment.

In case any action, suit or proceeding shall be brought against any Indemnitee, such Indemnitee shall notify the Lessee of the commencement thereof, and the Lessee shall be entitled, at its expense, acting through counsel reasonably acceptable to such Indemnitee, to participate in,

and, to the extent that the Lessee desires to, assume and control the defense thereof; provided, however, that the Lessee shall not be entitled to assume and
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control the defense of any such action, suit or proceeding if and to the extent that, (A) in the reasonable opinion of such Indemnitee, (x) such action, suit or proceeding involves the potential imposition of criminal liability or civil sanctions on such Indemnitee or (y) the control of such action, suit or proceeding would involve the Lessee in a potential conflict of interest which under applicable rules of professional conduct would prohibit representation of both such parties, (B) a Material Lease Default or Lease Event of Default has occurred and is continuing and the Indemnitee notifies the Lessee that it is no longer permitted to control the defense of such Claim, (C) the proceeding involves any material danger of the sale, forfeiture or loss of, or the creation of any Lien (other than any Permitted Lien) on the Property, or (D) the amounts involved, in the good faith opinion of the Indemnitee, are likely to have a material adverse effect on the business of such Indemnitee, in which case the Indemnitee will be entitled to assume and take control of the defense thereof at Lessee's expense. The Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by the Lessee in accordance with the foregoing. The Lessee shall not settle or compromise any such action, suit or proceeding unless in connection therewith Lessee shall

obtain a full release against any Claim involved therein in favor of each Indemnitee.

Each Indemnitee shall at the Lessee's expense supply the Lessee with such information and documents reasonably requested by the Lessee as are necessary or advisable for the Lessee to participate in any action, suit or proceeding to the extent permitted by this Section 20.1. No Indemnitee shall enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under this Section 20.1 without the prior written consent of the Lessee, which consent shall not be unreasonably withheld, unless such Indemnitee waives its right to be indemnified under this Section 20.1 with respect to such Claim.

Upon payment in full of any Claim by the Lessee pursuant to this Section 20.1 to or on behalf of an Indemnitee, the Lessee, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto (other than claims in respect of insurance policies maintained by such Indemnitee at its own expense), and such Indemnitee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be necessary to preserve any such claims and otherwise cooperate with the Lessee and give such further assurances as are necessary or advisable to enable the Lessee vigorously to pursue such claims.

Nothing in this Section 20.1 shall be construed as a guaranty by the Lessee of any residual value in the Property.

The Lender shall be a third party beneficiary of this Article XX entitled to enforce the provisions hereof directly against the Lessee.

Section 20.2 Survival. The obligations of Lessee under this Article XX shall survive expiration or earlier termination of this Lease. No Indemnitee shall be entitled to payment of any amount hereunder to the extent of any prior payment with respect to the same Claim under any other indemnity from the Lessee.

ARTICLE XXI

TRANSFERS OF INTERESTS

Section 21.1 Transfers of Interests. (a) (a) (i) Other than as expressly permitted by this Section 21.1, Lessor shall not, without the prior written consent of the Lessee, assign, convey or otherwise transfer all or any part of the Lessor's right, title or interest in, to and under this Lease or any other Operative Documents or the Property (the "Lessor Interest") and (ii) other than as expressly permitted by this Section 21.1, the Lessor Parent, which is the sole member of the Lessor, shall not assign, convey or otherwise transfer all or any part of its membership interest with respect to the Lessor (the "Member Interest").

(b) If Lessor desires to sell or offer for sale the Lessor Interest, or Lessor Parent desires to sell or offer for sale the Member Interest, the Lessor or Lessor Parent, as the case may be, shall first provide Lessee in writing all of the material economic terms and conditions of the proposed sale, including, without limitation, the price (the "Offered Terms") and the requirements for compliance with or satisfaction of any transfer, assignment and assumption obligations under any Loan then outstanding, and shall offer Lessee the opportunity to purchase the Lessor Interest or Member Interest, as the case

may be, for the same purchase price and otherwise on substantially the same terms and conditions as such Offered Terms (other than representations and warranties that may be offered as an inducement to certain third parties). Lessee shall have the right to accept the Offered Terms by written notice to the Lessor given within thirty (30) Days after Lessee's receipt of the Offered Terms; provided, however, that the Lessee shall have satisfied any transfer, assignment and assumption obligations and any other requirements of Lessor in connection therewith under any Loan then outstanding. If Lessee does not accept the Offered Terms within thirty (30) Days after receipt of the Offered Terms from the Lessor, Lessee shall be deemed to have rejected the Offered Terms and the Lessor may enter into a contract to sell the Lessor Interest or the Lessor Parent may enter into a contract to sell the Member Interest during the twelve (12) month period beginning on the date of the expiration of the applicable period, provided that a sale resulting from such offer shall be consummated on
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substantially the same terms as the Offered Terms (other than representations and warranties that may be offered as an inducement to certain third parties) (it being agreed that any sale at a price that is equal to or greater than 95% of the purchase price contained in the Offered Terms shall be considered to be substantially the same terms as to price). If such sale is not consummated within a reasonable period after a contract for sale has been executed within such twelve (12) month period, the provisions of this Section 21.1(b) shall again apply in respect of any proposed offer of the Lessor Interest or Member Interest whether made during such twelve (12) month period or thereafter.

(c) Notwithstanding anything contained to the contrary in this Section 21.1, Lessee shall not have the right of first offer under Section 21.1(b) with respect to the Lessor Interest or Member Interest; (i) while a Lease Event of Default has occurred and is continuing; (ii) following a retention of the Property by the Lessor in connection with a termination under Section 6.1; (iii) at any time after the expiration or earlier termination of this Lease; (iv) in connection with a termination of this Lease or a sale of the Property pursuant to Section 6.1; or (v) the first transfer occurring in the first twelve (12) months of the Basic Term.

(d) Neither Lessor nor Lessor Parent shall, directly or indirectly assign, convey or otherwise transfer all or any part of the Lessor Interest or Member Interest to a transferee, respectively, without the prior written consent of Lessee, unless:

(1) Lessor and Lessor Parent shall have complied with their respective obligations under Section 21.1(b) above;

(2) Lessee shall have received at least two (2) Business Days prior notice for the first transfer and fifteen (15) Business Days prior notice for transfers thereafter, which notice shall specify the name and address of the proposed transferee, whether such proposed transferee meets the requirements of paragraph (5) of this Section 21.1(d) and a certification to the effect that the Lessor has complied with the provisions of Section 21.1(b);

(3) the transferee shall have the requisite power and authority to enter into and carry out the transactions contemplated hereby and by the other related Operative Documents, such transfer does not and will not involve, either directly or indirectly, the assets of any employee benefit plan or plan that would cause a violation of any provision of ERISA or the imposition of an excise tax under the Code, and such transfer will not violate any Applicable Laws and Regulations or create a relationship which would be in violation of any Applicable Laws and Regulations;

(4) the transferee shall agree in writing to be bound by all the terms of, and to undertake all the obligations of Lessor and Lessor Parent, respectively, contained in this Lease and the Operative

Documents pursuant to an assignment and assumption agreement in a form reasonably acceptable to Lessee;

(5) the transferee (x) is a U.S. Person or, if not, Lessee receives, at Lessor's cost and expense, satisfactory legal opinions that Lessee is not subject to any material increased tax indemnity or withholding tax risk, and such other corporate, tax and regulatory opinions as Lessee may reasonably request, (y) is not a Competitor; and (z) has a tangible net worth equal to or greater than $1,000,000; and

(6) the Lessor Parent and Lessee shall have received an opinion of counsel to the transferee (prepared at no expense to Lessee) as to compliance with paragraph (3) and due authorization, execution, delivery, validity and enforceability of the assumption agreement referred to in paragraph (4) of this Section 21.1(d).

(e) Each party hereto agrees that, upon any transfer by the Lessor or the Lessor Parent of the Lessor Interest or the Member Interest, as the case may be, in accordance with the provisions of Section 21.1 hereof, the transferee shall, with respect to the interest transferred, succeed to, and be substituted for, and may exercise every right and power of, the Lessor or the Lessor Parent, as the case may be, under this Lease and each other Operative Document to which the Lessor or the Lessor Parent is a party with the same effect as if such transferee had been named as the Lessor or the Lessor Parent herein and therein, and the transferor (and the Lessor Parent to the extent the transferor is the Lessor) shall, subject to the provisions of Section 21.1(d)(4) hereof,

be released from all of its obligations under such Operative Documents to the extent of the interest transferred; provided, however, that the transferor shall not be released from any obligation arising, accruing or relating to any period prior to such transfer unless such new transferee expressly agrees to assume such obligations.

(f) Notwithstanding anything to the contrary contained herein, the provisions of this Article XXI, except clauses (d)(5)(x) and (d)(5)(y) of Section 21.1, shall not apply to transfers to Affiliates of General Electric Capital Corporation, a Delaware corporation, or during the continuance of an Event of Default under this Lease.

ARTICLE XXII

[Intentionally Omitted]

ARTICLE XXIII

MISCELLANEOUS

Section 23.1 Binding Effect; Successors and Assigns; Survival. The terms and provisions of this Lease, and the respective rights and obligations hereunder of the Lessor and the Lessee, shall be binding upon their respective permitted successors, legal representatives and assigns, and inure to the benefit of their respective permitted successors, legal representatives and assigns.

Section 23.2 Quiet Enjoyment. The Lessor covenants that it will not and it will not cause or permit anyone claiming by or through Lessor to interfere in the Lessee's or any of its sublessees' quiet enjoyment of the Property hereunder during the Lease Term, so long as no Lease Event of Default

has occurred and is continuing.

Section 23.3 Notices. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given to any Person shall be in writing by United States mail, by nationally recognized courier service or by hand and any such notice shall become effective when received or, if sent by nationally recognized courier service for next day delivery, on the next day after delivery of such notice to such courier service, and shall be directed to the Address of such Person. From time to time any party may designate a new Address for purposes of notice hereunder by notice to each of the other parties hereto. The Lessee shall deliver copies to the Lender of all notices delivered to the Lessor at the time, and in the manner, delivered to the Lessor; provided, however, that the failure to deliver such notice shall not constitute a default hereunder or a breach hereof.

Section 23.4 Severability. Any provision of this Lease that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable

such provision in any other jurisdiction, and Lessee shall remain liable to perform its obligations hereunder except to the extent of such unenforceability.

Section 23.5 Amendment; Complete Agreements. Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the Lessee and the Lessor. This Lease, together with the other Operative Documents, is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein and therein. No course of prior dealings between the parties or their officers, employees, agents or Affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease or any other Operative Document. Acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties or their Affiliates shall not be relevant or admissible to determine the meaning of any of the terms of this Lease or any other Operative Document. No representations, undertakings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth in the Operative Documents.

Section 23.6 Headings. The Table of Contents and headings of the various Articles and Sections of this Lease are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

Section 23.7 Counterparts. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 23.8 Governing Law; WAIVER OF JURY TRIAL. This Lease shall be governed by and construed in accordance with the internal laws (and not the conflict laws) of the State of New York; provided, however, that if the law of the State in which the Property is located is required to be applicable to any

provisions hereof, then the State law shall be applicable with respect to such provisions.

(a) Jurisdiction. Any action or proceeding against any of the parties hereto relating in any way to this Lease or any other Operative Document may be brought and enforced in the courts of the State of New York or of the United States for the Southern District of New York, and the parties hereto irrevocably consent to the jurisdiction of each such court in respect of any such action or proceeding. Each of the parties hereto further irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, return receipt requested, to the Address of such party as provided for notices under Section 23.3 hereof. The foregoing shall not limit the right of any party to serve process in any other manner permitted by law or to bring any action or proceeding, or to obtain execution of any judgment, in any other jurisdiction, including without limitation the State in which the Property is located.

(b) Venue. Each of the parties hereto hereby irrevocably waives any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising under or relating to this Lease or any other Operative Document in any court located in the Borough of Manhattan, City and State of New York, and hereby further irrevocably waives any claim that a

court located in the Borough of Manhattan, City and State of New York is not a convenient forum for any such action or proceeding.

(c) WAIVER OF JURY TRIAL. LESSEE AND LESSOR HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LESSEE AND LESSOR MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS LEASE. IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS LEASE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY LESSEE AND LESSOR, AND LESSEE AND LESSOR HEREBY ACKNOWLEDGE THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. LESSEE AND LESSOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED IN THE SIGNING OF THIS LEASE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 23.9 Security Funds. Any amounts otherwise payable to Lessee under this Lease or any other Operative Document but which shall be paid to or retained by Lessor pursuant to the terms hereof as a result of any Lease Default or Lease Event of Default shall be held by the Lessor, as security for the obligations of Lessee under this Lease and the other Operative Documents and, at such time as there shall not be continuing any such Lease Default or Lease Event of Default, such amounts, net of any amounts theretofore applied to Lessee's obligations hereunder or under any other Operative Document, shall be paid to Lessee. Any such amounts which are held by the Lessor pending payment to Lessee shall, until paid to Lessee as provided herein or until applied against Lessee's obligations hereunder, under any other Operative Document in connection with any exercise of remedies hereunder, be invested in Permitted Investments by the Lessor as directed from time to time by Lessor for the benefit and at the risk and expense of the Lessee.

Section 23.10 Discharge of Lessee's Obligations by its Affiliates. The Lessor agrees that performance of any of the Lessee's obligations hereunder by one or more of its Affiliates or one or more sublessees of the Property or any part thereof shall constitute performance by the Lessee of such obligations to

the same extent and with the same effect hereunder as if such obligations were performed by the Lessee.

Section 23.11 Estoppel Certificates. Each party hereto agrees that at any time and from time to time during the Lease Term, it will promptly, but in no event later than fifteen (15) Business Days after request by the other party hereto, execute, acknowledge and deliver to such other party or to any prospective purchaser (if such prospective purchaser has signed a commitment or letter of intent to purchase the Property or any part thereof), assignee or mortgagee or third party designated by such other party, a certificate stating (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which Basic Rent has been paid; (c) whether or not there is any existing default by the Lessee in the payment of Basic Rent or any other

sum of money hereunder, and whether or not there is any other existing default by either party with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof; (d) whether or not, to the knowledge of the signer, there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate and (e) other items that may be reasonably requested; provided that no such certificate may be requested unless the requesting party has a good faith reason for such request.

Section 23.12 Miscellaneous Matters Affecting the Property.

(1) If no Material Lease Default or Lease Event of Default shall occur and be continuing (other than any Material Lease Default or Lease Event of Default which will be cured by the action which Lessee requests pursuant to this Section 23.12(1)), the Lessor shall (within thirty (30) days after its receipt of (x) the written request of Lessee, and (y) the materials requested by the party in question pursuant to Section 23.12(2) hereof (such request to be made within fifteen (15) days of receipt of Lessee's notice under clause (x) hereof)), subject to the requirements of Section 23.12(2) hereof, join in any (i) grant of easements, licenses, rights of way, party wall rights and other rights in the nature of easements, with or without consideration, (ii) release of easements, licenses, rights of way, party wall rights or other rights in the nature of easements which are for the benefit of the Land or Property or any portion thereof, with or without consideration, (iii) dedication or transfer of portions of the Land, not improved with a building, for road, highway or other public purposes, with or without consideration, (iv) execution of petitions to have the Land or any portion thereof annexed to any municipal corporation or utility district, (v) to the extent necessary to use of the Property, execution of agreements for the use and maintenance of common areas, for reciprocal rights of parking, ingress and egress and amendments to any covenants and restrictions affecting the Land or Property or any portion thereof, with or without consideration, (vi) request to any Governmental Authority for platting or subdivision or replatting or resubdivision approval with respect to the Land or any portion thereof or any parcel of land of which the Land or any portion thereof forms a part or a request for any variance from zoning or other governmental requirements, with or without consideration, (vii) creation of a governmental special benefit district for public improvements and payments of special assessments in connection therewith, in lump sum or installments, and (viii) execution and delivery to such Person of any instrument appropriate to confirm or effect such grant, release, dedication, transfer, request or such other matter, document or proceeding (to the extent of their respective interests in the Land, Property or the applicable portion thereof).

(2) The Lessor's obligations pursuant to Section 23.12 (1)

hereto shall be subject to the requirements that:

(i) any action taken pursuant to Section 23.12(1) hereof (an "Action") shall be at the sole cost and expense of Lessee, and,
------

whether or not any proposed Action is consummated, Lessee shall pay all reasonable out-of-pocket costs of the Lessor and the Lender in connection therewith (including, without limitation, the reasonable fees of attorneys, architects, engineers, planners, appraisers and other professionals retained by the Lessor or the Lender in connection with any proposed Action);

(ii) the requested Action will not interfere with and is not detrimental to the continued use and operation of the Property and will not cause the Property or any portion thereof to fail to comply in all respects with the provisions of this Lease or any other Operative Documents and all Applicable Laws and Regulations and applicable Permitted Liens (including, without limitation, all applicable zoning, planning, building, and subdivision ordinances, all applicable setback and parking requirements, all applicable restrictive covenants and all applicable architectural approval requirements) and will not cause a breach of or a default under any mortgages secured by or other loan document evidencing indebtedness secured by the Property;

(iii) all Governmental Actions required prior to the requested Action shall have been applied for or obtained, and all filings required prior to the requested Action shall have been made;

(iv) no such Action shall result in any material down-zoning of the related Land or any portion thereof or a material reduction in the maximum density or development rights available to the Land under all Applicable Laws and Regulations;

(v) all consideration received in connection with any Action (net of all expenses paid by Lessee under clause (i) above) shall be paid to Lessee and any portion thereof (to the extent received by Lessee) which is allocable to the interests of the Lessor shall be paid by Lessee over to such party as its interest may appear promptly following receipt thereof;

(vi) all documents executed in connection with any Action shall be reasonably satisfactory in form and substance to the Lessor and the Lender;

(vii) Lender's consent, if and to the extent required under any document evidencing the Loan, shall have been obtained;

(viii) the Lessor and the Lender shall have received the items, if any, requested pursuant to Section 23.12(2) hereof;

(ix) this Lease and Lessee's obligations hereunder shall continue in full force and effect, without abatement, suspension, deferment, diminution, reduction, counterclaim, setoff, relevant defense or deduction, notwithstanding the taking of any requested Action or the refusal of the Lessor or the Lender to take any requested Action;

(x) to the extent any agreement entered into in connection with such Action provides any party a right to a Lien on any portion of the Property, such agreement shall expressly provide that such Lien shall be subject and subordinate to any mortgage on the Property;

(xi) no such requested Action shall reduce the Fair Market Sales Value, Residual Value, condition, utility or Remaining Life of the Property other

than to a de minimis extent or otherwise cause any adverse tax consequences to Lessor;

(xii) Lessor shall have received at Lessee's sole cost and expense any title endorsement to its Owner's Title Insurance Policy as Lessor reasonably requests in connection therewith;

(xiii) Lender shall have received at Lessee's sole cost and expense any title endorsement to the Mortgage Title Policy as Lender reasonably requests in connection therewith; and

(xiv) Lessee shall have paid, or reimbursed Lessor and Lender for, all costs and expenses incurred in connection therewith.

(3) In connection with any request by Lessee pursuant to this Section 23.12, Lessee shall deliver to the Lessor (each in form and substance reasonably satisfactory to the Lessor), a written report that describes (1) the nature of the Action and (2) the form and amount of consideration to be paid or received, copies of all Governmental Actions required in connection with such Action, copies of all governmental filings required in connection with such Action and other reasonable evidence (including an Officer's Certificate certifying as to the satisfaction of the requirements of Section 23.12(2) hereof), surveys, plans and specifications and the like containing satisfaction of the requirements of Section 23.12(2) herein with respect to such Action.

Section 23.13 Lessor Bankruptcy. The parties hereto agree that the benefits to the Lessee of Section 365(h) of the Bankruptcy Code shall include any Renewal Terms even if the Lessor becomes subject to the Bankruptcy Code prior to the commencement of any Renewal Term.

Section 23.14 No Joint Venture. There is no intention to create a joint venture or partnership relation between the Lessor and the Lessee and any such implication is hereby expressly disclaimed.

Section 23.15 No Accord and Satisfaction. The acceptance by the Lessor of any sums from the Lessee (whether as Basic Rent or otherwise) in amounts which are less than the amounts due and payable by the Lessee hereunder is not intended, nor shall be construed, to constitute an accord and satisfaction of any dispute between the Lessor and the Lessee regarding sums due and payable by the Lessee hereunder, unless the Lessor specifically deems it as such in writing.

Section 23.16 No Merger. In no event shall the leasehold interests, estates or rights of the Lessee hereunder merge with any interests, estates or rights of the Lessor in or to the Property, it being understood that such leasehold interests, estates and rights of the Lessee hereunder shall be deemed to be separate and distinct from the Lessor's interests, estates and rights in or to the Property, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same person, corporation or other entity.

Section 23.17 Further Assurances. The Lessee, at its own cost and expense, will cause to be promptly and duly taken, executed, acknowledged and

delivered all such further acts,

documents and assurances as the Lessor reasonably may request from time to time in order to carry out more effectively the intent and purposes of this Lease and the other Operative Documents.

Section 23.18 Memorandum of Lease. Concurrently with execution and delivery hereof, the parties shall execute and deliver a short form memorandum of lease in substantially the form of Exhibit C attached hereto and made a part hereof to be recorded (or if required, the Lease shall be so recorded) in the Register of Deeds office of the county in which the Property is situated.

Section 23.19 Interest Conveyed. This Lease is an agreement of lease and the Lessor does not convey to the Lessee any right, title or interest in or to the Property except as a lessee.

Section 23.20 Computation of Stipulated Loss Value and Termination Value. Stipulated Loss Value as of any Stipulated Loss Value Date shall be computed by multiplying the Purchase Price of the Property by the percentage set forth opposite the applicable Stipulated Loss Value Date on Schedule 2A hereto. Termination Value as of any Termination Date shall be computed by multiplying the Purchase Price of the Property by the percentage set forth opposite the applicable Termination Date on Schedule 2B hereto.

Section 23.21 Subordination and Nondisturbance. Upon the Lessor's request from time to time, the Lessee shall execute an agreement subordinating the Lessee's right, title and interest in and to the Property under this Lease to the Lien of mortgages or deeds of trust encumbering the Lessor's right, title and interest in and to the Property, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, that the mortgagee of such mortgage or beneficiary of such deed of trust shall have executed an agreement in form and substance reasonably satisfactory to the Lessee providing that, so long as no Lease Event of Default shall have occurred and then be continuing, no foreclosure or other proceedings for the enforcement of such mortgage or deed of trust shall terminate this Lease or otherwise adversely affect the Lessee's quiet and peaceful use and possession of the Property for the uses and purposes permitted under this Lease, nor shall the leasehold estate granted by this Lease be affected in any other manner, Lessee shall not (except to the extent required by Applicable Laws and Regulations) be named in any such proceedings and upon completion thereof the successor in title to the Lessor shall be bound to this Lease as a direct obligation between the Lessee and such successor, except that no such successor shall be (A) liable for any act or omission of any prior Lessor, (B) bound by any payment of Rent which the Lessee might have paid more than one month prior to its due date hereunder, or (C) bound by any amendment or modification (made subsequent to the date of such mortgage or deed of trust) or cancellation of this Lease or surrender of the Property (except surrenders and cancellations expressly provided for herein) made without the prior written consent of the mortgagee of such mortgage or the beneficiary of such deed of trust. Lessee shall attorn to and recognize any such mortgagee or beneficiary, in the event such mortgagee or beneficiary becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, or any other successor or assignee of Lessor permitted under the terms of this Lease, as the landlord and lessor under this Lease for the remainder of the term hereof, and Lessee shall perform and observe its obligations hereunder, subject only to the terms and conditions of this Lease. Lessee further covenants and agrees to execute and deliver upon the request of

such mortgagee or beneficiary or successor or assignee of Lessor an appropriate agreement of

attornment to such person or entity and any subsequent titleholder of the Property in accordance with the terms of this Section 23.21.

Lessee agrees to enter into agreements that are reasonably required for Lessor to obtain financing, upon the request and at the expense of Lessor; provided, however, that no such agreement shall adversely affect the rights or interests of the Lessee, including without limitation, the rights of Lessee under this Lease or any other Operative Document.

Section 23.22 True Lease. Lessor and Lessee agree that this Lease is a true lease and as such the lessor shall be treated as the owner and Lessor of the Property and the Lessee as the lessee thereof and that this Lease does not represent a financing arrangement. Each party shall reflect the transaction represented hereby in all applicable books, records and reports (including tax filings) in a manner consistent with "true lease" treatment rather than "financing" treatment.

Section 23.23 Financial Reporting. So long as the Lessee is subject to the reporting requirements of Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended, Lessee will deliver to Lessor and to any Lender (a) copies of all of Lessee's Annual Reports on Form 10-K within ninety (90) days after filing the same with the Securities and Exchange Commission ("SEC"), (b) Quarterly Reports on Form 10-Q within sixty (60) days after filing the same with the SEC, and (c) with reasonable promptness, such additional information (including copies of public reports filed by Lessee) regarding the business affairs and financial condition of Lessee as Lessor or any Lender may reasonably request. If Lessee is no longer subject to such reporting requirements, Lessee will deliver to Lessor and to any Lender within 90 days after the end of each fiscal year of Lessee, a balance sheet of Lessee and its consolidated subsidiaries as at the end of such year and a statement of profits and losses of Lessee and its consolidated subsidiaries for such year setting forth in each case, in comparative form, the corresponding figures for the preceding fiscal year, and certified by independent certified public accountants of recognized national (in the United States) standing selected by Lessee and within 60 days after the end of each fiscal quarter of Lessee a balance sheet of Lessee and its consolidated subsidiaries as at the end of such quarter and statements of profit and losses of Lessee and its consolidated subsidiaries for such quarter setting forth in each case, in comparative form, the corresponding figures for the similar quarter of the preceding year, and certified by the chief financial officer of Lessee, the foregoing financial statements all being prepared in accordance with generally accepted accounting principles, consistently applied.

Section 23.24 Notice of Certain Changes. Lessee shall provide Landlord and, so long as the Lien of any loan secured by the Property has not been terminated or discharged, the Lender, prompt written notice of any change in its chief executive office, principal place of business, or name, jurisdiction of incorporation or the place where it maintains its business records concerning the Property or the Overall Transaction, which notice shall, in any event, be provided no later than 30 days after such change.

Section 23.25 Non-Recourse. Notwithstanding anything in this Lease to the contrary, the obligations of Lessor under this Lease (except the obligations of the sole member of Lessor described in Article XXI of this Lease) are not personal obligations of the members, managers, directors, officers, shareholders, agents or employees of Lessor and Lessor shall have no

obligation, nor incur any liability, beyond Lessor's interest in the Property and Lessee shall look exclusively to such interest of Lessee in the Property for the payment and discharge of any obligation imposed upon Lessor under this Lease. Lessee agrees that, with respect to any judgment which may be obtained by Lessee against Lessor, Lessee shall look solely to the estate or interest owned by Lessor in the Property, and Lessee will not collect or attempt to collect any such judgment out of any other assets of Lessor or seek recourse against the assets of the members, managers, directors, officers, shareholders, agents or employees of Lessor.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have each caused this Lease Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

LESSOR:

In the presence of:

DANACQ KALAMAZOO LLC, a Delaware limited liability company

/s/ Margearet H. Pease

Name: Margaret H. Pease

By: General Electric Capital Corporation

Its: Manager

/s/ Elizabeth M. Curley

Name: Elizabeth M. Curley

By: /s/ Stephen Benko

Stephen Benko

Its: Authorized Signatory

LESSEE:

DANA CORPORATION, a Virginia corporation

_____
Name:

By:_____

_____

Its:_____

Acknowledged and agreed to for the sole purpose of Article XXI hereof:

Lessor Parent--GEBAM, Inc., the sole member of Lessor, will agree to the provisions of this Article

By: /s/ Stephen Benko

Stephen Benko

Its: Authorized Signatory

IN WITNESS WHEREOF, the undersigned have each caused this Lease Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

LESSOR:

In the presence of:

DANACQ KALAMAZOO LLC, a Delaware limited liability company

_____

By: General Electric Capital Corporation

Name:

Its: Manager

_____

By: _____

Name:

Its: _____

LESSEE:

DANA CORPORATION, a Virginia corporation

/s/ Theresa S. Whetro

By: /s/ A. Glenn Paton

Name: Theresa S. Whetro

/s/ Deborah A. VanKirk

Its: A. Glenn Paton, Vice President-Treasurer

Name: Deborah A. VanKirk

Acknowledged and agreed to for the sole purpose of Article XXI hereof:

Lessor Parent--GEBAM, Inc., the sole member of Lessor, will agree to the provisions of this Article

By:_____

Its: _____

SCHEDULE 1
to
LEASE AGREEMENT

BASIC AND ALLOCATED RENT SCHEDULE

[see attached]

DANA CORP
Schedule 1 to Lease Agreement
Primary Term Rent Payment Schedule
Kalamazoo, Michigan

Rent Payment Dates	Monthly Rental Payment

November 1, 2001 - October 1, 2011	$ 153,566.67
November 1, 2011 - October 1, 2021	$ 168,923.33

EXHIBIT 10.132

SECOND AMENDMENT TO LEASE AGREEMENT
FOR THE DANA KALAMAZOO BUILDING

SECOND AMENDMENT TO LEASE AGREEMENT
(Kalamazoo, Michigan)

THIS SECOND AMENDMENT TO LEASE AGREEMENT (the "Amendment") is made and entered into as of March 29, 2002, by and between DANACQ KALAMAZOO, LLC, a Delaware limited liability company ("Lessor"), and DANA CORPORATION, a Virginia corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee previously entered into that certain Lease Agreement, dated as of October 26, 2001 (the "Original Lease"), as amended by that certain First Amendment to Lease Agreement between Lessor and Lessee dated as of December 6, 2001 (the "First Amendment;" and the Original Lease, as so previously amended, is herein referred to as the "Lease"), pursuant to the terms of which Lessee has leased that certain "Property" (as defined in the Original Lease) located at 6938 Elm Valley Drive, Kalamazoo, Michigan; and

WHEREAS, Danacq Farmington Hills LLC, a Delaware limited liability company and an affiliate of Lessor (the "Farmington Hills Lessor") and Lessee also previously entered into that certain Lease Agreement dated as of October 26, 2001 (the "Original Farmington Hills Lease"), as amended by that certain First Amendment to Lease Agreement between the Farmington Hills Lessor and Lessee dated as of December 6, 2001 (the "First Farmington Hills Amendment;" and the Original Farmington Hills Lease, as so previously amended, is herein referred to as the "Farmington Hills Lease"), pursuant to the terms of which Lessee has leased certain improved real property more particularly described in the Original Farmington Hills Lease which is located at 27404 Drake Road, Farmington Hills, Oakland County, Michigan (the "Farmington Hills Property"); and

WHEREAS, to facilitate the sale by GEBAM, Inc., a Delaware corporation (the "Lessor Parent" as defined in the Lease and the Farmington Hills Lease, and referred to in this Amendment as "GEBAM") of all of its "Member Interest" (as also defined in each of said leases) in Lessor and in the Farmington Hills Lessor to Wells Operating Partnership, L.P., a Delaware limited partnership ("Wells") contemporaneously with, and immediately following, the execution and delivery of this Amendment, Lessor and Wells have requested that Lessee agree to modify and amend the Lease and the Farmington Hills Lease on the terms set forth, respectively, in this Amendment and that certain Second Amendment to Lease Agreement of even date herewith between the Farmington Hills Lessor and Lessee relating to the Farmington Hills Lease (the "Second Farmington Hills Lease Amendment"), and Lessee is willing to do so on the terms and conditions set forth in this Amendment and the Second Farmington Hills Lease Amendment;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars, the mutual premises contained herein and in the Second Farmington Hills Lease Amendment, and

other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee do hereby covenant and agree as follows:

1. Defined Terms. Terms used herein and denoted by their initial capitalization shall have the meanings set forth in the Lease unless

specifically provided herein to the contrary. In the event of any conflict or inconsistency between the terms and conditions of this Amendment and of the Lease, the terms and conditions of this Amendment shall govern and control.

2. Renewal Options. Article V of the Lease is hereby deleted in its entirety, and the following Article V is hereby substituted in lieu thereof:

ARTICLE V

RENEWAL OPTIONS

Section 5.1. FMV Renewal Terms. Upon the expiration of the Basic Term, Lessee shall have the right and option, subject to the terms of this Article V, to extend the Lease Term for up to six (6) successive fair market value renewal terms (each such renewal term, a "Renewal Term") of five (5) years commencing on the day following the expiration of the Basic Term or the immediately preceding Renewal Term, as the case may be.

Section 5.2. Conditions to Renewal Terms. The right and option of Lessee to extend this Lease for any of the Renewal Terms shall be subject to the following terms:

(i) At the commencement of any of the Renewal Terms, this Lease shall be in full force and effect and no Material Lease Default or Lease Event of Default shall have occurred and be continuing;

(ii) Lessee shall have exercised its right to each Renewal Term by giving irrevocable written notice to the Lessor no later than fifteen (15) months prior to the expiration of the Basic Term or the previous Renewal Term; and

(iii) Each Renewal Term shall be on the same terms, covenants and conditions set forth in this Lease; provided, however, that Basic Rent shall be determined in the manner set forth in Section 5.3 hereof.

Section 5.3. Rent During Renewal Terms. Basic Rent for each Renewal Term shall be the Fair Market Rental Value of the

Property as of the date of commencement of such Renewal Term, determined in accordance with the Appraisal Procedure not more than two hundred seventy (270) days prior to the commencement of such Renewal Term payable monthly in advance on the day of each month that Basic Rent was due during the last year of the Basic Term or of the preceding Renewal Term, as the case may be.

3. Early Termination.

(a) Clause (ii) of the first (1st) full paragraph of Section 6.1, which begins in the thirtieth (30/th/) line on page 14 of the Lease, and continuing through the end of the sentence in which said clause (ii) is contained, is

hereby deleted in its entirety, and the following clause (ii) is hereby inserted in lieu thereof:

> (ii) the Lessor shall, on an "as is, where is" basis and without recourse to or warranty by the Lessor, except as to the absence of Lessor Liens (other than any Lien arising out of a sublease for which the Lessor has provided a non-disturbance agreement in accordance with the terms of this Lease) and subject to the same disclaimers as set forth in Section 7.1, simultaneously therewith sell the Property to the highest bidder, the total net selling price realized at such sale to be retained by the Lessor.

(b) The last sentence of the third (3rd) full paragraph of Section 6.1, appearing as the first (1/st/) full paragraph on page 15 of the Lease, is hereby deleted in its entirety, and the following sentence is hereby inserted in lieu thereof:

> Lessee shall pay, as Additional Rent, on demand and no later than the Termination Date, all of the Lessor's reasonable costs and expenses of whatever kind or nature paid or incurred in connection with the rescinded termination or in connection with the completed termination of this Lease, including, but not limited to reasonable attorneys' fees.

4. Loss, Destruction, Condemnation or Damage. The reference "Section 14.1(d)" contained in the last sentence and last line of Section 14.1 of the Lease, appearing on page 30 thereof, is hereby deleted, and the reference "Section 14.1(c)" is hereby inserted in lieu thereof.

5. Transfer of Interests.

(a) Section 21.1 (a) of the Lease, appearing on page 44 of the Lease, is hereby deleted in its entirety, and the following Section 21.1(a) is hereby inserted in lieu thereof:

> Section 21.1 Transfers of Interests. (a)(i) Other than as expressly permitted by this Section 21.1, Lessor shall not, without

> the prior written consent of the Lessee, assign, convey or otherwise transfer (other than to a Lender in connection with a financing or mortgaging with respect to the Property) all or any part of the Lessor's right, title or interest in, to and under this Lease or any other Operative Documents or the Property (the "Lessor Interest") and (ii) other than as expressly permitted by this Section 21.1, the Lessor Parent, which is the sole member of the Lessor, shall not assign, convey or otherwise transfer all or any part of its membership interest with respect to the Lessor (the "Member Interest").

(b) Section 21.1(f) of the Lease, appearing on page 46 thereof, is hereby modified and amended by adding the following sentence thereto:

> "Notwithstanding anything to the contrary contained herein, the provisions of this Article XXI shall not apply to a transfer or sale of the Property pursuant to Section 6.1 of this Lease."

6. Termination Value Schedule. Schedule 2B to the Lease is hereby deleted in its entirety, and Schedule 2B attached to this Amendment is hereby substituted in lieu thereof.

7. Amendment of Appendix A. Appendix A of the Lease shall be modified and amended as follows:

(a) by deleting the "Address" of Lessor contained in clause "(i)" on page 2 of Appendix A, and substituting in lieu thereof the following:

(i) With respect to the Lessor:

Wells Operating Partnership, L.P.
c/o Wells Capital, Inc.
6200 The Corners Parkway
Suite 250
Atlanta, Georgia 30092
Attention: Michael C. Berndt
Fax: (770) 200-8199

with a copy to:

Troutman Sanders LLP
Bank of America Plaza
Suite 5200
600 Peachtree Street, N.E.
Atlanta, Georgia 30308-2216
Attention: John W. Griffin or
Managing Partner
Fax: (404) 962-6577;

(b) By deleting the definition of "Appraiser" appearing on page 5 of Appendix A in its entirety;

(c) By deleting the definition of "Fixed Rate Renewal Term" appearing on page 9 of Appendix A in its entirety;

(d) By deleting the definition of "FMV Renewal Term" also appearing on page 9 of Appendix A in its entirety;

(e) By deleting the words "or 5.2" appearing in the second (2nd) line of the definition of "Lease Term" on page 10 of Appendix A;

(f) By deleting the definition of "Mortgage Title Policy" appearing on page 14 of Appendix A and by substituting in lieu thereof the following definition:

"Mortgage Title Policy" shall mean the mortgagee title insurance policy issued in favor of any Lender in connection with a Loan."; and

(g) By deleting the definition of "Title Company" appearing on page 18 of Appendix A in its entirety.

8. Compliance with Transfer Requirements. By its execution and delivery hereof, Lessee hereby acknowledges and agrees for the benefit of GEBAM and Wells that all of requirements to be satisfied by Lessor and the Lessor Parent in connection with the consummation contemporaneously herewith of the sale and conveyance of the "Member Interest" by GEBAM to Wells pursuant to Article XXI of

the Lease have been satisfied in full.

9. Condition to Amendment. This Amendment shall be of no force or effect in its entirety unless and until the following conditions are satisfied, and the date on which both of said conditions have been satisfied shall be the effective date of this Amendment:

(a) The consummation of the purchase and sale of the Member Interest in Lessor by and between GEBAM and Wells; and

(b) The concurrent consummation of the purchase and sale of the Member Interest in the Farmington Hills Lessor by and between GEBAM and Wells.

10. Ratification and Binding Effect. Except to the extent expressly modified by this Amendment, all terms of the Lease shall remain in full force and effect; and the Lease, as so modified and amended by this Amendment, is expressly ratified and confirmed by the parties hereto. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, Lessee and Lessor have caused this Amendment to be duly authorized, executed and delivered as of the day and year first above written.

LANDLORD:

DANACQ KALAMAZOO LLC,
a Delaware limited liability company

By: General Electric Capital Corporation
a Delaware corporation, its Manager

By: /s/ Stephen Benko

Name: Stephen Benko

Title: Authorized Signatory

(SIGNATURES CONTINUED ON NEXT PAGE)

(SIGNATURES CONTINUED FROM PREVIOUS PAGE)

TENANT:

DANA CORPORATION,
a Virginia corporation

By: /s/ A. Glenn Paton

Name: A. Glenn Paton

Title: Vice President-Treasurer

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
April 18, 2002

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 October 31, 2001, by the following persons and in the capacities indicated below.

Signatures	Title
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 Walter W. Sessoms	Director
/s/ Neil H. Strickland Neil H. Strickland	Director

EXHIBIT 99.1

LETTER REGARDING INDEPENDENT PUBLIC ACCOUNTANTS

April 22, 2002

Securities and Exchange Commission
450 5/th/ Street, NW
Washington, DC 20549

Ladies and Gentlemen:

Pursuant to Securities and Exchange Commission Release Nos. 33-8070, 34-45590; 35-27503; 39-2395; IA-2018; IC-25464; FR-62; File No. S7-03-02, this letter is to confirm that Wells Real Estate Investment Trust, Inc. has received assurance from its independent public accountants, Arthur Andersen LLP (Arthur Andersen), that Arthur Andersen's audits of the financial statements relating to the Novartis Atlanta Building and the Dana Corporation Buildings for the year ended December 31, 2001 (Audit) were subject to Arthur Andersen's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, that there was appropriate continuity of Arthur Andersen personnel working on the Audit and availability of national office consultation.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

/s/ Douglas P. Williams

Douglas P. Williams
Executive Vice President,
Treasurer and Chief Financial Officer